



Dallas Independent School District

Comprehensive Annual Financial Report

**For The Fiscal Year Ended
June 30, 2005**

**Prepared by
Business Services**

**Charles Fridia
Interim Associate Superintendent, Financial Services**

Dallas Independent School District
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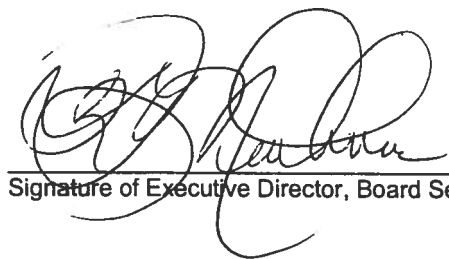
Certificate of the Board

Dallas Independent School District
Name of School District

Dallas
County

057-905-10
County-District-
Regional No.

We, the undersigned, certify that the attached auditors' report of the above named school district was reviewed and approved ✓ disapproved _____ for the fiscal year ended June 30, 2005, at a meeting of the board of school trustees of such school district on the 17th day of November, 2005.



Signature of Executive Director, Board Services



Signature of Board President

BOARD OF TRUSTEES

2005-2006

Dallas
Independent
School
District



Lois Parrott, Ph.D.
President
District 3
Northeast Dallas



Ron Price
1st Vice President
District 9
South Dallas, Downtown



Jerome Garza
2nd Vice President
District 7
North Central
Oak Cliff, West Dallas



Nancy Bingham
Secretary
District 4
Southeast Dallas,
Seagoville



**Edwin Flores,
Ph.D., J.D.**
District 1
Northwest Dallas



Jack Lowe
District 2
North and Near
East Dallas



Lew Blackburn, Ph.D.
District 5
East Oak Cliff, West
Dallas, Downtown and
areas of Oak Lawn



Hollis Brashear, P.E.
District 6
Southwest Dallas



Joe May
District 8
Love Field, Northwest
Dallas and Central Dallas



Michael Hinojosa, Ed.D.
General Superintendent

The Dallas Independent School District, an equal opportunity educational provider and employer, does not discriminate on the basis of race, color, religion, sex, national origin, disability, sexual orientation, and/or age in its educational programs and activities and 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, the Age Discrimination Act of 1975 (as amended), and 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 IX Coordinator, at (972) 925-3250; Chris Moore, Section 504 Coordinator, at (214) 932-5212; 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

July 22, 2005

**Dallas Independent School District
Principal Officials
For the Fiscal Year Ended June 30, 2005**

Michael Hinojosa General Superintendent

Steve Flores Deputy Superintendent -
School Support Services

Lorenzo Garcia Deputy Superintendent-
Instructional Services

Ron Peace Deputy Superintendent-
Business Services

Mary Roberts Deputy Superintendent -
Employee and Safety Services

Jim Scales Deputy Superintendent -
Administrative Services

Charles Fridia Interim Associate Superintendent -
Financial Services

Kenya Newhouse Executive Director - Board Services



Dallas Independent School District

October 14, 2005

Board of Trustees
Dallas Independent School District
3700 Ross Avenue
Dallas Texas 75204-5491

Dear Board Members:

The Comprehensive Annual Financial Report of the Dallas Independent School District (the district) for the year ended June 30, 2005, is submitted herewith. The report, which includes an opinion from our independent auditors, provides valuable management information. Copies will be made available to the Chamber of Commerce, major taxpayers, the public libraries in our district, the Texas Education Agency, financial rating services, and other interested parties. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management.

We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the district as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the district's financial activity have been included. This report includes all funds of the district. The district discusses in further detail the financial position in the narrative, introduction, overview, and analysis section of the Management's Discussion and Analysis (MD&A).

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and compliance. The introductory section includes the transmittal letter, the district's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&A), the basic financial statements, required supplemental information other than MD&A, and combining and individual fund presentations and supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis. The compliance section includes the independent auditor's report on internal control over financial reporting and compliance and other matters. The district is required to undergo an annual single audit in conformity with the provisions of the 1996 amendments to the Single Audit Act and the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The results of this audit are provided in a separate audit report in this report. The information in all four sections will be provided to the Texas Education Agency.

The district is one of 15 public school districts located in Dallas County, Texas. It provides a program of public education from pre-kindergarten through grade 12. The purpose and responsibility of the district is to provide a thorough and efficient educational system for the children in public schools within its boundaries, whereby each child has access to programs and services that are appropriate to his or her educational needs. In addition to the regular educational program, the district offers programs in areas such as vocational education, special education, talented and gifted education, bilingual education, compensatory education, and adult education.

Michael Hinojosa, Ed.D • General Superintendent
3700 Ross Avenue • Dallas, Texas 75204-5491 • Telephone (972) 925-3700

ECONOMIC CONDITION AND OUTLOOK

The Dallas Independent School District encompasses 351 square miles in the eastern portion of the Dallas/Fort Worth Metroplex. The district is the twelfth largest school district in the United States. The 158,059 urban students enrolled for the 2004-05 school year were 62.6 percent Hispanic, 30.3 percent African American, 5.8 percent Anglo, and 1.3 percent other.

Dallas is a leader in high-tech equipment manufacturing and support services.

- Dubbed the "Silicon Prairie," Dallas is among the largest technology employment centers in the U.S. The Dallas/Fort Worth area has 230,000 high-tech workers.
- The Telecom Corridor®, composed of over 600 high-tech companies and predicted to add 4,000 jobs to the Dallas area by 2010, is situated along State Highway 190 and U.S. 75 in the Dallas suburb of Richardson and represents the largest concentration of telecommunications firms in the U.S. and possibly the world.
- The Dallas Infomart is the world's largest high-tech exhibition and information center.
- Biotechnology applies technological advances to living things, and The University of Texas Southwestern Medical Center of Dallas recently teamed up with the Dallas Plan to create a "biotech corridor" along Harry Hines Blvd. in Dallas. The project has already received \$82.7 million in grants from the National Institutes of Health, and this is estimated to be enough money to create the first six biotechnology firms which will concentrate in molecular biology, genetic research, and a number of other biotech fields.

The City, the County Seat of Dallas County, is the third largest city in Texas and the ninth largest city in the United States. Dallas is the home to the regional office of the U.S. Department of Commerce, the district office of the U.S. Customs Service and a regional U.S. Export Assistance Center. Dallas/Fort Worth has more than 160 international organizations that offer business, cultural and educational programming.

Dallas is a major hub for air and ground transportation. Dallas' central U.S. location is equally close to North America's five largest business centers; New York, Chicago, Los Angeles, Mexico City and Toronto. Dallas/Fort Worth (DFW) International Airport is the world's third busiest airport.

The Dallas/Fort Worth Consolidated Metropolitan Statistical Area is a major medical center providing "state-of-the-art" health care supported by aggressive research programs. The DFW area is home to 50 hospitals, with more than 11,000 beds, and over 5,000 physicians, practicing a total of 75 specialties. Schools exclusively devoted to higher education in the health sciences include Baylor College of Dentistry, Baylor University School of Nursing, Texas College of Osteopathic Medicine, University of Texas Health Science Center and The University of Texas Southwestern Medical Center of Dallas.

MAJOR INITIATIVES

In 2002-2003, the district began implementation of the \$1.3 billion, 2002 Bond Program as approved by taxpayers and the Board of Trustees. Phase I included 20 new schools, two of which opened in August 2004. Also, Phase I included 15 (of the 38 planned) schools with additions, and 50 schools (of the 180 planned) with renovations. A new centralized kitchen preparation facility is also in the planning stage. As the bond program enters its third year during the fiscal year 2004-2005, construction of the newest multi-purpose athletic complex in North Texas opened when the 2005 football season kicked off in August. Rosemont Primary School-Chris V. Semos Campus and Lee A. McShan Jr. Elementary opened to students in the fall of 2005. Thirty-six new additions to schools are currently under construction, with 90 renovation projects under way at those schools and others. Construction is under way on the new Emmett J. Conrad High School in East Dallas. It is the only high school being constructed under the bond program. It is expected that 71% of all construction of the bond program will be complete by August 2006.

REPORTING ENTITY

The Dallas Independent School District Board of Trustees (Board) is that level of government, which has fiscal accountability and control over all activities related to public education for students within the district's boundaries. The district receives funding from local, state and federal government sources and must comply with the requirements of these funding entities. However, the district is not included in any other governmental "reporting entity" as defined in the Codification of Governmental Accounting and Financial Reporting Standards issued by the Governmental Accounting Standards Board. The district's Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. No other "reporting entity" is included in the basic financial statements.

FINANCIAL INFORMATION

Control Structure – Management of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the district's assets are protected from loss, theft and misuse and to ensure that accurate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP"). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

1. The cost of a control should not exceed the benefits likely to be derived.
2. The valuation of costs and benefits requires estimates and judgments by management.

The district's internal control structure includes budgetary, as well as, accounting controls. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. The Board legally adopts fiscal year budgets for the General, Debt Service, and Food Services Funds. In addition, the Board approves project budgets for all other Special Revenue Funds and Capital Projects. The level of budgetary control, that is, the level at which expenditures cannot legally exceed the appropriated budget, is established at the function level within each fund group. The district utilizes an encumbrance accounting system to facilitate budgetary control. By policy, the district may budget more in expenditures than revenues provided sufficient fund balance is available to cover such expenditures.

The district's accounting records for general governmental operations reflect the modified accrual method of accounting and comply with the provisions of the State of Texas, Texas Education Agency "Financial Accountability System Resource Guide," and are in accordance with GAAP for state and local governments.

As a recipient of state and federal financial assistance the district is also responsible for maintaining an adequate internal control structure to ensure compliance with applicable laws and regulations related to this assistance. This internal control structure is subject to periodic evaluation by Management, the district's Internal Audit Department and independent auditors.

As required by OMB A-133, the independent auditors' tests are designed to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as, to determine that the district has complied with applicable laws and regulations. The results of the district's audit for the year ended June 30, 2005, disclosed instances of reportable conditions in the internal control structure. Each of these items is outlined in the Schedule of Findings and Questioned Costs along with Management's response to each item. As indicated by the responses, Management has already taken actions to eliminate these deficiencies. Action plans have also been formulated and communicated to the Board.

Cash Management – The Board has a cash management program which consists of expediting the receipt of revenues and prudently investing available cash in fixed income securities collateralized by instruments issued by the United States Government or Federal government agencies created by an act of Congress or insured by the Federal Deposit Insurance Corporation. The total amount of interest earned was \$18,709,381 for the year ended June 30, 2005. This was distributed as follows:

General Fund	\$ 4,552,603
Debt Service Funds	1,134,840
Capital Projects Funds	<u>13,021,938</u>
Total	<u>\$ 18,709,381</u>

The program is particularly successful because of a concentration bank, chosen through competitive bidding, which enables the district to maintain zero balance bank accounts by paying checks when presented to that bank.

Risk Management – The district has in the past provided coverage for workers' compensation insurance through a self-insured program administered by a third party. In October 1989, the district assumed complete control of the program and is reducing expenses through employee training programs. The Civil Practice and Remedies Code, Tort Liability of Governmental Units Section 101.023 and 101.051 grant immunity for all school districts for all tort liability claims, except as related to automobiles.

INDEPENDENT AUDIT

The laws of the State of Texas require an annual audit to be made of the books of account, financial records, and transactions of all budgeted funds of the school district by a certified public accountant selected by the Board of Trustees of the School District. We have complied with this requirement. The report of our independent certified public accountants, KPMG LLP appears on page 1 of this report. Their audit of the basic financial statements was performed in accordance with generally accepted auditing standards and Government Auditing Standards. The district complies with the requirements of the Single Audit Act of 1996 and OMB Circular A-133 for which separate reports are issued, and are included in this report.

FINANCIAL REPORTING AWARD

Since 1981, our Comprehensive Annual Financial Report has earned the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International Certificate of Excellence in Financial Reporting Award.

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Dallas Independent School District for its comprehensive annual financial report for the Fiscal Year ended June 30, 2004. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ASBO CERTIFICATE OF EXCELLENCE

The Dallas Independent School District received the Association of School Business Officials International Certificate of Excellence in Financial Reporting for the Fiscal Year ended June 30, 2004. This award certifies that the Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2004, substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials of the United States and Canada. The award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. Management believes that the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005, which will be submitted to ASBO for review, also conforms to their principles and standards.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of Finance and Accounting, Grants Acquisition and Management and the Graphics Department. We want to express our appreciation to all members of these departments who assisted and contributed to its preparation. We would like to thank the members of the Board of Trustees for their interest and support in planning and conducting the financial operations of the school district in a responsible and progressive manner.

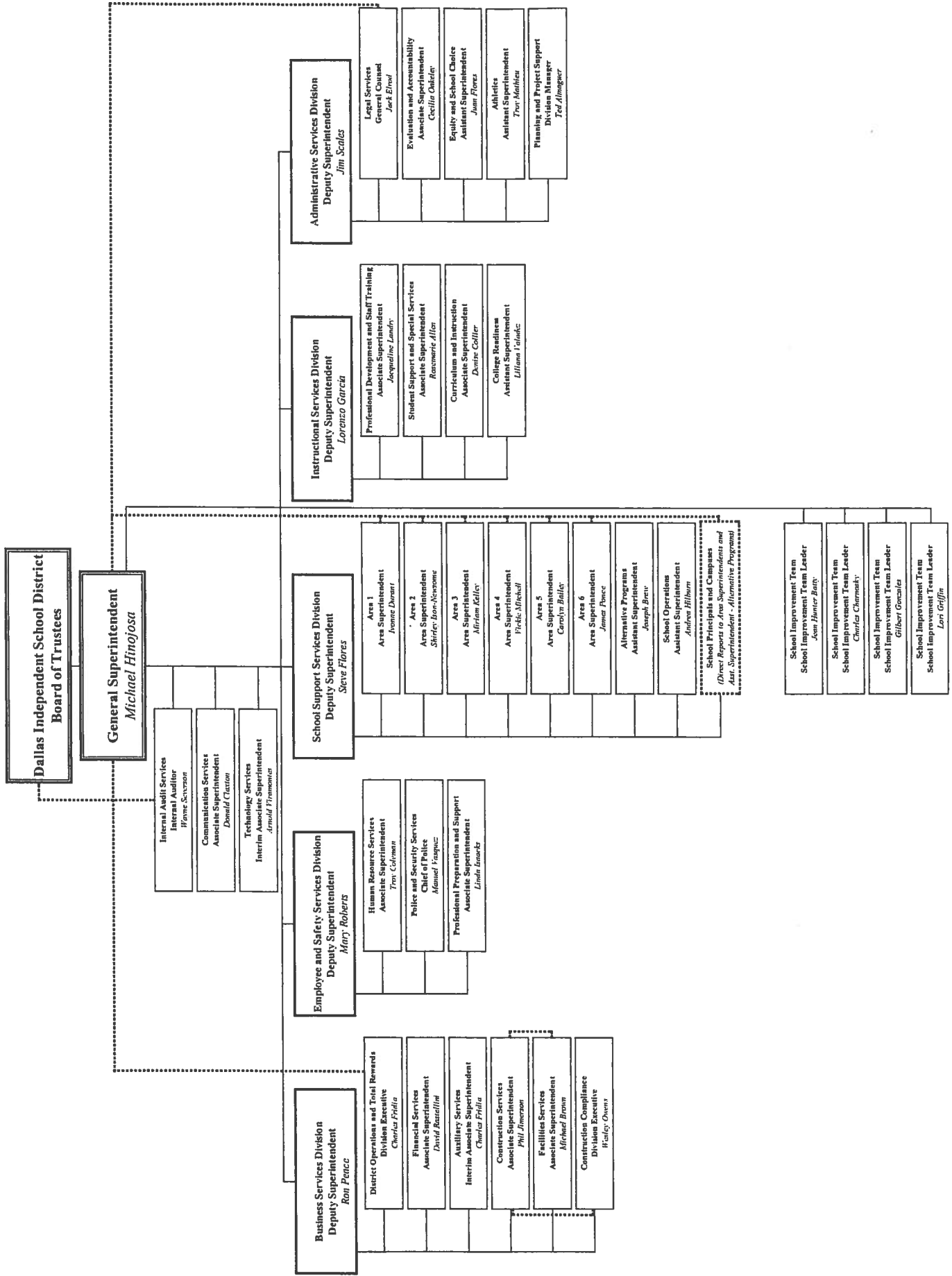


Michael Hinojosa, Ed.D.
General Superintendent



Charles Fridia
Interim Associate Superintendent, Financial Services

Organization Chart



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, 2004

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Enen

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

Dallas Independent School District

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2004

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director



KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditors' Report

The Board of Trustees
Dallas Independent School District:

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, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note F, the District has implemented new disclosures relative to deposits and investments as required by Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures* an amendment of GASB Statement No. 3.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 2005 on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 11 and the budgetary comparison schedule for the General Fund on page 43 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements and the schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The supplementary information and the schedule of expenditures of federal awards, except for that portion marked unaudited on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

November 4, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Dallas Independent School District's (the district's) annual financial report presents our discussion and analysis of the district's financial performance for the fiscal year ended June 30, 2005. Please read it in conjunction with the district's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

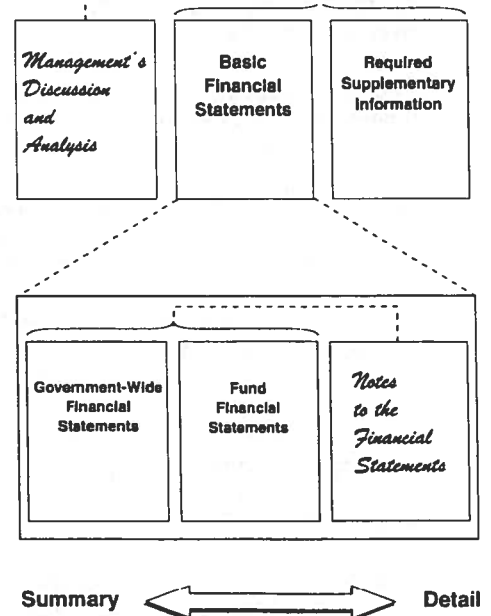
- The district's total net assets at June 30, 2005 exceeded its liabilities by \$277.3 million, an increase of \$30.7 million or 12 percent. Of this amount \$23.5 million is unrestricted.
- During the year, the district's expenses were \$30.7 million less than the \$1.4 billion generated in taxes and other revenues for governmental activities. Total net expenses totaled \$1.1 billion after Charges for Services and Operating Grants and Contributions.
- The general fund balance decreased \$13.7 million this year to \$102.1 or 9.3 percent of total general fund expenditures.
- The district's total bonded debt increased by \$349.1 million (37 percent) during the current fiscal year. The key factor in this increase was the issuance of \$418.4 million in general obligation bonds, which included a premium of \$18.4 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the district's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the district's operations in *more detail* than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the district acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

Figure A-1. Required Components of the District's Annual Financial Report



Long-Term Debt

Table A-5
District's Long-Term Debt
(in millions of dollars)

	Governmental Activities	
	For the Year Ended June 30, 2005	For the Year Ended June 30, 2004
Leases payable	\$ 10.4	\$ 14.8
Bonds payable and notes payable	1,299.0	949.8
Workers compensation	15.4	13.0
Health insurance	0.0	0.3
Loans payable	1.9	4.4
Gain/loss on refunding	1.3	1.4
Premium on bonds	42.3	25.6
Total long-term liabilities	<u>\$ 1,370.3</u>	<u>\$ 1,009.3</u>

Bond Ratings

The District's bonds presently carry ratings as follows: Moody's Investor Services "Aaa" and Standard & Poors "AAA."

At year-end, the district had \$1,370.3 million in long-term debt outstanding as shown in Table A-5. For more detailed information on the district's debt, see Footnote N. Bonds payable and notes payable increase of \$350 million is the net result of the \$400 million bonds sale and payments (\$50 million) of debt. The increase of \$17 million in premium on bonds is due to the current year bond sale.

Economic Factors and Next Year's Budgets and Rates -

The taxable levy values for the 2004-2005 school year were \$59.4 billion, an increase of 1.7 percent from the previous year. The values for the upcoming school year are \$62.7 billion, an increase of 5.6 percent.

Funding from the state is based on Average Daily Attendance (ADA). ADA for 2004-2005 was 146,216, which is 579 students less than the previous year. For 2005-2006, the district projected a decrease of approximately 1.3% for an ADA of 144,379.

Cost per student based on student enrollment for 2004-2005 was \$6,558, while cost per student for 2005-2006 is budgeted at \$6,511. There was a concerted effort to adhere to campus staffing guidelines, which resulted in a reduction of more than 125 campus-based positions.

The district recognized a decrease of \$13.7 million in general fund balance as a result of current year operations, generating a total fund balance of 9.3% of current expenditures. General fund revenues and other sources are projected to decrease 2.8%, while projected expenditures reflect a decrease of 5.4%.

The \$1.038 billion budget for 2005-2006 includes raises for employees and increases in starting teacher salaries beginning September 1. Employee compensation increases, a total of \$10.7 million, is the greatest single increase in the budget. Other significant increases include \$3.0 million for utilities, and \$2.9 million for the opening of 12 new schools in 2006-2007.

To balance the budget for fiscal year 2005-2006, the district reduced \$15.0 million in positions and adherence to campus allocations, \$3.4 million in central office non-personnel items, \$2.0 million in Special Education, and \$1.3 million by eliminating two Area Offices.

The two government-wide statements report the district's *net assets* and how they have changed. Net assets, the difference between the district's assets and liabilities, is one way to measure the district's financial health or *position*.

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

The government-wide financial statements of the district include the *Governmental activities*. All of the district's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding is \$198,781,406. The district uses these 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 cannot be used to liquidate these liabilities.

An additional portion of the district's net assets (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted assets (\$23,488,862) may be used to meet the district's ongoing obligations.

At the end of the current fiscal year there was an increase of \$5,204,205 in restricted net assets. Total net assets increased by \$30,747,547 during the current fiscal year.

Fund Financial Statements

The fund financial statements provide more detailed information about the district's most significant *funds* rather than the district as a whole. Funds are a governmental accounting tool that the district uses to track specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage resources for specific purposes or to delineate the use of certain taxes and grants.

The district has two 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 at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. These include debt financing and capital projects.
- *Fiduciary funds*—The district is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The district is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the district's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We excluded these activities from the district's government-wide financial statements because the district cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The district's net assets were approximately \$277.3 million at June 30, 2005. (See Table A-1).

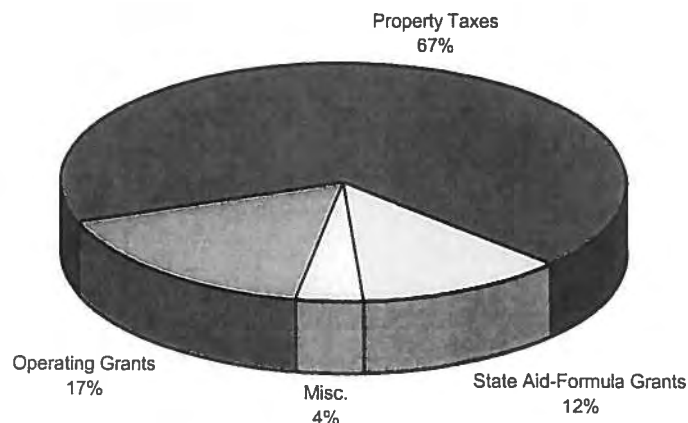
Table A-1
The District's Net Assets
(in millions of dollars)
Governmental Activities

	For the Year Ended June 30, 2005	For the Year Ended June 30, 2004
Current and Other Assets	\$ 923.8	\$ 935.1
Non-Current Assets	996.0	544.4
Total Assets	1,919.8	1,479.5
Current Liabilities	330.0	220.2
Non-Current Liabilities	1,312.5	1,012.7
Total Liabilities	1,642.5	1,232.9
Net Assets		
Invested in Capital Assets, net of related debt	198.8	31.1
Restricted	55.0	49.9
Unrestricted	23.5	165.6
Total Net Assets	\$ 277.3	\$ 246.6

The district spent \$473.7 million in building improvements, land, and equipment, resulting in an increase in non-current assets in 2005. The \$12 million decrease in current and other assets is a result of continued improvement of processes for operating grants reimbursement request initiatives (\$21 million) and an increase (\$9 million) in investments. The district bond sale of \$400 million and payments on existing debt resulted in the net increase in non-current liabilities. Unrestricted net assets decreased due to Capital Projects' net increases in capital assets, debt, and unspent proceeds.

Changes in net assets. The district's total revenues were \$1.4 billion. A significant portion, 67%, of the district's revenue comes from taxes. Additionally, 12% comes from state aid formula grants, while 17% is related to other operating grants, with the remaining four percent from miscellaneous revenue sources. (See Figure A-3.)

Figure A-3 District
Sources of Revenue for Fiscal Year 2005



The total cost of all programs and services was \$1.379 billion; 71.0% of these costs are for instructional and student services. Six percent of all programs and services cost was for school leadership and 10% was for plant maintenance and operations. Property tax revenue increased due to approximately a one billion dollar increase in property values and an increase in the tax rate of three cents. Instruction and plant maintenance and operations costs increased due to salary and position adherence and utility rate increases respectively.

Table A-2
Changes in the District's
Net Assets
(in millions of dollars)

Revenues	For the Year Ended June 30, 2005	For the Year Ended June 30, 2004
Program Revenues:		
Charges for services	\$ 9.3	\$ 8.2
Operating grants and contributions	235.5	235.3
General Revenues:		
Property taxes	951.7	906.1
State aid – formula	168.6	162.3
Investment earnings	18.7	15.4
Other	26.2	6.7
Total Revenues	\$ 1,410.0	\$ 1,334.0
Expenses		
Instruction	747.2	734.5
Instructional resources and media services	21.1	20.0
Curriculum and staff development	35.7	34.1
Instructional leadership	24.2	23.7
School leadership	75.5	71.1
Guidance, counseling, and evaluation services	50.9	47.6
Social work services	2.6	2.6
Health services	14.3	12.9
Student transportation	11.5	14.6
Food services	57.4	59.5
Cocurricular/extracurricular activities	10.3	11.1
General administration	30.8	33.4
Plant maintenance and operations	142.3	129.0
Security and monitoring services	16.3	13.8
Data processing services	20.5	20.9
Community services	26.6	24.1
Debt service	43.5	39.8
Facilities acquisition and construction	45.7	24.3
Payments to fiscal agent/member districts - shared services	2.9	5.2
Total Expenses	\$ 1,379.3	\$ 1,322.2
Increase in Net Assets	30.7	11.8
Beginning Net Assets	246.6	234.8
Ending Net Assets	\$ 277.3	\$ 246.6

The district's net assets increased approximately \$30.7 million. Table A-3 presents the cost of the district's largest functions as well as each function's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded directly by state revenues as well as local tax dollars.

- The net cost of all *governmental* activities this year was \$1.1 billion.
- The district taxpayers provided \$951.7 million for these activities through property taxes.
- Some of the cost was paid by those who directly benefit from the programs (\$9.3 million), and by grants and contributions (\$235.5 million).

Table A-3
Net Cost of Selected District Functions
(in millions of dollars)

	Total Cost of Services		Net Cost of Services	
	For the Year Ended June 30, 2005	For the Year Ended June 30, 2004	For the Year Ended June 30, 2005	For the Year Ended June 30, 2004
Instruction	\$ 747.2	\$ 734.5	\$ (641.2)	\$ (624.0)
School Leadership	75.5	71.1	(74.5)	(70.3)
Food Services	57.4	59.5	8.7	1.9
Plant Maintenance & Operations	142.3	129.0	(139.2)	(125.0)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues reported in governmental fund types totaled \$1.42 billion. The increase in local revenues is a result of state legislation that has shifted state funds away from school districts similar to the district and caused districts to increase local revenues each year. The increase in federal revenues is primarily due to an increase in federal program revenue distributed through other agencies.

At the end of the current fiscal year, the district's governmental funds reported ending fund balances of \$619,408,651. Of this amount, \$89,776,750 constitutes unreserved fund balance available for use in activities at the district's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to bond projects, debt service and other obligations of the district.

The general fund is the chief operating fund of the district. At the end of the current fiscal year, unreserved fund balance of the general fund was \$84,151,575. As a measure of the general fund's liquidity, it may be useful to compare both unreserved and total fund balance to the total fund expenditures. Unreserved fund balance represents 7.7% of the total general fund expenditures, while total fund balance represents 9.3% of that same amount, down from 10.0% and 11.3% the previous year.

The district recognized a decrease of \$13.7 million in the general fund's fund balance due to a projected use of fund balance of \$10 million and the early implementation of GASB Statement No. 47, which resulted in expenditure recognition of \$3.2 million. The capital projects fund balance decreased \$52,131,116 to \$430,026,901. This decrease resulted from a \$387 million debt issuance, offset by expenditures of \$467.5 million.

The debt service fund has a total fund balance of \$72,294,545 all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund is \$10,213,044.

General Fund Budgetary Highlights (see Exhibit G-1)

During the 2004-05 fiscal year the district amended the operating budget on a monthly basis. These adjustments resulted in actual expenditures approximately \$1.0 million below the final amended budget.

A significant budget amendment included recognition of approximately \$45.0 million of revenue / expenditures related to the Schools and Libraries Universal Service Support Mechanism. This program provides discounts to assist most schools and libraries in the United States to obtain affordable telecommunications and Internet access. The amount is reflected in local revenue and appropriated in Facilities Acquisition and Construction.

The increase in the Plant Maintenance and Operations budget was due to an increase in utilities and higher than anticipated maintenance costs.

A positive variance in state revenue of \$8.2 million is related to changes in estimates, due to changes in property values and corrections for special populations and the reporting of on-behalf for the Teacher Retirement System.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2005, the district had invested \$1,746.0 billion in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net increase (including additions and deductions) of \$472.1 million or 37.1 percent over last year. (See Table A-4.)

Table A-4
District's Capital Assets
(in million of dollars)

Governmental Activities

	For the Year Ended June 30, 2005	For the Year Ended June 30, 2004
Land	\$ 118.4	\$ 84.5
Buildings and improvements	1,211.1	964.4
Vehicles	28.6	26.7
Equipment	98.1	67.1
Construction in progress	289.8	131.2
Totals at historical cost	\$ <u>1,746.0</u>	\$ <u>1,273.9</u>
Total accumulated depreciation	<u>(756.9)</u>	<u>(733.6)</u>
Net capital assets	\$ <u><u>989.1</u></u>	\$ <u><u>540.3</u></u>

The district's fiscal year 2005 capital spending totaled \$473.7 million in buildings & improvements and capital equipment. Construction began on additions and renovations to existing facilities and new construction began on over 100 projects throughout the district. Construction in progress at June 30, 2005 is \$289,755,388. Three of the bigger projects included Lee McShan Elementary (\$9,718,128), Rosemont Elementary (\$9,590,248), and the Jesse Owens Athletic Sports Complex (\$31,202,082). The total remaining for construction commitments as of June 30, 2005 is \$269,817,491. Additional information on the district's capital assets can be found in Footnote L.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 (on the previous page) shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the district's financial statements, including the portion of the district 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.

Figure A-2 Major Features of the district's Government-wide and Fund Financial Statements

<i>Type of Statement</i>	Government-wide	Governmental Funds	Fiduciary Funds
<i>Scope</i>	Entire district's government (except fiduciary funds)	The activities of the district that are not fiduciary	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, & changes in fund balances 	Statement of fiduciary assets and liabilities
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues in the period when use of the resources is required or first permitted by time requirements, or at the same time as the assets if the district has not established time requirements. Resources received or recognized as receivable before the time requirements are met are reported as deferred revenues.	

Government-wide Statements

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the district's Financial Services Department.

**Dallas Independent School District
Government-wide Statement of Net Assets
June 30, 2005**

Exhibit A-1

Data Control Codes		<u>Governmental Activities</u>
	ASSETS	
	Current assets:	
1110	Cash and cash equivalents	\$ 431,817
1120	Investments	763,853,402
1225	Property taxes receivables (net)	62,262,795
1240	Due from other governments	80,565,358
1250	Accrued interest	38,161
1290	Other receivables (net)	5,045,948
1300	Inventories	8,001,889
1490	Other current assets	3,558,866
	Noncurrent assets:	
1420	Bond issuance cost (net)	7,005,757
	Capital assets:	
1510	Land	118,413,065
1520	Buildings and Improvements, net	540,253,328
1530	Furniture and equipment, net	40,638,016
1580	Construction in progress	289,755,388
1000	Total assets	<u>1,919,823,790</u>
	LIABILITIES	
	Current liabilities:	
2110	Accounts payable	\$ 97,760,950
2150	Payroll deductions and withholdings	6,895,468
2160	Accrued wages payable	115,907,645
2180	Due to other governments	12,296,350
2191	Due to student groups	240
2200	Accrued liabilities	12,623,654
2300	Deferred revenue	2,841,774
2430	Interest payable	23,932,234
	Long-term liabilities-due within one year	
2121	Bonds and notes payable	47,971,000
2122	Loans payable	1,711,000
2123	Workers compensation	3,425,000
2131	Lease purchases payable	4,622,000
	Noncurrent liabilities:	
	Long-term liabilities-due beyond one year	
2210	Workers compensation	11,952,589
2510	Bonds and notes payable	1,250,934,824
2511	Gain/Loss on refunding of bonds	1,318,728
2512	Premium on bonds	42,282,096
2521	Loans payables	232,378
2531	Lease purchases payable	5,794,341
2000	Total liabilities	<u>1,642,502,271</u>
	NET ASSETS	
3200	Invested in capital assets, net of related debt	\$ 198,781,406
3800	Restricted for:	
	Debt Service	48,362,311
	Food Service	6,688,940
3900	Unrestricted	23,488,862
3000	Total net assets	<u>\$ 277,321,519</u>

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

**Dallas Independent School District
Government-wide Statement of Activities
For the Year Ended June 30, 2005**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Governmental activities:					
11 Instruction	\$ 747,224,509	\$ 1,070,947	\$ 104,926,886	\$ (641,226,676)	
12 Instructional resources and media services	21,061,655	-	557,977	(20,503,678)	
13 Curriculum and staff development	35,649,248	-	22,758,828	(12,890,420)	
20 Instructional leadership	24,202,091	-	8,767,165	(15,434,926)	
21 School leadership	75,549,944	-	1,071,607	(74,478,337)	
23 Guidance, counseling, and evaluation services	50,925,260	-	8,892,073	(42,033,187)	
32 Social work services	2,608,185	-	409,301	(2,198,884)	
33 Health services	14,258,749	-	2,819,240	(11,439,509)	
34 Student transportation	11,487,837	-	1,465,651	(10,022,186)	
35 Food services	57,362,310	6,851,514	59,251,561	8,740,765	
36 Cocurricular/extracurricular activities	10,256,766	796,511	460,875	(8,999,380)	
41 General administration	30,848,032	-	1,394,405	(29,453,627)	
51 Plant maintenance and operations	142,252,813	565,853	2,497,542	(139,189,418)	
52 Security and monitoring services	16,268,821	-	1,155,471	(15,113,350)	
53 Data processing services	20,460,843	-	525,949	(19,934,894)	
61 Community services	26,647,200	-	18,502,772	(8,144,428)	
71 Interest on long-term debt	43,497,537	-	-	(43,497,537)	
81 Facilities acquisition & construction	45,684,074	-	4,032	(45,680,042)	
95 Payments to juvenile justice AE	765,000	-	-	(765,000)	
97 Payments to tax increment fund	2,185,650	-	-	(2,185,650)	
Total governmental activities	\$ 1,379,196,524	\$ 9,284,825	\$ 235,461,335	\$ (1,134,450,364)	
Total	\$ 1,379,196,524	\$ 9,284,825	\$ 235,461,335	\$ (1,134,450,364)	
General revenues:					
Taxes:					
Property taxes, levied and collected for general purposes					\$ 855,833,262
Property taxes, levied and collected for debt service					95,881,230
State aid-formula grants not restricted to specific programs					168,588,692
Grants and contributions not restricted to specific programs					1,189,564
Investment earnings					18,709,381
Miscellaneous					24,995,782
Total general revenues					1,165,197,911
Change in net assets					30,747,547
Net assets—beginning					246,573,972
Net assets—ending					\$ 277,321,519

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

**Dallas Independent School District
Balance Sheet
Governmental Funds
June 30, 2005**

Exhibit C-1

Data Control Codes	General	Debt Service	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
1110-50 Cash and cash equivalents	\$ 431,817	\$ -	\$ -	\$ -	\$ 431,817
1120 Investments	193,946,546	70,916,967	495,375,591	3,614,298	763,853,402
1210-30 Receivables, net	57,469,831	4,792,964	-	-	62,262,795
1250 Accrued interest	2,794	-	-	35,367	38,161
1260 Due from other funds	54,311,320	-	-	14,713,085	69,024,405
1240 Receivables from other governments	15,122,404	-	-	65,442,954	80,565,358
1290 Other receivables	4,485,783	560,165	-	-	5,045,948
1300 Inventories	5,290,729	-	-	2,711,160	8,001,889
1490 Other current assets	3,558,221	-	-	645	3,558,866
Total assets	<u>\$ 334,619,445</u>	<u>\$ 76,270,096</u>	<u>\$ 495,375,591</u>	<u>\$ 86,517,509</u>	<u>\$ 992,782,641</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110 Accounts payable	\$ 47,602,210	\$ 13,756	\$ 49,258,827	\$ 886,157	\$ 97,760,950
2140 Bond interest payable	-	-	-	-	-
2150 Payroll deductions & withholdings	6,895,468	-	-	-	6,895,468
2160 Accrued wages payable	103,594,178	-	-	12,313,467	115,907,645
2170 Due to other funds	14,713,085	120,506	11,313,564	42,877,250	69,024,405
2180 Payable to other governments	3,610,288	-	-	8,686,062	12,296,350
2190 Due to students	240	-	-	-	240
2200 Accrued liabilities	7,385,476	-	4,776,299	3,886,879	16,048,654
2300 Deferred revenue	48,757,215	3,841,289	-	2,841,774	55,440,278
Total liabilities	<u>232,558,160</u>	<u>3,975,551</u>	<u>65,348,690</u>	<u>71,491,589</u>	<u>\$ 373,373,990</u>
Fund balances:					
Reserved for:					
3410 Inventories	5,290,729	-	-	2,711,160	\$ 8,001,889
3430 Prepaid	3,558,221	-	-	645	3,558,866
3440 Encumbrances	9,060,760	-	-	-	9,060,760
3420 Debt service	-	72,294,545	-	-	72,294,545
3470 Capital projects funds	-	-	430,026,901	-	430,026,901
3450 Food services	-	-	-	6,688,940	6,688,940
Unreserved:					
3590 Designated - Campus Activity Fund	-	-	-	2,477,146	2,477,146
3600 Undesignated - General Fund	84,151,575	-	-	-	84,151,575
3600 Undesignated - Special Revenue Funds	-	-	-	3,148,029	3,148,029
Total fund balances	<u>\$ 102,061,285</u>	<u>\$ 72,294,545</u>	<u>\$ 430,026,901</u>	<u>\$ 15,025,920</u>	<u>\$ 619,408,651</u>
Total liabilities and fund balances	<u>\$ 334,619,445</u>	<u>\$ 76,270,096</u>	<u>\$ 495,375,591</u>	<u>\$ 86,517,509</u>	<u>\$ 992,782,641</u>

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

**Dallas Independent School District
Reconciliation of the Governmental Funds Balance Sheet to the
Government-wide Statement of Net Assets
June 30, 2005**

Exhibit C-1R

Total fund balances--governmental funds (from C-1)	\$ 619,408,651
Amounts reported for governmental <i>activities</i> in the statement of net assets are different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	989,059,797
Some liabilities, including bonds payable, and claims and judgments are not due and payable in the current period and, therefore are not reported in the funds.	(1,366,818,956)
Interest payable is recognized when due at the fund level, but is recognized currently under full accrual.	(23,932,234)
Certain assets are not available to pay for current period expenditures and therefore are deferred in the funds.	52,598,504
Bond issue costs are recognized currently at the fund level, but are deferred costs under the full accrual method.	<u>7,005,757</u>
Total net assets--governmental activities (see A-1)	<u>\$ 277,321,519</u>

Dallas Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

Exhibit C-2

	General Fund	Debt Service	Capital Projects	Non-major Governmental Funds	Total Governmental Funds
REVENUES					
5700 Local and intermediate sources	\$ 910,983,698	\$ 97,062,904	\$ 13,039,163	\$ 14,881,381	\$ 1,035,967,146
5800 State program revenues	163,091,064	-	-	36,849,181	199,940,245
5900 Federal program revenues	5,107,557	-	-	183,730,773	188,838,330
Total revenues	<u>\$ 1,079,182,319</u>	<u>\$ 97,062,904</u>	<u>\$ 13,039,163</u>	<u>\$ 235,461,335</u>	<u>\$ 1,424,745,721</u>
EXPENDITURES					
Current:					
11 Instruction	\$ 627,958,261	\$ -	\$ -	\$ 104,900,467	\$ 732,858,728
12 Instructional resources and media services	20,226,351	-	-	557,977	20,784,328
13 Curriculum and staff development	12,549,478	-	-	22,756,247	35,305,725
21 Instructional leadership	15,027,910	-	-	8,767,165	23,795,075
23 School leadership	72,910,331	-	-	1,071,607	73,981,938
31 Guidance, counseling, and evaluation services	41,103,614	-	-	8,892,073	49,995,687
32 Social work services	2,146,336	-	-	409,301	2,555,637
33 Health services	11,154,581	-	-	2,819,240	13,973,821
34 Student transportation	9,615,090	-	-	1,465,651	11,080,741
35 Food services	-	-	-	58,091,038	58,091,038
36 Cocurricular/extracurricular activities	9,844,338	-	-	460,875	10,305,213
41 General administration	29,222,521	-	33,056	1,394,364	30,649,941
51 Plant maintenance and operations	138,166,794	-	227,123	2,497,542	140,891,459
52 Security and monitoring services	14,892,538	-	-	1,155,471	16,048,009
53 Data processing services	21,746,809	-	351,881	525,949	22,624,639
61 Community services	7,729,341	-	-	18,502,772	26,232,113
Debt service					
71 Principal on long-term debt	7,211,153	37,551,692	-	-	44,762,845
171 Interest on long-term debt	1,548,366	52,380,486	-	-	53,928,852
Capital outlay					
81 Facilities acquisition and construction	46,904,218	-	466,936,386	4,032	513,844,636
Intergovernmental charges					
95 Payments juvenile justice AE	765,000	-	-	-	765,000
97 Payments to tax increment fund	2,185,650	-	-	-	2,185,650
Total expenditures	<u>\$ 1,092,908,680</u>	<u>\$ 89,932,178</u>	<u>\$ 467,548,446</u>	<u>\$ 234,271,771</u>	<u>\$ 1,884,661,075</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>\$ (13,726,361)</u>	<u>\$ 7,130,726</u>	<u>\$ (454,509,283)</u>	<u>\$ 1,189,564</u>	<u>\$ (459,915,354)</u>
OTHER FINANCING SOURCES (USES)					
7901 Proceeds of refunding bonds	\$ -	\$ 12,700,000	\$ -	\$ -	\$ 12,700,000
7911 Proceeds from bonds	-	-	387,300,000	-	387,300,000
7916 Premium on bonds	-	3,347,359	15,078,167	-	18,425,526
8940 Payment to refunded bond escrow agent	-	(12,965,041)	-	-	(12,965,041)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ 3,082,318</u>	<u>\$ 402,378,167</u>	<u>\$ -</u>	<u>\$ 405,460,485</u>
Net change in fund balances	<u>\$ (13,726,361)</u>	<u>\$ 10,213,044</u>	<u>\$ (52,131,116)</u>	<u>\$ 1,189,564</u>	<u>\$ (54,454,869)</u>
Fund balances-beginning	<u>115,787,646</u>	<u>62,081,501</u>	<u>482,158,017</u>	<u>13,836,356</u>	<u>673,863,520</u>
Fund balances-ending	<u>\$ 102,061,285</u>	<u>\$ 72,294,545</u>	<u>\$ 430,026,901</u>	<u>\$ 15,025,920</u>	<u>\$ 619,408,651</u>

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

**Dallas Independent School District
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
June 30, 2005**

Exhibit C-3

Net change in fund balances—total governmental funds (from C-2)	\$ (54,454,869)
Amounts reported for <i>governmental activities</i> in the statement of activities (B-1) are different because:	
Governmental funds reports capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. (This is the amount by which net capital outlays (\$473,691,502) exceeded depreciation (\$24,796,111) in the current period.	448,895,391
Recognition of accretion on capital appreciation bonds and bond interest	(817,264)
Reversal of bond principal payments made at the fund level	58,454,923
Recognition of accrued interest expense at the government wide level	(7,579,282)
Bond proceeds (including \$18,425,526 premium) provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	(418,425,526)
Bond issuance costs recognized at the fund level, capitalized under full accrual	3,082,318
Workers compensation accrual expense not on fund statements	1,031,000
Health insurance expenditure not recognized at fund level	344,000
Amortization of bond issue costs, premium on bond, and gain/loss on refunding	2,053,465
Recognize deferred revenue through June 30, 2005 (Note E)	(1,741,867)
Loss on disposal of assets	<u>(94,742)</u>
Change in net assets of governmental activities (B-1)	<u><u>\$ 30,747,547</u></u>

**Dallas Independent School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended June 30, 2005**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 4,341,574</u>
Total assets	<u><u>\$ 4,341,574</u></u>
LIABILITIES	
Due to student groups	<u>\$ 4,341,574</u>
Total liabilities	<u><u>\$ 4,341,574</u></u>

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

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

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**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

A. Reporting Entity

The Board of Trustees (the "Board"), a nine-member group constituting an on going entity, is the level of government, which 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 Board receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the Board 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.

In evaluating how to define the government for financial reporting purposes, the district's management has considered all potential component units. By applying the criteria set forth in generally accepted accounting principles ("GAAP"), the district has determined that no other governmental organizations require inclusion in its reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net assets and the statement of activities. These statements report information on all of the non-fiduciary activities of the district. The effect of the interfund activity has been removed from these statements. Governmental activities are 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 to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Basis of Accounting/Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, the fiduciary fund financial statement does not have a measurement focus. 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 imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This measurement focus means that only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present resources (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

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, arbitrage, and claims and judgments, are recorded only when matured and payment is due shortly after year-end. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases 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 \$9,054,567 and \$951,676 for the General Fund and Debt Service Fund, respectively.

Grant revenues are recognized when all eligibility requirements have been met, except in the Food Services Fund where revenue is recognized based on the number of children served. Grant funds received in advance are recorded as deferred revenue until earned. Charges for services and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

In order to properly match revenues and expenditures for the fiscal year, the district has accrued Foundation School Program revenues of approximately \$16.1 million to reflect cash that will be received in fiscal year 2006, which was generated by attendance and related expenditures in fiscal year 2005.

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 to be accounted for in another fund.

The debt service fund, a budgeted fund, accounts for the use of ad valorem taxes and other revenues collected for the purposes of retiring bond principal and paying interest when due. The debt service fund does not meet the quantitative criteria of a major fund, however, due to the qualitative significance of the fund, management has decided to present it as a major fund.

The capital projects fund is used to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

Additionally, the district reports the following non-major fund types:

Special Revenue Funds - The Special Revenue Funds, 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. Project accounting is employed to maintain the integrity of the various sources of funds. The budget for the Food Services Fund is adopted by the Board each fiscal year.

Agency Fund (a fiduciary fund type) - The Agency Fund is custodial in nature and is used to account for the activities of student groups. The student activity groups exist with the explicit approval of, and are subject to revocation, by the district's Board of Trustees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include operating grants and contributions, food services user charges, and rentals and tuition. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

D. Assets, Liabilities and Net Assets

Deposits 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 three months or less from the date of acquisition.

Temporary investments are recorded at fair value and can consist of certificates of deposit, U.S. Treasury instruments, U.S. Government agency obligations, investments in the Texas Local Government Investment Pool ("TexPool") and investments in registered investment pools. The district accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. Statutes authorize the district to invest in obligations of the U.S. Treasury or the State of Texas, obligations of certain U.S. Government agencies, certificates of deposit, money market savings accounts, certain municipal securities repurchase agreements, common trust funds and other investments specifically allowed by Chapter 2256 of the Texas Government Code and Sections 23.80 and 20.42 of the Texas Education Code. For the purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they mature within three months or less when purchased.

Interfund Receivables and Payables

Short-term loans between funds are accounted for in the appropriate interfund receivable and payable accounts, Due to/from Other Funds.

Property Taxes

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes.

Inventories and Prepaid Items

Supplies and materials are recorded as expenditures when requisitioned. Inventories of supplies and materials on the governmental fund balance sheet are generally recorded at cost, net of an allowance for obsolescence of approximately \$90,000. However, inventories of food commodities are recorded at fair values on the date received as supplied by the Texas Department of Agriculture, although they are received at no cost. Inventory items are recorded as expenditures when they are consumed on the first-in, first-out basis.

Supplies and materials are used for almost all functions of activity, and recorded as expenditures when consumed on a weighted average basis. Commodities, used only in the food services program, are recorded as inventory and revenue when received. When requisitioned, inventory is relieved and expenditures are recognized for an equal amount. Inventory reported in the General Fund is offset in the fund level financial statements by a fund balance reserve that indicates that it is not available as spendable resources.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

Net Assets Government-wide

Invested in Capital Assets, net of related debt – component of net assets represented by capital assets and deferred debt issue costs, less capital debt plus unspent bond proceeds. (\$198,781,406)

Restricted for Debt Service – the component of net assets that reports the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by the bond covenants. (\$48,362,311)

Restricted for Food Service – the component of net assets that reports the difference between assets and liabilities of the Food Services Fund that consists of assets with constraints placed on their use by the Department of Agriculture. (\$6,688,940)

Unrestricted - the difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, net of related debt, Net Assets Restricted for Debt Service, and Net Assets Restricted for Food Service. (\$23,488,862)

Reserved Governmental Funds

Certain resources of the governmental funds are set aside for the repayment or use of specific programs. These reservations can be identified as follows:

Food Service	\$ 6,688,940
Debt Service	72,294,545
Capital Projects	430,026,901
Encumbrances	9,060,760
Inventories and Prepaids	11,560,755
Total Reserved Governmental Funds	<u>\$ 529,631,901</u>

Capital Assets

Capital assets, which include land, buildings, furniture and equipment, 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 or estimated historical cost if purchased or constructed. 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. Capital assets of the district are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	45
Building Improvement	20
Portable Buildings	20
Tractors and Construction Equipment	12
Kitchen Equipment	10
Other-Furniture, Fixtures & Equipment	10
Buses/Trucks/Vans	7
Mainframes/Servers/Telephone Systems	7
Vehicles	5
Technology Equipment	3
Software	3
Musical Instrutments	3

Dallas Independent School District
Notes to the Financial Statements
June 30, 2005

Compensated Absences

The State of Texas ("the State") has created a minimum leave program consisting of five days of personal leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Local school districts may provide additional personal leave beyond the State minimum.

District employees earn a total of ten personal business days per year. There is no limit on the number of these non-vesting compensated absences the employee may accumulate; the employee receives compensation only when the absences are utilized. Since the employee's accumulating rights to receive compensation for future absences are contingent upon the absences being used and such use cannot be reasonably estimated, a liability for accrued compensated absences has not been provided. District employees forfeit any vacation days unused at the end of the fiscal year. Therefore, no liability has been accrued for these compensated absences.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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 uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

Early Implementation

The district has early implemented GASB Statement No. 47, *Accounting for Termination Benefits*. The impact to the district is the recognition of \$3.2 million dollars of expenditures.

Data Control Codes

In accordance with the Financial Accountability System Resource Guide, Texas Education Agency (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 Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

E. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances, and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation states revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The details of this \$1,741,867 are as follows:

Property Tax Revenue – General Fund	\$ 1,788,700
Property Tax Revenue – Debt Service	(46,833)
Total increase in revenue not reported at the fund level	<u>\$ 1,741,867</u>

F. Deposits and Investments

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 district's agent bank (Federal Reserve Bank of Dallas), approved pledged securities, as authorized by Chapter 2257, Collateral for Public Funds of the Government Code, in an amount sufficient to protect district 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, 2005, cash with a total carrying value of \$431,817 was on deposit with the contracted depository bank. Total district funds on deposit were secured at the balance sheet date by FDIC coverage of \$200,000 and by pledged United States government securities with a fair value of \$3,669,802 at June 30, 2005, held by the Federal Reserve Bank of Dallas. Because the Federal Reserve Bank of Dallas holds the pledged securities in trust on behalf of the district, the deposits were deemed collateralized under Texas law. Effective June 1, 2004, secondary campuses Activity Funds were centralized and are now on deposit with the contracted depository. Non-centralized agency and activity funds are in separate bank accounts in the name of the schools, and as such, have FDIC insurance of \$100,000 per bank account. A total of \$4,341,574 of agency funds cash was on deposit with the contracted depository and separate bank accounts.

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

- a. Depository Bank: Bank of America, N.A.
- b. The date of highest deposit was January 10, 2005, with combined cash and certificates of deposit balance of \$2,503,203.
- c. On January 10, 2005, the amount of bonds, securities pledged, and FDIC coverage was \$4,031,451.
- d. The FDIC coverage portion of the collateral listed above was \$200,000.
- e. The district had no occasions during the year of not being sufficiently collateralized, in which the pledged collateral requirement was less than the collateral requirement.

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

The Texas legislature passed the Public Funds Investment Act of 1995 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
- 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
- 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 was added by H.B. 3009, and was effective September 1, 1999

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 Act. Additionally, investment practices of the district were in accordance with local policies, which are no more restrictive than state statutes. Subsequent to fiscal year 2004-2005, on September 29, 2005, the district's local investment policy "CDA (Local) Other Revenues: Investments" was updated to state, "The maximum allowable stated maturity of any one investment owned by the district shall not exceed one year from the time of purchase. The Board may specifically authorize a longer maturity for a given instrument, within legal limits."

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

The district implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, which required disclosure of credit risk, custodial risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

As of June 30, 2005, the district had the following investments, maturities and credit quality:

Investment Maturity (in Years) and Percent of Portfolio			
Type of Investment	Fair Value	0-6 Months	Percent of Portfolio
Repurchase Agreement/Other	\$ 116,824	\$ 116,824	.01
Money Markets and Mutual Funds	42,418,881	42,418,881	5.59
Investment Pools	717,703,398	717,703,398	94.40
Total Investments	\$ 760,239,103	\$ 760,239,103	100.00

Credit Risk: GASB Statement No. 40 requires local governments to provide information on the credit rating of securities, money markets and investment pools as of the date of their financial statements.

In addition, state statute limits investment in money markets and mutual funds to no-load money market funds with a weighted average maturity of 90 days or less. Investments in Local Government Investment Pools (LGIP's) must be rated AAA or the equivalent by a nationally recognized credit rating agency (NRCRA).

As of June 30, 2005 the money markets utilized by the district (Nations Money Markets Reserves, which represents approximately 5.6% of the portfolio) are no-load money markets, and maintain a weighted average maturity of 90-days or less. These money markets invest only in first-tier securities. Under Rule 2a-7 of the 1940 Act, a first-tier-securities is a debt security that is an eligible investment for money market funds and has received a rating in the highest short-term rating category from a nationally recognized statistical rating organization (NRSRO). LGIP positions represent approximately 94.4% of the portfolio and are rated AAA or the equivalent by an NRCRA (Standard & Poor's, Moody's or Fitch). All money markets and LGIP's must comply with rule 2a-7 under the Investment Company Act of 1940 (1940 Act).

Custodial Credit Risk: The disclosure for custodial risk is a modification of GASB Statement No. 3 and limits disclosures of custodial risk to: (1) Deposits that are uninsured and either uncollateralized or collateralized with securities held by the pledging financial institution; and (2) Investments that are uninsured, unregistered and held by either the counter-party or the counter-party's trust department or agent but not in the government's name.

As of June 30, 2005, all investments in the district's portfolio consisted of money market mutual funds and investment pools, 2a-7 type investments, and these are exempt from this risk disclosure. The district's investment is in the money market instrument or pool of securities as a whole, and not directly in the investments that make up the money market of pool of securities (there is no custody by the district).

Concentration of Credit Risk: For concentration of credit risk, governments need to disclose by amount and issuer any concentration in one issuer that represents five percent or more of the total assets in the portfolio for that business activity. Investments issued or explicitly guaranteed by the U.S. Government and investments in money market mutual funds or investments pools are excluded from this 5% disclosure requirement.

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

As of June 30, 2005, all investments in the district's portfolio consisted of money market mutual funds and investment pools, 2a-7 type investments, and these are exempt from this risk disclosure. There is no custody of the securities within the money markets and investment pools, and no concentration of risk, accordingly.

Interest Rate Risk: Governments also need to disclose their interest rate sensitivity of their investment instruments.

As of June 30, 2005, all investments in the district's portfolio consisted of money market mutual funds and investment pools, 2a-7 type investments, and these are exempt from this risk disclosure, per paragraph 15 of GASB 40.

Foreign Currency Risk: Government investments that are exposed to foreign currency risk should disclose the dollar value of these investments organized by currency denomination.

As of June 30, 2005, there are no foreign investments in the district's portfolio. Accordingly, this disclosure is not required.

Additional Investment Information

At June 30, 2005, the district had funds invested for the operating needs of the General Fund in the Local Government Investment Cooperative ("LOGIC"), the Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), Texas Local Government Investment Pool ("TexPool"), and the Lone Star Investment Pool (LSIP), now known as First Public.

First Southwest Asset management manages the LOGIC investment pool. The Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS") investment pool is managed by MBIA Asset Management Group. The State Comptroller of Public Accounts oversees TexPool, and Lehman Brothers and Federated Investors manage the daily operations of the pool under a contract with the Comptroller. The Texas Association of School Boards (TASB) manages the First Public investment pool. All tax proceeds for the District's interest and sinking fund are maintained in segregated accounts, by bond authorization, in the First Public investment pool.

As previously stated, each investment pool which the district participates in operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, to the extent such rule is applicable to its operations. Accordingly, the investment pools use the amortized cost method permitted by SEC Rule 2a-7 to report net assets and share prices since that amount approximates fair value. A board of directors comprised of local government officers, including participants of the investment pools, performs regulatory oversight in the external investment pools. The Texas State Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate Texpool. In addition, all investment pool's policies require a rating of AA or better from a nationally recognized rating agency.

The district invested the Capital Project Fund proceeds from the bond issues in a Guaranteed Investment Contract (GIC) with Morgan Stanley, until its subsequent maturity at August 15, 2004. The district was guaranteed a fixed interest rate of 3.65% and the maturities on the securities that are invested on the district's behalf by Morgan Stanley were "laddered" to cover the funding of the construction program. Morgan Stanley was required to secure the investment with U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. On Monday, August 16, 2004, the proceeds received from the maturity of the Morgan Stanley GIC were subsequently reinvested in a separate account of the Texas Cooperative Liquid Assets Securities System Trust ("Texas Class") Investment Pool.

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

Line Of Credit

The district has established a \$20 million line of credit with Bank of America N.A., which is available for seasonal borrowing needs from November 1 to January 31 of each year. Interest on amounts owed is assessed at the Bank of America, N.A. prime rate. The district has not utilized this line of credit during the last six fiscal years. In lieu of the line of credit, in 2003-2004 the district did authorize and issue the Revenue and Tax Anticipation Note, Series 2003. The District did not issue a Tax Anticipation Note in 2004-2005.

G. Local Revenues

Local revenues are comprised of the following:

	<u>General Fund</u>	<u>Service Fund</u>	<u>Projects Fund</u>	<u>Major Funds</u>	<u>Total</u>
Property Taxes	\$ 854,044,561	\$ 95,928,064	\$ -	\$ -	949,972,625
Dallas CED	286,826	-	-	-	286,826
Food Services	-	-	-	6,851,514	6,851,514
Interest Income	4,552,603	1,134,840	13,021,938	-	18,709,381
Tuition, Fees and Cocurricular	1,175,679	-	-	-	1,175,679
Other	50,924,029	-	17,225	8,029,867	58,971,121
Total	\$ 910,983,698	\$ 97,062,904	\$ 13,039,163	\$ 14,881,381	\$ 1,035,967,146

H. Property Taxes

The district's ad valorem property tax is levied each October 1 on the assessed value as of the prior January 1 for all real and business personal property located in the district. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the subsequent year. On January 1 of each year a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. The assessed value of the roll on January 1, 2004 was \$59,372,699,642. After deductions of all exemptions and reductions provided by law and those granted by the district, the levy for the 2005 fiscal year was based on \$58,901,034,539.

The tax rates assessed for the year ended June 30, 2005, to finance General Fund operations and the payment of principal and interest on long-term debt were \$1.5000 and \$0.1694 per \$100, respectively, for a total of \$1.6694 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, 2005, were 96.55% 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 within the General and Debt Service Funds of \$27,267,245 and \$3,079,260 respectively, based upon historical collection experience. The district is prohibited from writing off real property taxes without specific statutory authority from the Texas legislature.

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

At June 30, 2005, taxes receivable, net of estimated uncollectible taxes, aggregated \$57,469,831 and \$4,792,964 for the General Fund and Debt Service Fund, respectively. Effective September 1, 1991, the Texas state legislature established County Education Districts (CED) to redistribute property taxes from high-property value districts to low-property value districts. As of September 1, 1993, CED's were abolished by the enactment of Senate Bill 7 (S.B. 7). Residual collections of taxes assessed throughout the CED's prior to September 1, 1993, continued to be recognized as revenue when received through June 30, 2005. As part of this plan, the district recognized approximately \$286,826 as revenue in fiscal year 2005.

I. Receivables

Receivables as of June 30, 2005 for the district's major funds and non-major funds in the aggregate including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Non- Major Funds</u>	<u>Total Governmental Activities</u>
Property taxes	\$ 84,737,076	\$ 7,872,224	\$ -	\$ -	\$ 92,609,300
Due from other					
Government	15,122,404	-	-	65,442,954	80,565,358
Accrued interest	2,794	-	-	35,367	38,161
Other receivables	4,485,783	560,165	-	-	5,045,948
Bond proceeds	-	-	-	-	-
Less: allowance					
for uncollectibles	<u>(27,267,245)</u>	<u>(3,079,260)</u>	<u>-</u>	<u>-</u>	<u>(30,346,505)</u>
Total	<u>\$ 77,080,812</u>	<u>\$ 5,353,129</u>	<u>\$ -</u>	<u>\$ 65,478,321</u>	<u>\$ 147,912,262</u>

J. Deferred Revenue

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

At the end of fiscal year 2005, the various components of deferred revenue reported in the general fund and nonmajor governmental funds were as follows:

	<u>General Funds</u>	<u>Debt Service Funds</u>	<u>Nonmajor Funds</u>
Property Taxes	\$ 48,415,265	\$ 3,841,289	\$ -
Grant Funds	-	-	2,841,774
Miscellaneous	<u>341,950</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 48,757,215</u>	<u>\$ 3,841,289</u>	<u>\$ 2,841,774</u>

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

K. Interfund Receivables and Payables

Interfund balances occur when one fund pays or receives resources for another at June 30, 2005, consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund -		
Non-major Governmental Funds	\$ 42,877,250	\$ 14,713,085
Debt Services Fund	120,506	-
Capital Projects Fund	11,313,564	-
	<u>54,311,320</u>	<u>14,713,085</u>
Non-major Governmental Funds -		
General Fund	14,713,085	42,877,250
Debt Service Fund -		
General Fund	-	120,506
Capital Projects Fund -		
General Fund	<u>-</u>	<u>11,313,564</u>
	<u>\$ 69,024,405</u>	<u>\$ 69,024,405</u>

Interfund balances consist of short-term lending/borrowing arrangements that result from regularly occurring charges that are paid by the General Fund and then charged back to the appropriate other funds. The due to between the General Fund and Non-major Governmental Funds will occur when funds are received from the granting agency for incurred expenditures that have been paid from the General Fund operating account. Cash payments for expenditures in the Debt Service Fund and Capital Project Fund are made from the General Fund operating account, transfers back occur monthly.

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

L. Changes in Capital Assets

Capital asset activity for the year ended June 30, 2005 is as follows:

	Balance 6/30/2004	Additions	Deletions/ Transfers	Balance 6/30/2005
Capital Assets, not being depreciated:				
Land	\$ 84,473,042	\$ 33,940,023	\$ -	\$ 118,413,065
Construction in Progress	131,232,140	399,081,663	(240,558,415)	289,755,388
Total Capital Assets, not being depreciated	<u>215,705,182</u>	<u>433,021,686</u>	<u>(240,558,415)</u>	<u>408,168,453</u>
Capital Assets, being depreciated:				
Building and improvements	964,415,625	6,924,954	239,710,739	1,211,051,318
Furniture and equipment	93,750,870	33,744,862	(764,860)	126,730,872
Total Capital Assets, being depreciated	<u>1,058,166,495</u>	<u>40,669,816</u>	<u>238,945,879</u>	<u>1,337,782,190</u>
Less accumulated depreciation for:				
Buildings and improvements	656,619,642	14,328,523	(150,175)	670,797,990
Furniture and equipment	76,992,887	10,467,588	(1,367,619)	86,092,856
Total Accumulated depreciation	<u>733,612,529</u>	<u>24,796,111</u>	<u>(1,517,794)</u>	<u>756,890,846</u>
Total Capital Assets, being Depreciated, net	<u>324,553,966</u>	<u>15,873,705</u>	<u>240,463,673</u>	<u>580,891,344</u>
Capital Assets, Net	<u>\$ 540,259,148</u>	<u>\$ 448,895,391</u>	<u>\$ (94,742)</u>	<u>\$ 989,059,797</u>

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

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

Instruction	\$ 15,459,874
Instructional resources and media services	389,242
Curriculum and staff development	511,962
Instructional leadership	431,715
School leadership	1,671,432
Guidance, counseling and evaluation services	1,055,230
Social work services	55,972
Health services	302,009
Student transportation	455,924
Food services	341,913
Curriculum/extracurricular activities	133,495
General administration	381,900
Plant maintenance and operations	2,579,738
Security and monitoring services	324,883
Data processing services	260,670
Community services	440,152
Total	<u>\$ 24,796,111</u>

The district has active construction projects. These projects include new school construction and renovation of existing facilities. The total remaining for these construction commitments as of June 30, 2005 is \$269,817,491.

M. Capital Leases

As of June 30, 2005, the accompanying government-wide financial statements include property under capital leases totaling a principal balance due of \$10,406,062 with a net present value (NPV) of \$10,416,341. Capital leases principal amounts provide for the acquisition of equipment to improve the district's energy management systems (\$8,977,491), and telephone system (\$1,428,571). Capital lease expenditures for fiscal year 2004-2005 were \$5,244,304, representing principal and interest payments that have been reflected as debt service expenditures in the General Fund of the accompanying fund financial statements.

<u>Date of Issue</u>	<u>Purpose/Lawful Authority (Maturity)</u>	<u>Interest Rate</u>	<u>Net Present Value (in thousands)</u>
8/28/96	Energy Movement Systems/Johnson Controls, Inc. (10/15/06)	5.96%	\$ 1,271
8/27/96	Energy Management Systems Honeywell, Inc. - Phase I (09/01/06)	5.62%	1,202
4/14/97	Energy Management Systems Honeywell, Inc. - Phase IIA (03/01/08)	6.89%	3,294
4/14/97	Energy Management Systems/ Honeywell, Inc. - Phase IIB (03/01/08)	6.89%	3,294
12/18/98	Telephone System/Fujitsu (9/15/05)	4.44%	1,356
			<u>\$ 10,417</u>

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

Pursuant to the terms of the capital lease agreements, the following schedule presents future minimum lease payments, including principal and interest, by year, as of June 30, 2005:

	Year Ended June 30 (in thousands)
2005-2006	\$ 5,174
2006-2007	3,772
2007-2008	2,417
Future minimum lease payments	11,363
Amount representing interest (1)	(946)
Total future minimum lease payments	<u>\$ 10,417</u>

(1) Includes amount necessary to reduce net minimum lease payments to present value calculated at the district's incremental borrowing rate at the inception of the leases.

N. Long-Term Obligations

Long-term debt includes par bonds, capital appreciation serial bonds, contractual obligations, capital leases, long-term loans, maintenance tax notes and provisions for workers' compensation and health insurance liability. Bond premiums are amortized using the effective interest method. At June 30, 2005, the district's debt limitation under local policies, which represents 10% of the district's total assessed property value for school tax purposes, is \$5,937,269,964 and the district's legal debt margin is \$4,710,658,688.

General Obligation Bonds

These bonds are secured by ad valorem taxes levied against all taxable property and are serviced, with the exception of the contractual obligation bonds, by the Debt Service Fund with an apportionment of the ad valorem tax levy. Interest rates on the bonds range from 1.75% to 5.8% and are due through 2031.

At June 30, 2005, \$72,294,545 was available in the Debt Service Fund to service the appropriate bonds.

Series	General Obligation Bonds Maturity or Mandatory Redemption Date	Interest Rates	Total Outstanding Principal Amount (in thousands)
1995	Serially in varying amounts from August 15, 2007 to August 15, 2014	5.3%-5.8%	\$ 46,775
1999	Serially in varying amounts from August 15, 2000 to August 15, 2014	3.70%-5.25%	160,390
2002	Serially in varying amounts from August 15, 2003 to February 15, 2022	4.0%-5.5%	260,095
2003	Serially in varying amounts from February 15, 2004 to February 15, 2027	1.75%-5.0%	106,220
2004	Serially in varying amounts from August 15, 2004 to August 15, 2030	3.0%-5.0%	300,000
2004A	Serially in varying amounts from August 15, 2005 to August 15, 2031	3.0%-5.0%	400,000
			<u>\$ 1,273,480</u>

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

Capital Appreciation Bonds

Although the debt service requirements on Capital Appreciation Bonds are payable only upon maturity, the original principal amount of the Capital Appreciation Bonds, Series 1995, plus the premium of \$7,065,712 is recorded as a component of long-term obligations in the Statement of Net Assets. In addition, the original principal of the Capital Appreciation Bonds, Series 1999, plus the premium of \$8,300,033 is recorded in the Statement of Net Assets.

<u>Series</u>	<u>Capital Appreciation Bonds Maturity or Mandatory Redemption Date</u>	<u>Interest Rates</u>	<u>Total Outstanding Principal Amount (in thousands)</u>
1995	August 15, 2007	6.40%	\$ 12,548
1999	August 15, 2005	4.05%	8,315
			<u>\$ 20,863</u>

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.

<u>Series</u>	<u>Maintenance Tax Notes Maturity or Mandatory Redemption Date</u>	<u>Interest Rates</u>	<u>Total Outstanding Principal Amount (in thousands)</u>
2001	Serially in varying amounts from May 1, 2002 to May 1, 2015*	0%	\$ 3,443
2002	Principal due at maturity; interest due each February 15 and August 15 from February 15, 2003 to September 15, 2016	0%	1,120
			<u>\$ 4,563</u>

*Interest payments are not made by the district. Pursuant to a Forward Delivery Agreement entered into between the Bank of America (BOA) and the district: "a) The district will make flat annual payments to a custodian; b) BOA will purchase securities with the custodial funds; c) BOA is responsible for repayment of the loan at maturity; and, d) Shortages or overages are the responsibility of BOA." However, the district must disclose the full amount of the loan as its debt in the event Bank of America or US Bank (the escrow custodian) were to default.

Long-Term Loan Contracts

The annual requirements to pay principal and interest on two long-term loan contracts, the Vehicle Acquisition Loan and the Software Acquisition Loan, at June 30, 2005 are as follows (in thousands):

<u>Year Ended June 30, 2005</u>	<u>Vehicle Acquisition Loan</u>		<u>Software Acquisition Loan</u>		<u>Total</u>	<u>Principal</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>	<u>Outstanding</u>
2006	\$ 906	\$ 35	\$ 805	\$ 13	\$ 1,759	\$ 1,711
2007	233	3	-	-	236	233
Total	<u>\$ 1,139</u>	<u>\$ 38</u>	<u>\$ 805</u>	<u>\$ 13</u>	<u>\$ 1,995</u>	<u>\$ 1,944</u>

Dallas Independent School District
Notes to the Financial Statements
June 30, 2005

The following is a summary of the changes in the district's long-term debt for the year ended June 30, 2005 (in thousands):

Description	Debt Outstanding July 1, 2004	Additions and Interest Accretion	Retired	Outstanding Debt June 30, 2005	Amounts Due Within One Year From June 30, 2005
General Obligation Bonds					
Series 1995	\$ 46,775	\$ -	\$ -	\$ 46,775	\$ -
Series 1999	161,415	-	1,025	160,390	-
Series 2002	271,925	-	11,830	260,095	10,550
Series 2003	144,610	-	38,390	106,220	28,175
Series 2004	300,000	-	-	300,000	-
Series 2004A		400,000	-	400,000	-
Total General Obligation Bonds	924,725	400,000	51,245	1,273,480	38,725
Capital Appreciation Bonds					
Series 1995	11,961	587	-	12,548	587
Series 1999	8,171	144	-	8,315	8,315
Total Capital Appreciation Bonds	20,132	731	-	20,863	8,902
Maintenance Tax Notes					
Series 2001-QZAB	3,788	-	345	3,443	344
Series 2002-QZAB	1,120	-	-	1,120	-
Total Maintenance Tax Notes	4,908	-	345	4,563	344
Capital Leases					
Johnson Controls	1,819	-	548	1,271	605
Honeywell - Phase I	1,757	-	555	1,202	585
Honeywell - Phase IIA	4,275	-	981	3,294	1,038
Honeywell - Phase IIB	4,275	-	981	3,294	1,038
Fujitsu	2,642	-	1,286	1,356	1,356
Total Capital Leases	14,768	-	4,351	10,417	4,622
Loans Payable					
Vehicle Acquisition	2,005	-	866	1,139	906
Software Acquisition	2,366	-	1,561	805	805
Total Loans Payable	4,371	-	2,427	1,944	1,711

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

Description				Amounts Due	
	Debt Outstanding July 1, 2004	Additions and Interest Accretion	Retired	Outstanding Debt June 30, 2005	Within One Year From June 30, 2005
Workers Compensation	\$ 16,443	\$ (1,065)	\$ -	\$ 15,378	\$ 3,425
Health Insurance	344	(344)	-	-	-
Gain/Loss on Refunding	1,392	-	73	1,319	73
Premium on Bonds	25,597	18,425	1,740	42,282	1,724
Total Other Debt	43,776	17,016	1,813	58,979	5,222
Total Long Term Debt	\$ 1,012,680	\$ 417,747	\$ 60,181	\$ 1,370,246	\$ 59,526

For governmental activities, claims and judgments are generally liquidated by general fund resources.

Debt Service Requirements

The annual requirements to pay principal and interest on the bond obligations outstanding as of June 30, 2005 are as follows (in thousands):

Year Ended June 30	General Obligation, Capital Appreciation Bonds and Maintenance Tax Notes		Total
	Principal	Interest	Requirements
2005	\$ 47,971	\$ 62,751	\$ 110,722
2006	44,063	60,749	104,812
2007	47,892	59,899	107,791
2008	40,819	57,102	97,921
2009	42,679	55,187	97,866
2010-2014	257,922	241,320	499,242
2015-2019	224,070	181,857	405,927
2020-2024	232,905	120,733	353,638
2025-2029	272,400	58,875	331,275
2030-2034	88,185	4,665	92,850
Total	\$ 1,298,906	\$ 903,138	\$ 2,202,044

In 1985, 1995, 1999, 2002, 2003 and 2005, 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, that total \$264,380,000, are not included in the district's basic financial statements.

2004-05 Debt Issuance

The following debt was issued during fiscal year 2004-2005:

The Unlimited Tax School Building Bonds, Series 2004: On January 19, 2002, the voters of the district approved the issuance of construction obligations (the "New Construction Authorization") in the amount of \$1,366,295,000. On that same day, the voters also approved the issuance of refunding obligations (the Refunding Authorization) in the amount of \$38,760,000. On March 15, 2002, the first issuance of bonds under these authorizations occurred with the sale and delivery of the Unlimited Tax School Building and Refunding Bonds, Series 2002.

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

On June 15, 2003, the second issuance of bonds under these authorizations occurred with the issuance of the Unlimited Tax School Building and Refunding Bonds, Series 2003. On February 15, 2004 the third issuance of bonds under the New Construction Authorization occurred with the issuance of the Unlimited Tax School Building Bonds, Series 2004 (\$300,000,000).

On November 4, 2004, the fourth issuance of bonds under the New Construction Authorization occurred with the issuance of the Unlimited Tax School Building and Refunding Bonds, Series, 2004-A. (\$400,000,000).

These construction bonds were issued to acquire, construct and equip school buildings, and purchase necessary sites for the construction of schools, and to pay issuance costs associated with the sale of the bonds (\$387,300,000). The Refunding bonds (\$12,700,000) were issued to legally defease a portion of the February 15, 2005 principal amount outstanding (\$16,810,000) for the Unlimited Tax School Building and Refunding Bonds, Series 2003. The aggregate difference in debt service between the refunded debt and the refunding debt (bonds issued) is \$265,041. This transaction resulted in an accounting loss of \$505,390, which has been recorded as a deferred loss in the government-wide financial statements. This amount is being netted over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This transaction resulted in an economic gain of \$6,621,734. Net premiums associated with the issue were \$18,425,526 and bond issuance costs were \$3,082,318.

The original principal amount of the debt was \$400,000,000, repayable at a variable interest rate ranging from 3.0% to 5.0%. Interest on the current interest bonds issued of \$410,244,594 accrues from November 1, 2004 and will be payable on February 15, and August 15, of each year, commencing on August 15, 2005 and ending on August 15, 2031. This debt is subject to federal arbitrage regulations. The proceeds from the sale of the bonds were received on November 15, 2004, and the unused construction proceeds are maintained in an investment pool maintained by MBIA. The investment pool accrues and then receives interest payments periodically on any unused balance of proceeds, earning a variable rate of interest based on market conditions.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management believes that the district is in compliance with all significant limitations and restrictions as of June 30, 2005.

The district has \$298,297,946 authorized but unissued New Construction Authorization remaining to be issued.

O. General Fund Federal Source Revenues

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

Junior ROTC	\$ 1,537,848
Medicaid	898,781
Indirect Cost	<u>2,670,928</u>
	<u>\$ 5,107,557</u>

Indirect costs of \$2,670,928 have been credited to General Fund Federal Program Revenue in the accompanying fund financial statements for the year ended June 30, 2005. The detail projects are as follows:

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

<u>Program or Source</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Grant Programs -		
Indirect cost charged to federal programs		
Promoting Safe and Stable Families	93.995	\$ 5,164
Promoting Safe and Stable Families	93.995	310
ESEA, Title IV Safe and Drug Free Schools & Comm.	84.186A	12,074
McKinney - Vento Homeless Education	84.196	4,037
Adult Education Corrections Institutionalized	84.002A	256
ESEA, Title I, Part A	84.010A	1,255,339
Title I, Part C, Migrant	84.011A	7,749
Title I, Part C, Migrant Summer Program	84.011	562
Federal Adult Education Section	84.002A	58,358
Adult Education Professional Development	84.002A	(2,652)
Federal TANF	93.558	9,698
IDEA-B Formula	84.027	472,682
IDEA-B Preschool	84.173	10,009
IDEA-B Discretionary (Deaf)	84.027	215
IDEA-B Formula (Deaf)	84.027	3,974
IDEA-B Preschool (Deaf)	84.173	669
Juvenile Mentoring Program	16.726	884
ESEA Counseling Demonstration Program	84.215E	7,541
Carl D. Perkins, Title I, Part C	84.048A	12,588
ESEA, Title II, Teacher and Principal Training	84.367A	232,075
Refugee Children School Impact Grant	93.576	2,369
ESEA, Title I, Part D, Subpart 2-Delinquent Program	84.010A	256
TX Reading First Initiative for Grades K-3	84.357A	196,423
Title II, Part D, Enhancing Education Through Technology	84.318X	17,240
Title III Immigrant	84.365	76,950
21st Century	84.287A	17,093
ESEA, Title V, Part A Innovative Programs	84.298	20,868
Teaching American History	84.215X	3,983
Special Education Grants for Families with Disabilities	84.181	41,970
Cooperative Agreements to Support Comprehensive		
School Health Programs to Prevent the Spread of HIV		
And Other Important Health Problems	93.938	4,664
Urban Systemic Program	47.076	6,000
American Indian Education	84.060A	2,862
Foreign Language Assistance Program	84.293B	2,533
IDEA - Cap. & Bldg Improvement	84.027	4,698
Title I School Improvement Program	84.010A	4,545
TX 21st Century Learning Center, Cycle 1, Success Express	84.287C	13,676
TX 21st Century Learning Center, Cycle 1, Passing Zone	84.287C	13,322
Title I School Improvement Program	84.010A	1,386
TX 21st Century Learning Center, Cycle 1, Bridge to Success	84.287C	15,945
English Literacy & Civics Education	84.002A	2,062
TX 21st Century Learning Center, Cycle 1, Neighborhood Now	84.287C	11,140
TX 21st Century Learning Center, Cycle 1, The Learning Zone	84.287C	12,380
Adult Education - Regional Centers for Excellence	84.002A	5,400
TX 21 st Century Learning Center, Cycle 2	84.287C	67,030
Title I, Part F Comprehensive School Reform	84.332A	9,160
Abstinence Education	93.235	4,814
Smaller Learning Communities	84.215L	20,627
Total		<u>\$ 2,670,928</u>

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

P. Defined Benefit Pension Plan

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 the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 877-0123.

Funding Policy

By statute, plan members must contribute 7.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.0% of the district's covered payroll. The district's employees' contributions to the System for the years ending June 30, 2003, June 30, 2004, and June 30, 2005, were \$43,161,679, \$53,061,235, and \$52,885,340 respectively, equal to the required contributions for each year. Other contributions made from federal and private grants and from the district for salaries above the statutory minimum for the years ending June 30, 2003, June 30, 2004, and June 30, 2005, were \$11,214,562, \$14,772,395, and \$15,017,379 respectively, equal to the required contributions for each year. The district has recorded, in the General Fund, approximately \$43.3 million in revenue and expenditures for fringe benefits and salaries paid on behalf of the district by the System.

Q. Risk Management

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

Workers' Compensation

Beginning in 1989, the district moved from a self-insured workers' compensation program administered by a third party to a self-insured program administered by the district. The district currently reports all of its risk management activities in its General 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 district management.

At June 30, 2005, the accrued liability for workers' compensation self-insurance of \$15.378 million includes incurred but not reported claims. The short-term portion of that amount expected to be paid with expendable available resources of \$3.425 million, is recorded in accrued liabilities in the General Fund and the long-term portion of \$11.953 million is recorded in long-term debt in the Statement of Net Assets.

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.

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

Changes in the reported liability since August 31, 2002, resulted from the following:

Fiscal Year	Balance July 1	Current Year Claims and Changes In Estimates	Claims Payments	Balance June 30
2004-05	\$ 16,442,649	6,330,597	(7,395,636)	\$ 15,377,610
2003-04	\$ 18,833,534	6,951,011	(9,341,896)	\$ 16,442,649
2002-03	\$ 15,192,073	14,612,681	(10,971,220)	\$ 18,833,534

Health Insurance

The self-insurance program for health insurance was terminated December 31, 2003, accordingly all known liabilities have been paid as of June 30, 2005. There have been no claim settlements in excess of insurance coverage in the last two years.

Changes in the Fund's claims liability were:

Fiscal Year	Balance July 1	Current Year Claims and Changes In Estimates	Claims Payments	Balance June 30
2004-05	\$ 344,000	(260,768)	(83,232)	\$ -0-
2003-04	\$ 10,718,000	23,916,533	(34,290,533)	\$ 344,000
2002-03	\$ 5,909,075	59,188,471	(54,379,546)	\$ 10,718,000

The Board of Trustees approved the district's participation in the TRS (Texas Retirement System) 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.

R. Litigation, Contingencies and Commitments

The district is a defendant in various lawsuits arising principally in the normal course of operations. In the opinion of the district 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 or results of operations.

The district participates in a number of federal financial assistance programs. Although the district's grant programs have been audited in accordance with the provisions of the Single Audit Act through June 30, 2005, these programs are subject to financial and compliance audits by the grantor agencies. The amount that has been identified as an expenditure, which may be disallowed by the granting agencies, is \$1,800,000 and \$446,440 has been recorded as a contingency by the district in fiscal year 2003.

The district has recorded and paid employee health insurance claims in excess of the aggregate and individual stop loss coverages. Pursuant to the contract, the district is entitled to and has requested, \$14,586,000 in reimbursement from Connecticut General. Revenues of \$2,000,000 have been recognized, in fiscal year 2004, resulting in unrecognized revenues of \$12,586,000.

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2005**

S. Subsequent Events

The following debt was issued subsequent to fiscal year 2004-2005:

On July 1, 2005, the District issued the Unlimited Tax Refunding Bonds, Series 2005 (\$44,135,000). These Refunding bonds were issued to legally defease the principal amount outstanding of the current interest bonds of the Unlimited Tax School Building and Refunding Bonds, Series 1995 (\$46,775,000). The Series 1995 Current Interest Bonds (CIBs) were callable at August 15, 2005. The district's board, on October 28, 2004, approved the fifth issuance of bonds under the January 19, 2002 construction bond authorization.

The proceeds of the Series 2005 bonds issued were received on July 13, 2005, and were placed in escrow by the paying agent. The escrow agent invested the escrowed funds in U.S. Treasury SLGs with a stated maturity date of August 15, 2005. At August 15, 2005, the escrowed funds plus the interest earned from the SLGs fully defeased the Series 2005 current interest bonds (\$46,775,000).

The Capital Appreciation Bonds (CABs) of the Unlimited Tax School Building and Refunding Bonds, Series 1995, were not defeased.

Dallas Independent School District
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Local Sources:	\$ 862,962,591	\$ 906,680,187	\$ 910,983,698	\$ 4,303,511
State Sources:	154,856,592	154,856,592	163,091,064	8,234,472
Federal Sources:	8,575,000	5,000,000	5,107,557	107,557
TOTAL REVENUES	1,026,394,183	1,066,536,779	1,079,182,319	12,645,540
EXPENDITURES				
Current:				
11 Instruction	627,144,516	627,993,261	627,958,261	35,000
12 Instructional resources and media services	19,765,492	20,257,272	20,226,351	30,921
13 Curriculum and staff development	12,484,760	12,566,177	12,549,478	16,699
21 Instructional leadership	14,828,555	15,040,247	15,027,910	12,337
23 School leadership	69,287,770	72,913,053	72,910,331	2,722
31 Guidance, counseling, and evaluation services	40,313,986	41,156,520	41,103,614	52,906
32 Social work services	2,021,152	2,164,303	2,146,336	17,967
33 Health services	11,375,056	11,180,993	11,154,581	26,412
34 Student transportation	14,626,362	9,628,414	9,615,090	13,324
36 Cocurricular/extracurricular activities	10,436,478	9,861,962	9,844,338	17,624
41 General administration	34,420,769	29,231,732	29,222,521	9,211
51 Plant maintenance and operations	121,150,323	138,279,518	138,166,794	112,724
52 Security & monitoring services	16,723,234	14,895,904	14,892,538	3,366
53 Data processing services	19,419,984	21,754,669	21,746,809	7,860
61 Community services	7,518,424	7,738,645	7,729,341	9,304
71 Debt Service:				
Principal on long-term debt	7,209,755	7,770,991	7,211,153	559,838
Interest on long-term debt	992,325	989,905	1,548,366	(558,461)
81 Facilities acquisition and construction	3,524,349	47,523,996	46,904,218	619,778
95 Payments juvenile justice AE	765,000	765,000	765,000	-
97 Payments to tax increment fund	2,367,139	2,217,139	2,185,650	31,489
TOTAL EXPENDITURES	1,036,375,429	1,093,929,701	1,092,908,680	1,021,021
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(9,981,246)	(27,392,922)	(13,726,361)	13,666,561
OTHER FINANCING SOURCES/(USES):				
LOAN PROCEEDS	-	-	-	-
TRANSFERS IN/OUT	-	-	-	-
TOTAL OTHER FINANCING SOURCES/USES	-	-	-	-
DEFICIENCY OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES AND OTHER USES	(9,981,246)	(27,392,922)	(13,726,361)	13,666,561
FUND BALANCE - BEGINNING OF YEAR	115,787,646	115,787,646	115,787,646	-
FUND BALANCE - END OF YEAR	\$ 105,805,400	\$ 88,394,724	\$ 102,061,285	\$ 13,666,561

DALLAS INDEPENDENT SCHOOL DISTRICT
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2005

Budgetary Information

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

1. Before June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Before July 1, the Board legally enacts the budget through passage of a resolution.

Once a budget is approved, it can be amended at the function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, and are reflected in the official minutes of the Board.

A significant budget amendment included recognition of approximately \$45.0 million of revenue / expenditures related to the Schools and Libraries Universal Service Support Mechanism. This program provides discounts to assist most schools and libraries in the United States to obtain affordable telecommunications and Internet access.

The budget manager at the expenditure function/object level controls each budget. All budget appropriations lapse at year-end. Encumbrances outstanding at that time are cancelled or appropriately provided for in the subsequent year's budget.

Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

Data Control Codes	201	202	203	204	205	206	207	208	209
	Abstinence (Smart-2)	Title VII Emergency Immigrant	Abstinence (Smart)	Drug-Free Schools	Head Start	McKinney Homeless Children	Academics 2000 Reading Impr.	School Health	Adult Education Corr./Inst
1110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1120	-	-	-	-	-	-	-	-	-
	Cash								
	Investment, at cost								
	Receivables								
1225									
1240	168,443	-	172,505	512,659	-	76,030	-	-	97,520
1250	-	-	-	-	-	-	-	-	-
1260	-	-	-	-	-	-	14,737	133,914	-
1280	-	-	-	-	-	-	-	-	-
1290	-	-	-	-	-	-	-	-	-
1300	-	-	-	-	-	-	-	-	-
1400	-	-	-	-	-	-	-	-	-
	Inventories, at Cost								
	Other Current Assets								
1000	\$ 168,443	\$ -	\$ 172,505	\$ 512,659	\$ -	\$ 76,030	\$ 14,737	\$ 133,914	\$ 97,520
	Total Assets								
	Liabilities and Fund Balance								
	Current Liabilities								
2110	\$ -	\$ -	2,531	3,988	-	-	-	-	-
2140	-	-	-	-	-	28,158	-	-	9,119
2160	26,726	-	-	1,345	-	44,372	-	-	88,401
2170	123,894	-	164,851	507,088	-	-	14,737	133,914	-
2180	-	-	-	-	-	-	-	-	-
2190	-	-	-	-	-	-	-	-	-
2200	15,721	-	5,123	237	-	3,500	-	-	-
2300	-	-	-	-	-	-	-	-	-
	Accrued Expenditures								
	Deferred Revenues								
2000	168,443	-	172,505	512,659	-	76,030	14,737	133,914	97,520
	Total Liabilities								
3000	Fund Balance								
3410	-	-	-	-	-	-	-	-	-
3430	-	-	-	-	-	-	-	-	-
3450	-	-	-	-	-	-	-	-	-
3590	-	-	-	-	-	-	-	-	-
3600	-	-	-	-	-	-	-	-	-
	Reserved for Investment in Inventories								
	Reserved for Prepaids								
	Reserved for Food Service and Child Nutrition								
	Designated - Campus Activity Fund								
	Designated - Special Revenue Fund								
	Total Fund Balance								
4000	\$ 168,443	\$ -	\$ 172,505	\$ 512,659	\$ -	\$ 76,030	\$ 14,737	\$ 133,914	\$ 97,520
	Total Liabilities and Fund Balance								

(continued)

Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

Data Control Codes	211	212	213	214	216	218	219	220	221	222
	ESEA Title I Regular	ESEA Title I Migrant	Even Start	Title I Summer Program	Title I School Improvement	Javits Sol-Net	Bilingual Education	Adult Basic Education	Adult Education Prof/Dev	Learn and Serve
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1120 Investment, at cost	-	-	-	-	-	-	-	-	-	-
Receivables										
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-	-	-
1240 Due from Federal Agencies	19,531,631	161,705	204,585	27,055	-	-	-	607,457	1,055	-
1250 Accrued Interest	-	-	-	-	-	-	-	-	-	-
1260 Due from other Funds	-	-	-	-	-	-	19,119	-	-	-
1280 Other Receivables	-	-	-	-	-	-	-	-	-	-
1290 Inventories, at Cost	-	-	-	-	-	-	-	-	-	-
1300 Other Current Assets	-	-	-	-	-	-	-	-	-	-
1400	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 19,531,631	\$ 161,705	\$ 204,585	\$ 27,055	\$ -	\$ -	\$ 19,119	\$ 607,457	\$ 1,055	\$ -
Liabilities and Fund Balance										
Current Liabilities										
2110 Accounts Payable	\$ 213,994	\$ 1,087	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 363	\$ -	\$ -
2140 Bond Interest Payable	-	-	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	6,031,064	-	36,374	28,493	-	-	-	17,239	989	-
2170 Due to Other Funds	11,901,771	160,278	134,143	562	-	-	19,119	547,816	-	-
2180 Due to Other Governments	-	-	-	-	-	-	-	-	-	-
2190 Due to Student Groups	1,384,802	330	34,088	-	-	-	-	42,039	86	-
2200 Accrued Expenditures	-	-	-	-	-	-	-	-	-	-
2300 Deferred Revenues	-	-	-	-	-	-	-	-	-	-
Total Liabilities	\$ 19,531,631	\$ 161,705	\$ 204,585	\$ 27,055	\$ -	\$ -	\$ 19,119	\$ 607,457	\$ 1,055	\$ -
Fund Balance										
3000	-	-	-	-	-	-	-	-	-	-
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-	-
3430 Reserved for Prepaids	-	-	-	-	-	-	-	-	-	-
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-	-
3590 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-	-
3600 Designated - Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities and Fund Balance	\$ 19,531,631	\$ 161,705	\$ 204,585	\$ 27,055	\$ -	\$ -	\$ 19,119	\$ 607,457	\$ 1,055	\$ -

(continued)

Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

Data Control Codes	223	224	225	226	227	228	232	233	235
	Aid to Families	IDEA-B Formula	IDEA-B Preschool	IDEA-B Disc. (Deaf)	IDEA Formula Deaf	IDEA-B Pre-school Deaf	Intensive Career and Academics	Juvenile Mentoring Program	ESEA Title VI
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1120 Investment, at cost	-	-	-	-	-	-	-	-	-
Receivables									
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-	-
1240 Due from Federal Agencies	159,258	4,339,867	18,195	89,807	115,856	26,492	-	25,439	48,231
1250 Accrued Interest	-	-	-	-	-	-	-	-	-
1260 Due from other Funds	-	-	-	-	-	-	1,720	-	-
1290 Other Receivables	-	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-	-
Total Assets	\$ 159,258	\$ 4,339,867	\$ 18,195	\$ 89,807	\$ 115,856	\$ 26,492	\$ 1,720	\$ 25,439	\$ 48,231
Liabilities and Fund Balance									
Current Liabilities									
2110 Accounts Payable	78	304,523	203	118	1,711	-	-	-	-
2140 Bond Interest Payable	-	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	60,517	1,115,373	906	-	-	-	-	-	-
2170 Due to Other Funds	98,663	2,919,971	15,486	87,891	113,763	25,913	1,720	25,191	48,231
2180 Due to Other Governments	-	-	-	-	-	-	-	-	-
2190 Due to Student Groups	-	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	-	-	1,600	1,500	382	579	-	248	-
2300 Deferred Revenues	-	-	-	-	-	-	-	-	-
Total Liabilities	159,258	4,339,867	18,195	89,807	115,856	26,492	1,720	25,439	48,231
Fund Balance									
3000	-	-	-	-	-	-	-	-	-
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-
3430 Reserved for Prepaids	-	-	-	-	-	-	-	-	-
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-
3590 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-
3600 Designated - Special Revenue Fund	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	\$ 159,258	\$ 4,339,867	\$ 18,195	\$ 89,807	\$ 115,856	\$ 26,492	\$ 1,720	\$ 25,439	\$ 48,231

(continued)

(continued)

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	260	261	262	263	264	265	266	267	268	269
	ESEA Part D Title I	Texas Reading Initiative for Grades K-3	ESEA Title II Part D	Title III LEP/Immigrant	21st Century Learning Las Lunas	21st Century New Neighborhood	21st Century Beacons Community	21st Century Communities of Light	FIE Earmark	ESEA Title V Innovative Programs
1110 Cash	-	-	-	-	-	-	-	-	-	-
1120 Investment, at cost	-	-	-	-	-	-	-	-	-	-
Receivables										
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-	-	-
1240 Due from Federal Agencies	8,380	1,784,884	282,528	3,254,388	938,513	310,722	87,398	445,863	78,509	286,703
1250 Accrued Interest	-	-	-	-	-	-	-	-	-	-
1260 Due from other Funds	-	-	-	-	-	-	-	-	-	-
1280 Other Receivables	-	-	-	-	-	-	-	-	-	-
1290 Inventories, at Cost	-	-	-	-	-	-	-	-	-	-
1300 Other Current Assets	-	-	-	-	-	-	-	-	-	-
1400	-	-	-	-	-	-	-	-	-	-
Total Assets	8,380	1,784,884	282,528	3,254,388	938,513	310,722	87,398	445,863	78,509	286,703
Liabilities and Fund Balance										
Current Liabilities										
2110 Accounts Payable	-	1,756	2,958	7,130	-	-	-	-	-	-
2140 Bond Interest Payable	-	-	-	-	-	-	-	-	-	3,910
2160 Accrued Wages Payable	-	323,985	2,507	83,230	-	-	-	139,202	-	254,570
2170 Due to Other Funds	6,780	1,413,840	211,315	2,910,162	882,785	275,145	18,006	210,605	78,509	-
2180 Due to Other Governments	-	-	-	-	-	-	-	-	-	-
2190 Due to Student Groups	-	-	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	1,000	45,283	45,748	247,846	45,728	35,577	69,380	95,856	-	28,223
2300 Deferred Revenues	-	-	-	-	-	-	-	-	-	-
Total Liabilities	8,380	1,784,884	282,528	3,254,388	938,513	310,722	87,398	445,863	78,509	286,703
Fund Balance										
3000	-	-	-	-	-	-	-	-	-	-
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-	-
3430 Reserved for Prepays	-	-	-	-	-	-	-	-	-	-
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-	-
3580 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-	-
3600 Designated - Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	8,380	1,784,884	282,528	3,254,388	938,513	310,722	87,398	445,863	78,509	286,703

(continued)

(continued)

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	282 21st Century Learning After School	283 Foreign Language Asst. Program	284 Texas Families Together and Safe	285 Urban Systemic Initiatives	286 Title I School Improvement	287 Magnet Schools Assistance	288 Development and Implementation	289 IDEA - C Early Intervention	291 Bilingual Early Childhood	292 Fit and Healthy Ready to Learn
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1120 Investment, at cost	-	-	-	-	-	-	-	-	-	-
Receivables										
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-	-	-
1240 Due from Federal Agencies	-	79,669	94,660	1,303,336	-	-	4,572	2,426	-	-
1250 Accrued Interest	-	-	-	-	-	-	-	-	-	-
1260 Due from other Funds	-	-	-	-	741,267	245,176	-	-	-	-
1280 Other Receivables	-	-	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ -	\$ 79,669	\$ 94,660	\$ 1,303,336	\$ 741,267	\$ 245,176	\$ 4,572	\$ 2,426	\$ -	\$ -
Liabilities and Fund Balance										
Current Liabilities										
2110 Accounts Payable	\$ -	\$ -	16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2140 Bond Interest Payable	-	537	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	-	79,025	94,664	1,303,336	741,267	245,176	4,572	2,426	-	-
2170 Due to Other Funds	-	-	-	-	-	-	-	-	-	-
2180 Due to Other Governments	-	-	-	-	-	-	-	-	-	-
2190 Due to Student Groups	-	107	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	-	-	-	-	-	-	-	-	-	-
2300 Deferred Revenues	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	\$ 79,669	\$ 94,660	\$ 1,303,336	\$ 741,267	\$ 245,176	\$ 4,572	\$ 2,426	\$ -	\$ -
Fund Balance										
3000	-	-	-	-	-	-	-	-	-	-
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-	-
3430 Reserved for Prepaids	-	-	-	-	-	-	-	-	-	-
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-	-
3590 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-	-
3600 Designated - Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	\$ -	\$ 79,669	\$ 94,660	\$ 1,303,336	\$ 741,267	\$ 245,176	\$ 4,572	\$ 2,426	\$ -	\$ -

(continued)

Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

Data Control Codes	293	294	296	297	300	301	302	303	304	305
	Classroom Teacher Supply	IDEA B Capacity Bldg	Goals 2000 Education Act Title III	Asthma Grant	Title I School Improvement	Title I School Impr. Program Hernandez Elem	Title I School Impr. Program Sam Houston	Title I School Impr. Program Silberstein	Title I School Impr. Program Henderson	Texas 21st Century Success Express
1110 Cash	-	-	-	-	-	-	-	-	-	-
1120 Investment, at cost	-	-	-	-	-	-	-	-	-	-
Receivables										
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-	-	-
1240 Due from Federal Agencies	-	228,648	-	282,351	56,939	-	-	-	-	535,391
1250 Accrued Interest	2,960	-	-	-	-	-	-	-	-	-
1260 Due from other Funds	-	-	-	-	-	2,668	-	28,731	35,227	-
1290 Other Receivables	-	-	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-	-	-
Total Assets	2,960	228,648	-	282,351	56,939	2,668	-	28,731	35,227	535,391
Liabilities and Fund Balance										
Current Liabilities										
2110 Accounts Payable	-	-	-	-	-	-	-	-	-	1,391
2140 Bond Interest Payable	-	-	-	-	1,516	-	-	-	-	151,017
2160 Accrued Wages Payable	-	-	-	-	55,423	-	-	-	-	339,945
2170 Due to Other Funds	2,960	228,098	-	282,351	-	2,668	-	28,731	35,227	-
2180 Due to Other Governments	-	-	-	-	-	-	-	-	-	-
2190 Due to Student Groups	-	-	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	-	2,750	-	-	-	-	-	-	-	43,038
2300 Deferred Revenues	-	-	-	-	-	-	-	-	-	-
Total Liabilities	2,960	228,648	-	282,351	56,939	2,668	-	28,731	35,227	535,391
Fund Balance										
3000	-	-	-	-	-	-	-	-	-	-
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-	-
3430 Reserved for Prepaids	-	-	-	-	-	-	-	-	-	-
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-	-
3590 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-	-
3600 Designated - Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	2,960	228,648	-	282,351	56,939	2,668	-	28,731	35,227	535,391

(continued)

Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

Data Control Codes	306	307	308	310	312	313	314	319
	Texas 21st Century Passing Zone	Title I School Improvement	Texas 21st Century Bridge to Success	Adult Ed English Literacy	Texas 21st Century Neighborhood Now	Texas 21st Century The Learning Zone	Adult Ed. Regional Centers of Excellence	Texas 21st Century Achievement Connection
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1120 Investment, at cost	-	-	-	-	-	-	-	-
Receivables								
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-
1240 Due from Federal Agencies	557,976	325,450	519,500	3,540	515,035	508,972	57,207	728,153
1250 Accrued Interest	-	-	-	-	-	-	-	-
1260 Due from other Funds	-	-	-	-	-	-	-	-
1280 Other Receivables	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-
Total Assets	\$ 557,976	\$ 325,450	\$ 519,500	\$ 3,540	\$ 515,035	\$ 508,972	\$ 57,207	\$ 728,153
Liabilities and Fund Balance								
Current Liabilities								
2110 Accounts Payable	-	1,232	-	-	-	200	-	304
2140 Bond Interest Payable	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	87,656	-	70,323	-	102,994	87,538	1,004	40,968
2170 Due to Other Funds	457,808	130,918	387,806	3,540	353,311	398,157	53,393	674,086
2180 Due to Other Governments	-	-	-	-	-	-	-	-
2190 Due to Student Groups	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	12,712	183,302	61,571	-	58,730	23,077	2,810	13,785
2300 Deferred Revenues	-	-	-	-	-	-	-	-
Total Liabilities	\$ 557,976	\$ 325,450	\$ 519,500	\$ 3,540	\$ 515,035	\$ 508,972	\$ 57,207	\$ 728,153
Fund Balance								
3000	-	-	-	-	-	-	-	-
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-
3430 Reserved for Prepays	-	-	-	-	-	-	-	-
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-
3580 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-
3600 Designated - Special Revenue Fund	-	-	-	-	-	-	-	-
Total Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities and Fund Balance	\$ 557,976	\$ 325,450	\$ 519,500	\$ 3,540	\$ 515,035	\$ 508,972	\$ 57,207	\$ 728,153

(continued)

Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

Data Control Codes	320 Texas 21st Century Project Success	321 Texas 21st Century Learning After the Bell	322 Texas 21st Century Achievement Ave	326 COPS In Schools	327 Texas 21st Century After School	328 Texas 21st Century Learning Place	340 Academics 2000 Reading	341 Comprehensive School Reform	368 Foreign Language
1110 Cash	-	-	-	-	-	-	-	-	-
1120 Investment, at cost	-	-	-	-	-	-	-	-	-
Receivables									
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-	-
1240 Due from Federal Agencies	815,178	710,593	682,065	282,403	548,135	476,718	-	417,978	-
1250 Accrued Interest	-	-	-	-	-	-	-	-	-
1260 Due from other Funds	-	-	-	-	-	-	105	-	1,471
1280 Other Receivables	-	-	-	-	-	-	-	-	-
1290 Inventories, at Cost	-	-	-	-	-	-	-	-	-
1300 Other Current Assets	-	-	-	-	-	-	-	-	-
1400 Total Assets	<u>815,178</u>	<u>710,593</u>	<u>682,065</u>	<u>282,403</u>	<u>548,135</u>	<u>476,718</u>	<u>105</u>	<u>417,978</u>	<u>1,471</u>
Liabilities and Fund Balance									
Current Liabilities									
2110 Accounts Payable	141	1,047	-	-	937	1,140	-	4,220	-
2140 Bond Interest Payable	-	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	76,659	36,606	32,000	-	76,703	86,522	-	18,421	-
2170 Due to Other Funds	670,845	557,081	606,250	282,403	440,281	351,296	105	390,797	1,471
2180 Due to Other Governments	-	-	-	-	-	-	-	-	-
2190 Due to Student Groups	67,393	115,859	43,815	-	31,234	37,760	-	4,540	-
2200 Accrued Expenditures	-	-	-	-	-	-	-	-	-
2300 Deferred Revenues	-	-	-	-	-	-	-	-	-
2000 Total Liabilities	<u>815,178</u>	<u>710,593</u>	<u>682,065</u>	<u>282,403</u>	<u>548,135</u>	<u>476,718</u>	<u>105</u>	<u>417,978</u>	<u>1,471</u>
Fund Balance									
3000 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-
3410 Reserved for Prepaids	-	-	-	-	-	-	-	-	-
3430 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-
3450 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-
3590 Designated - Special Revenue Fund	-	-	-	-	-	-	-	-	-
3600 Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>815,178</u>	<u>710,593</u>	<u>682,065</u>	<u>282,403</u>	<u>548,135</u>	<u>476,718</u>	<u>105</u>	<u>417,978</u>	<u>1,471</u>

(continued)

Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

Data Control Codes	369	370	371	372	373	375	377	378	381
	Bilingual Education	A Stars School Program	Abstinence Education (TDH)	Title XX TANF	HIPPY Program	Public Charter School	Schools To Careers	Museum Assessment	GR Adult Education
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1120 Investment, at cost	-	-	-	-	-	-	-	-	-
Receivables									
1225 Taxes Receivable, net	-	-	202,994	-	14,892	88,852	-	-	454,152
1240 Due from Federal Agencies	-	-	-	-	-	-	-	-	-
1250 Accrued Interest	-	-	-	-	-	-	-	-	-
1280 Due from other Funds	422	-	-	10,022	-	-	95,186	195	-
1290 Other Receivables	-	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-	-
Total Assets	422	-	202,994	10,022	14,892	88,852	95,186	195	454,152
Liabilities and Fund Balance									
Current Liabilities									
2110 Accounts Payable	-	-	106	-	-	-	-	-	-
2140 Bond Interest Payable	-	-	-	-	-	2,320	-	-	134,145
2160 Accrued Wages Payable	-	-	-	-	14,490	86,339	-	-	280,230
2170 Due to Other Funds	-	-	178,403	-	-	-	95,186	195	-
2180 Due to Other Governments	-	-	-	10,022	-	-	-	-	-
2190 Due to Student Groups	422	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	-	-	24,485	-	402	193	-	-	38,777
2300 Deferred Revenues	-	-	-	-	-	-	-	-	-
Total Liabilities	422	-	202,994	10,022	14,892	88,852	95,186	195	454,152
Fund Balance									
3000	-	-	-	-	-	-	-	-	-
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-
3430 Reserved for Prepaids	-	-	-	-	-	-	-	-	-
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-
3590 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-
3600 Designated - Special Revenue Fund	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	422	-	202,994	10,022	14,892	88,852	95,186	195	454,152

(continued)

Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

Data Control Codes	382 Temporary Asst. for Needy Families	383 Mentoring Grant State	384 Texas After-School Initiative	385 State Visually Handicapped	386 State Deaf	389 Adult Apprenticeship Training	393 Texas Successful Schools	394 Pregnancy Education Parenting	396 Smaller Learning Communities
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1120 Investment, at cost	-	-	-	-	-	-	-	-	-
Receivables									
1225 Taxes Receivable, net	-	-	-	-	884,091	-	-	187,436	542,056
1240 Due from other Governments	123,578	-	28,573	25,668	-	120,053	-	-	-
1250 Accrued Interest	-	-	-	-	-	-	-	-	-
1260 Due from other Funds	-	2,483	-	-	-	-	191,740	-	-
1280 Other Receivables	-	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-	-
Total Assets	\$ 123,578	\$ 2,483	\$ 28,573	\$ 25,668	\$ 884,091	\$ 120,053	\$ 191,740	\$ 187,436	\$ 542,056
Liabilities and Fund Balance									
Current Liabilities									
2110 Accounts Payable	-	-	-	-	-	-	-	10,649	8,716
2140 Bond Interest Payable	-	-	-	-	828	-	-	-	-
2160 Accrued Wages Payable	-	-	-	-	5,847	-	-	15,228	174,383
2170 Due to Other Funds	116,788	-	28,553	25,668	877,616	105,158	-	128,706	357,908
2180 Due to Other Governments	-	2,483	-	-	-	-	191,440	-	-
2190 Due to Student Groups	-	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	8,810	-	20	-	-	14,895	300	11,652	1,089
2300 Deferred Revenues	-	-	-	-	-	-	-	-	-
Total Liabilities	\$ 123,578	\$ 2,483	\$ 28,573	\$ 25,668	\$ 884,091	\$ 120,053	\$ 191,740	\$ 187,436	\$ 542,056
Fund Balance									
3000 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-
3410 Reserved for Prepaids	-	-	-	-	-	-	-	-	-
3430 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-
3450 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-
3590 Designated - Special Revenue Fund	-	-	-	-	-	-	-	-	-
3600 Total Fund Balance	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	\$ 123,578	\$ 2,483	\$ 28,573	\$ 25,668	\$ 884,091	\$ 120,053	\$ 191,740	\$ 187,436	\$ 542,056

(continued)

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	387	389	400	401	404	409	411	412	413	414
	AP/IS Incentive	Investment Capital	Sageville School Based Health Center	Optional Extended Year	ARI & AMI	Ninth Grade Success Initiative	State Technology Fund	Child Care	Telecommunications Infrastructure	Texas Accelerated Science Grant
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1120 Investment, at cost	-	-	-	-	-	-	-	-	-	-
Receivables										
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-	-	-
1240 Due from other Governments	-	50,093	-	-	2,812,329	-	382,133	-	155,098	174,266
1250 Accrued Interest	-	-	-	-	-	-	-	-	-	-
1260 Due from other Funds	-	-	1,169	4,124,846	-	243,769	-	136,499	-	-
1290 Other Receivables	52,557	-	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 52,557	\$ 50,093	\$ 1,169	\$ 4,124,846	\$ 2,812,329	\$ 243,769	\$ 382,133	\$ 136,499	\$ 155,098	\$ 174,266
Liabilities and Fund Balance										
Current Liabilities										
2110 Accounts Payable	-	-	-	-	60,562	-	104,405	-	-	-
2140 Bond Interest Payable	-	-	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	-	-	-	-	1,288,043	-	-	-	-	92,299
2170 Due to Other Funds	-	42,533	-	-	1,434,033	-	101,745	-	104,545	-
2180 Due to Other Governments	-	-	669	4,124,846	-	243,769	136,429	136,499	-	-
2190 Due to Student Groups	52,216	-	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	341	7,560	500	-	21,691	-	36,554	-	50,553	81,967
2300 Deferred Revenues	-	-	-	-	-	-	-	-	-	-
Total Liabilities	\$ 52,557	\$ 50,093	\$ 1,169	\$ 4,124,846	\$ 2,812,329	\$ 243,769	\$ 382,133	\$ 136,499	\$ 155,098	\$ 174,266
Fund Balance										
3000	-	-	-	-	-	-	-	-	-	-
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-	-
3430 Reserved for Prepays	-	-	-	-	-	-	-	-	-	-
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-	-
3590 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-	-
3600 Designated - Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities and Fund Balance	\$ 52,557	\$ 50,093	\$ 1,169	\$ 4,124,846	\$ 2,812,329	\$ 243,769	\$ 382,133	\$ 136,499	\$ 155,098	\$ 174,266

(continued)

Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

Data Control Codes	415 Pre- Kindergarten/ Expansion	416 TRS Supplemental Payment	419 Texas Commission on Arts	420 Telecommunications Infrastructure	421 One Community One Child (Spence MS)	422 Telecom Infrastructure Fund (11)	423 LEP Student Success Initiative	424 Pre-K & K Grant
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1120 Investment, at cost	-	-	-	-	-	-	-	-
Receivables								
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-
1240 Due from other Governments	960,158	369,426	-	-	7,134	-	120,187	265,942
1250 Accrued Interest	-	-	-	-	-	-	-	-
1260 Due from other Funds	2,209,174	-	-	-	-	-	-	-
1280 Other Receivables	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-
Total Assets	\$ 3,169,332	\$ 369,426	\$ -	\$ -	\$ 7,134	\$ -	\$ 120,187	\$ 265,942
Liabilities and Fund Balance								
Current Liabilities								
2110 Accounts Payable	\$ 11,252	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2140 Bond Interest Payable	-	-	-	-	-	-	78,504	-
2160 Accrued Wages Payable	-	-	-	-	-	-	50,863	265,942
2170 Due to Other Funds	-	369,426	-	-	7,134	-	-	-
2180 Due to Other Governments	-	-	-	-	-	-	-	-
2190 Due to Student Groups	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	10,051	-	-	-	-	-	-	-
2300 Deferred Revenues	-	-	-	-	-	-	-	-
Total Liabilities	\$ 21,303	\$ 369,426	\$ -	\$ -	\$ 7,134	\$ -	\$ 120,187	\$ 265,942
Fund Balance								
3000 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-
3410 Reserved for Prepaids	-	-	-	-	-	-	-	-
3430 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-
3450 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-
3590 Designated - Special Revenue Fund	3,148,029	-	-	-	-	-	-	-
Total Fund Balance	\$ 3,148,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities and Fund Balance	\$ 3,169,332	\$ 369,426	\$ -	\$ -	\$ 7,134	\$ -	\$ 120,187	\$ 265,942

(continued)

(continued)

Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

Data Control Codes	450 Parent and Family Literacy	453 Texas Grant Expansion Middle College	454 Laura Bush Foundation for Libraries	461 Campus Activity Fund	474 ABE Regional Local Contract	479 New Teacher Project Meadows	480 Funds for Family Literacy	481 Gifts and Donations	482 P.C.A.T. Grant	483 Honors Development Grant
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1120 Investment, at cost				3,580,333				33,965		
Receivables										
1225 Taxes Receivable, net		25,551								
1240 Due from other Governments	6,340			7,872						
1250 Accrued interest					15,879	11,598	3,202	2,484,808	32,204	133,562
1280 Due from other Funds			12,000							
1290 Other Receivables										
1300 Inventories, at Cost										
1400 Other Current Assets										
Total Assets	6,340	25,551	12,000	3,588,205	15,879	11,598	3,202	2,518,773	32,204	133,562
Liabilities and Fund Balance										
Current Liabilities										
2110 Accounts Payable										
2140 Bond Interest Payable										
2160 Accrued Wages Payable		7,556								
2170 Due to Other Funds	6,340	17,995		1,111,059						
2180 Due to Other Governments			12,000		15,879	11,598	3,202		32,204	133,562
2190 Due to Student Groups										
2200 Accrued Expenditures								43,505		
2300 Deferred Revenues								2,475,268		
Total Liabilities	6,340	25,551	12,000	1,111,059	15,879	11,598	3,202	2,518,773	32,204	133,562
Fund Balance										
3000										
3410 Reserved for Investment in Inventories										
3430 Reserved for Prepaids										
3450 Reserved for Food Service and Child Nutrition										
3590 Designated - Campus Activity Fund				2,477,146						
3600 Designated - Special Revenue Fund										
Total Fund Balance				2,477,146						
Total Liabilities and Fund Balance	6,340	25,551	12,000	3,588,205	15,879	11,598	3,202	2,518,773	32,204	133,562

(continued)

(continued)

(concluded)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	201	202	203	204	205	206	207	208	209
	Abstinence (Smart-2)	Title VII Emergency Immigrant	Abstinence (Smart)	Drug Free Schools	Head Start	McKinney Homeless Children	Academics 2000 Reading Impr.	School Health	Adult Education Corr./Inst
Revenues									
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	-	-	-	-	-	-	-	-	-
5900 Federal Program	234,456	-	12,299	1,101,776	-	197,230	-	-	126,179
Total Revenues	234,456	-	12,299	1,101,776	-	197,230	-	-	126,179
Expenditures									
Current-									
0011 Instruction	-	-	688	120,661	-	-	-	-	100,951
0012 Instructional resources and media services	-	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	6,602	-	(67)	978,518	-	-	-	-	25,279
0021 Instructional leadership	227,854	-	11,678	1,315	-	-	-	-	(51)
0023 School leadership	-	-	-	12	-	1,050	-	-	-
0031 Guidance, counseling, and evaluation services	-	-	-	-	-	-	-	-	-
0032 Social work services	-	-	-	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-	-
0036 Coccular/curricular Activities	-	-	-	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	1,270	-	-	-	-	-
0052 Security and monitoring services	-	-	-	-	-	-	-	-	-
0053 Data processing services	-	-	-	-	-	196,180	-	-	-
0061 Community services	-	-	-	-	-	-	-	-	-
Debt Service-									
0071 Debt Service	-	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-
Total Expenditures	234,456	-	12,299	1,101,776	-	197,230	-	-	126,179
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	211	212	213	214	216	219	220	221
	ESEA Title I Regular	ESEA Title I Migrant	Even Start	Title I Part C Summer Prg.	School Improvement	Bilingual Education	Adult Basic Education	Adult Education Prof/Dev
Revenues								
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	-	-	-	-	-	-	-	-
5900 Federal Program	59,942,901	433,411	269,067	26,493	-	-	2,781,566	(27,572)
Total Revenues	59,942,901	433,411	269,067	26,493	-	-	2,781,566	(27,572)
Expenditures								
Current-								
0011 Instruction	38,281,603	52,966	135,337	26,493	-	-	1,461,165	(19,204)
0012 Instructional resources and media services	16,008	-	-	-	-	-	-	-
0013 Curriculum and staff development	5,020,225	2,280	-	-	-	-	882,582	(832)
0021 Instructional leadership	4,059,805	-	-	-	-	-	20,359	-
0023 School leadership	541,558	-	-	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	4,192,395	-	-	-	-	-	146,690	(3,180)
0032 Social work services	108,364	-	-	-	-	-	-	-
0033 Health services	1,347,172	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	5,571	-	-	-	-	-	-	-
0041 General administration	551,536	-	-	-	-	-	3,637	(270)
0051 Plant maintenance and operations	4,613	-	-	-	-	-	422	-
0052 Security and monitoring services	108,959	-	-	-	-	-	247,743	-
0053 Data processing services	30,000	-	2,107	-	-	-	18,968	(4,086)
0061 Community services	5,675,092	378,165	131,623	-	-	-	-	-
Debt Service-								
0071 Debt Service	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-
Total Expenditures	59,942,901	433,411	269,067	26,493	-	-	2,781,566	(27,572)
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-
Transfer In / Out	-	-	-	-	-	-	-	-
Fund Balances, beginning of year	-	-	-	-	-	-	-	-
Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	222	223	224	225	226	227	228	232	233
	Learn and Serve	Aid to Families	IDEA-B Formula	IDEA-B Preschool	Disc. (Deaf)	IDEA Formula Deaf	IDEA-B Pre-School Deaf	Intensive Career & Academics	Juvenile Mentoring Program
Revenues									
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	-	-	-	-	-	-	-	-	-
5900 Federal Program	-	459,728	22,568,200	372,561	81,841	227,785	32,999	-	43,081
Total Revenues	-	459,728	22,568,200	372,561	81,841	227,785	32,999	-	43,081
Expenditures									
Current-									
0011 Instruction	-	241,428	13,150,644	44	81,841	221,447	9,576	-	298
0012 Instructional resources and media services	-	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	-	166,701	2,360,361	372,517	-	-	-	-	-
0021 Instructional leadership	-	3,752	2,653,842	-	-	-	-	-	33,274
0023 School leadership	-	-	-	-	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	1,833	3,053,445	-	-	-	-	-	-
0032 Social work services	-	-	148	-	-	-	-	-	-
0033 Health services	-	-	69,572	-	-	-	-	-	-
0034 Student transportation	-	-	1,224,485	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-	-
0041 General administration	-	-	52,655	-	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	-	-	-	-	-
0052 Security and monitoring services	-	-	-	-	-	-	-	-	-
0053 Data processing services	-	46,014	-	-	-	6,338	23,423	-	9,509
0061 Community services	-	-	3,048	-	-	-	-	-	-
Debt Service-									
0071 Debt Service	-	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-
6030 Total Expenditures	-	459,728	22,568,200	372,561	81,841	227,785	32,999	-	43,081
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	235 ESEA Title VI	236 Elem. & Secondary School Counseling Program	239 Drug & Violence Prevention	240 Food Service	244 Carl D. Perkins Title I Part C	255 ESEA II Teacher Principal Training	256 Title I Part F Comprehensive School Reform	257 Read for TX Local Reading Improvement	258 Refuge Children Impact
Revenues									
5700 Local	\$ -	\$ -	\$ -	\$ 6,851,512	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	-	-	-	610,134	-	-	-	-	-
5900 Federal Program	-	369,133	-	52,729,123	2,126,650	10,903,047	(17,973)	-	128,757
Total Revenues	-	369,133	-	60,190,769	2,126,650	10,903,047	(17,973)	-	128,757
Expenditures									
Current-									
0011 Instruction	-	-	-	-	1,827,867	8,289,631	(17,973)	-	44,669
0012 Instructional resources and media services	-	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	-	-	-	-	118,039	1,823,353	-	-	-
0021 Instructional leadership	-	-	-	-	71,235	339,707	-	-	-
0023 School leadership	-	-	-	-	-	67,582	-	-	2,700
Guidance, counseling, and evaluation services	-	369,133	-	-	109,509	54,061	-	-	-
0031 Social work services	-	-	-	-	-	-	-	-	-
0032 Health services	-	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	57,487,537	-	-	-	-	-
Cocurricular/extracurricular Activities	-	-	-	-	-	348,713	-	-	-
0036 General administration	-	-	-	-	-	-	-	-	-
0041 Plant maintenance and operations	-	-	-	1,532,712	-	-	-	-	-
0051 Security and monitoring services	-	-	-	-	-	-	-	-	-
0052 Data processing services	-	-	-	-	-	-	-	-	81,388
0053 Community services	-	-	-	-	-	-	-	-	-
0061 Debt Service-	-	-	-	-	-	-	-	-	-
0071 Debt Service	-	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-
Total Expenditures	-	369,133	-	59,030,249	2,126,650	10,903,047	(17,973)	-	128,757
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	1,160,520	-	-	-	-	-
Transfer In / Out	-	-	-	-	-	-	-	-	-
Fund Balances, beginning of year	-	-	-	8,240,225	-	-	-	-	-
Fund Balances, end of year	\$ -	\$ -	\$ -	\$ 9,400,745	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	259	260	261	262	263	264	265	266
	Texas Commission On the Arts	ESEA Part D Title I	Texas Reading Initiative for Grades K-3	ESEA Title II Part D	Title III LEP/ Immigrant	21st Century Las Lunas	21st Century New Neighborhood	21st Century Beacons Community
Revenues	\$	\$	\$	\$	\$	\$	\$	\$
5700 Local	-	-	-	-	-	-	-	-
5800 State Program	-	-	-	-	-	-	-	-
5900 Federal Program	-	12,042	7,189,268	1,543,015	3,853,025	567,095	48,836	63,185
Total Revenues	-	12,042	7,189,268	1,543,015	3,853,025	567,095	48,836	63,185
Expenditures								
Current-								
0011 Instruction	-	12,042	2,983,218	837,125	779,238	-	-	-
0012 Instructional resources and media services	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	-	-	3,872,416	525,298	1,483,004	244	-	-
0021 Instructional leadership	-	-	150,304	161,143	40,778	-	-	-
0023 School leadership	-	-	-	-	310	-	-	-
0031 Guidance, counseling, and evaluation services	-	-	156,450	20,549	900	5,771	1,400	1,400
0032 Social work services	-	-	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-
0041 General administration	-	-	-	-	1,445	-	-	-
0051 Plant maintenance and operations	-	-	-	-	-	-	-	-
0052 Security and monitoring services	-	-	-	-	-	-	-	-
0053 Data processing services	-	-	-	-	-	-	-	-
0053 Community services	-	-	26,880	(1,100)	1,547,350	561,080	47,436	61,785
Debt Service-								
0071 Debt Service	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-
6030 Total Expenditures	-	12,042	7,189,268	1,543,015	3,853,025	567,095	48,836	63,185
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-
Transfer in / Out	-	-	-	-	-	-	-	-
Fund Balances, beginning of year	-	-	-	-	-	-	-	-
Fund Balances, end of year	\$	\$	\$	\$	\$	\$	\$	\$

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	267 21st Century Communities of Light	268 FIE Earmark	269 ESEA Title V Innovative Programs	271 Teaching American History	272 Early Childhood Intervention	273 IDEA Visually Impaired	274 Improving Health Education	275 Read for TX Tutorial Assistant	276 Academics 2000 Local Impr.
Revenues									
5700 Local	-	-	-	-	-	-	-	-	-
5800 State Program	-	-	-	-	693,437	-	-	-	-
5900 Federal Program	159,843	67,824	981,512	249,372	1,372,421	14,501	269,442	-	-
Total Revenues	159,843	67,824	981,512	249,372	2,065,858	14,501	269,442	-	-
Expenditures									
Current:									
0011 Instruction	-	-	151,691	5,495	-	14,501	-	-	-
0012 Instructional resources and media services	-	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	-	-	688,809	235,555	8,925	-	6,527	-	-
0021 Instructional leadership	-	-	79,034	6,322	-	-	255,365	-	-
0023 School leadership	-	-	6,320	-	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	1,400	-	33,250	-	-	-	-	-	-
0032 Social work services	-	-	-	-	782,059	-	-	-	-
0033 Health services	-	-	-	-	2,034	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-	-
0041 General administration	-	67,824	19,868	-	149	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	505	-	-	-	-
0052 Security and monitoring services	-	-	-	-	-	-	-	-	-
0053 Data processing services	-	-	-	-	1,272,186	-	7,550	-	-
0061 Community services	158,443	-	22,540	-	-	-	-	-	-
Debt Service-									
0071 Debt Service	-	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-
Total Expenditures	159,843	67,824	981,512	249,372	2,065,858	14,501	269,442	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
Transfer In / Out	-	-	-	-	-	-	-	-	-
Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-
Fund Balances, end of year	-	-	-	-	-	-	-	-	-

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	278	279	280	281	283	284	285	286	287
	Tools for Schools	Urban Systemic (NSP)	Title XI Coordinated Services	American Indian Program	Foreign Language Assistance	Texas Families Together & Safe	Urban Systemic Initiatives	Title I School Improvement	Magnet Schools Assistance
Revenues	\$	\$	\$	\$	\$	\$	\$	\$	\$
5700 Local	-	-	-	-	-	-	-	-	-
5800 State Program	-	-	-	-	-	-	-	-	-
5900 Federal Program	146	287,383	-	136,488	143,913	-	-	-	-
Total Revenues	146	287,383	-	136,488	143,913	-	-	-	-
Expenditures									
Current-									
0011 Instruction	-	35,806	-	850	141,979	-	-	-	-
0012 Instructional resources and media services	-	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	-	251,577	-	133,907	1,934	-	-	-	-
0021 Instructional leadership	-	-	-	-	-	-	-	-	-
0023 School leadership	-	-	-	-	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	-	-	-	-	-	-	-	-
0032 Social work services	-	-	-	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-	-	-	-
0051 Plant maintenance and operations	146	-	-	1,555	-	-	-	-	-
0052 Security and monitoring services	-	-	-	176	-	-	-	-	-
0053 Data processing services	-	-	-	-	-	-	-	-	-
0061 Community services	-	-	-	-	-	-	-	-	-
Debt Service-									
0071 Debt Service	-	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-
6030 Total Expenditures	146	287,383	-	136,488	143,913	-	-	-	-
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$	\$	\$	\$	\$	\$	\$	\$	\$

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	288	289	291	292	293	294	296	300
	Development and Implementation	Early Intervention	Bilingual Early Childhood	Fit & Healthy Ready To Learn	Classroom Teacher Supply	IDEA B Capacity Bldg	Goals 2000 Education Act Title III	Title I School Impr. Program Various Schools
Revenues	\$	\$	\$	\$	\$	\$	\$	\$
5700 Local	-	-	-	-	2,960	-	-	-
5800 State Program	-	-	-	-	-	224,150	-	52,394
5900 Federal Program	-	2,426	-	-	-	-	-	-
Total Revenues	-	2,426	-	-	2,960	224,150	-	52,394
Expenditures								
Current-								
0011 Instruction	-	2,426	-	-	2,760	-	-	46,913
0012 Instructional resources and media services	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	-	-	-	-	200	224,150	-	1,981
0021 Instructional leadership	-	-	-	-	-	-	-	-
0023 School leadership	-	-	-	-	-	-	-	3,500
0031 Guidance, counseling, and evaluation services	-	-	-	-	-	-	-	-
0032 Social work services	-	-	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	-	-	-	-
0052 Security and monitoring services	-	-	-	-	-	-	-	-
0053 Data processing services	-	-	-	-	-	-	-	-
0061 Community services	-	-	-	-	-	-	-	-
Debt Service-								
0071 Debt Service	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	2,960	224,150	-	52,394
6030 Total Expenditures	-	2,426	-	-	2,960	224,150	-	52,394
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-
Transfer In / Out	-	-	-	-	-	-	-	-
Fund Balances, beginning of year	-	-	-	-	-	-	-	-
Fund Balances, end of year	\$	\$	\$	\$	\$	\$	\$	\$

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	302 Title I School Impr. Program Sam Houston	303 Title I School Impr. Program Silberstein	304 Title I School Impr. Program Henderson	305 Texas 21st Century Success Express	306 Texas 21st Century Passing Zone	307 Title I School Impr. Program Kimball	308 Texas 21st Century Bridge to Success
Revenues	\$	\$	\$	\$	\$	\$	\$
5700 Local	-	-	-	-	-	-	-
5800 State Program	-	-	-	700,998	747,044	324,065	833,533
5900 Federal Program	-	-	-	-	-	-	-
Total Revenues	-	-	-	700,998	747,044	324,065	833,533
Expenditures							
Current:							
0011 Instruction	-	-	-	49,418	23,991	243,538	7,321
0012 Instructional resources and media services	-	-	-	-	-	-	-
0013 Curriculum and staff development	-	-	-	-	-	44,580	-
0021 Instructional leadership	-	-	-	-	-	12,850	-
0023 School leadership	-	-	-	8,200	7,392	6,825	11,654
0031 Guidance, counseling, and evaluation services	-	-	-	-	-	-	-
0032 Social work services	-	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	243	-
0041 General administration	-	-	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	-	-	-
0052 Security and monitoring services	-	-	-	-	-	-	-
0053 Data processing services	-	-	-	643,380	715,661	16,029	814,558
0061 Community services	-	-	-	-	-	-	-
Debt Service-							
0071 Debt Service	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-
Total Expenditures	-	-	-	700,998	747,044	324,065	833,533
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$	\$	\$	\$	\$	\$	\$

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	309 Adult Ed. English Literacy	310 Adult Ed. Engl. Lit. Civics Prof.	312 Texas 21st Century Neighborhood Now	313 Texas 21st Century The Learning Zone	314 Adult Ed. Regional Centers of Excellence	319 Texas 21st Century Achievement Connection	320 Texas 21st Century Project Success	321 Texas 21st Century Learning After the Bell
Revenues								
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	-	-	-	-	-	-	-	-
5900 Federal Program	99,000	3,294	671,631	703,623	291,866	819,232	832,857	738,818
Total Revenues	<u>99,000</u>	<u>3,294</u>	<u>671,631</u>	<u>703,623</u>	<u>291,866</u>	<u>819,232</u>	<u>832,857</u>	<u>738,818</u>
Expenditures								
Current-								
0011 Instruction	66,481	3,294	20,874	11,457	-	18,845	39,208	2,073
0012 Instructional resources and media services	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	30,166	-	-	-	237,667	-	31	-
0021 Instructional leadership	-	-	-	-	4,921	-	-	-
0023 School leadership	-	-	-	-	-	154	-	-
0031 Guidance, counseling, and evaluation services	-	-	7,350	12,003	-	11,730	10,234	12,475
0032 Social work services	-	-	-	-	-	-	-	75
0033 Health services	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-
0041 General administration	-	-	70	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	202	-	-	-
0052 Security and monitoring services	-	-	-	-	579	-	-	-
0053 Data processing services	2,353	-	-	-	48,497	-	-	-
0061 Community services	-	-	643,337	680,163	-	788,503	783,384	724,195
Debt Service-								
0071 Debt Service	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-
Total Expenditures	<u>99,000</u>	<u>3,294</u>	<u>671,631</u>	<u>703,623</u>	<u>291,866</u>	<u>819,232</u>	<u>832,857</u>	<u>738,818</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-
Transfer In / Out	-	-	-	-	-	-	-	-
Fund Balances, beginning of year	-	-	-	-	-	-	-	-
Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	322	326	327	328	341	368	370	371	372	373
	Texas 21st Century Achievement Ave	COPS in Schools	Texas 21st Century After School	Texas 21st Century Learning Place	Title I School Reform Comp.	Foreign Language	A Stars School Program	Abstinence Education (TDH)	Title XX TANF	HIPPY Program
Revenues										
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,616	\$ -	\$ -	\$ -	\$ -
5800 State Program	791,992	839,448	586,835	533,212	625,821	-	-	247,684	-	-
5900 Federal Program	791,992	839,448	586,835	533,212	625,821	5,616	-	247,684	-	-
Total Revenues										
5020	791,992	839,448	586,835	533,212	625,821	5,616	-	247,684	-	-
Expenditures										
Current-										
0011 Instruction	7,785	-	14,199	-	437,441	-	-	-	-	-
0012 Instructional resources and media services	-	-	-	-	-	5,616	-	-	-	-
0013 Curriculum and staff development	-	-	-	-	180,076	-	-	848	-	-
0021 Instructional leadership	-	-	-	-	-	-	-	246,836	-	-
0023 School leadership	-	-	9,387	7,350	5,600	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	11,448	-	-	-	-	-	-	-	-	-
0032 Social work services	-	-	-	-	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-	-	-	-	-
0051 Plant maintenance and operations	-	839,448	-	-	-	-	-	-	-	-
0052 Security and monitoring services	-	-	-	-	-	-	-	-	-	-
0053 Data processing services	-	-	563,249	525,862	2,704	-	-	-	-	-
0061 Community services	772,759	-	-	-	-	-	-	-	-	-
Debt Service-										
0071 Debt Service	-	-	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-	-
6030 Total Expenditures	791,992	839,448	586,835	533,212	625,821	5,616	-	247,684	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-
Transfer In/ Out	-	-	-	-	-	-	-	-	-	-
Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-	-
Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	375 Public Charter School	377 Schools To Careers	378 Museum Assessment	381 GR Adult Education	382 Temporary Asst. for Needy Families	383 Mentor School Network	384 Texas After-School Initiative
Revenues							
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	-	-	-	884,116	181,919	-	1,251
5900 Federal Program	-	-	-	-	-	-	-
Total Revenues	-	-	-	884,116	181,919	-	1,251
Expenditures							
Current:							
0011 Instruction	-	-	-	565,955	133,325	-	-
0012 Instructional resources and media services	-	-	-	-	-	-	-
0013 Curriculum and staff development	-	-	-	149,447	47,644	-	-
0021 Instructional leadership	-	-	-	61,713	-	-	-
0023 School leadership	-	-	-	-	950	-	-
0031 Guidance, counseling, and evaluation services	-	-	-	34,557	-	-	-
0032 Social work services	-	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	-	-	-
0052 Security and monitoring services	-	-	-	63,989	-	-	-
0053 Data processing services	-	-	-	8,445	-	-	1,251
0061 Community services	-	-	-	-	-	-	-
Debt Service:							
0071 Debt Service	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-
6030 Total Expenditures	-	-	-	884,116	181,919	-	1,251
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	385 State Visually Handicapped	386 State Deaf	389 Apprenticeship Training	393 Texas Successful Schools	394 Pregnancy Education Parenting	396 Smaller Learning Communities	397 AP Incentive Equip & Material	399 Investment Capital
Revenues								
5700 Local	-	-	-	-	-	-	-	-
5800 State Program	49,981	2,500,263	123,468	92,397	490,787	978,801	-	52,443
5900 Federal Program	-	-	-	-	-	-	-	-
Total Revenues	<u>49,981</u>	<u>2,500,263</u>	<u>123,468</u>	<u>92,397</u>	<u>490,787</u>	<u>978,801</u>	<u>-</u>	<u>52,443</u>
Expenditures								
Current-								
0011 Instruction	4,378	2,306,168	106,246	87,818	16,187	569,525	-	29,919
0012 Instructional resources and media services	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	-	-	-	4,579	-	405,898	-	21,259
0021 Instructional leadership	-	-	17,222	-	-	-	-	-
0023 School leadership	-	-	-	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	31,319	-	-	-	-	-	-
0032 Social work services	-	-	-	-	282,890	-	-	-
0033 Health services	45,603	-	-	-	191,710	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	-	-	-	-
0052 Security and monitoring services	-	-	-	-	-	-	-	-
0053 Data processing services	-	-	-	-	-	-	-	-
0061 Community services	-	162,776	-	-	-	3,378	-	1,265
Debt Service-								
0071 Debt Service	-	-	-	-	-	-	-	-
171 Interest on long-term debt	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-
Total Expenditures	<u>49,981</u>	<u>2,500,263</u>	<u>123,468</u>	<u>92,397</u>	<u>490,787</u>	<u>978,801</u>	<u>-</u>	<u>52,443</u>
1100 Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	-	-	-	-	-	-	-	-

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	400		401	404		409	411	412	414	415	418	
	Seagoville School-Based Health Center	Optional Extended Year	ARI & AMI	Ninth Grade Success Initiative	State Technology Fund	Child Care Draw	Texas Accelerated Science	Pre-Kindergarten/Expansion	Supplemental Payment			
Revenues												
5700 Local	-	-	-	-	28,010	-	-	-	-	-	-	-
5800 State Program	-	1,269,490	6,419,514	-	4,386,482	138,767	174,266	4,795,993	9,308,174	-	-	-
5900 Federal Program	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	-	1,269,490	6,419,514	-	4,414,492	138,767	174,266	4,795,993	9,308,174	-	-	-
Expenditures												
Current-												
0011 Instruction	-	1,009,041	5,856,119	-	3,040,238	-	172,481	4,304,755	6,042,037	-	-	-
0012 Instructional resources and media services	-	-	25,488	-	347,624	-	-	-	163,074	-	-	-
0013 Curriculum and staff development	-	-	480,693	-	1,026,630	-	1,785	457,036	86,809	-	-	-
0021 Instructional leadership	-	-	-	-	-	-	-	-	80,122	-	-	-
0023 School leadership	-	-	-	-	-	-	-	-	432,440	-	-	-
0031 Guidance, counseling, and evaluation services	-	24,150	56,974	-	-	-	-	(15)	311,082	-	-	-
0032 Social work services	-	-	-	-	-	138,767	-	-	16,626	-	-	-
0033 Health services	-	-	-	-	-	-	-	-	133,139	-	-	-
0034 Student transportation	-	236,299	-	-	-	-	-	-	2,833	-	-	-
0035 Food services	-	-	-	-	-	-	-	-	593,501	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-	9,001	-	-	-
0041 General administration	-	-	-	-	-	-	-	7,280	113,361	-	-	-
0051 Plant maintenance and operations	-	-	-	-	-	-	-	-	930,527	-	-	-
0052 Security and monitoring services	-	-	-	-	-	-	-	-	205,887	-	-	-
0053 Data processing services	-	-	-	-	-	-	-	-	85,246	-	-	-
Community services	-	-	-	-	-	-	-	-	98,697	-	-	-
Debt Service-												
0071 Debt Service	-	-	-	-	-	-	-	-	-	-	-	-
171 Interest on long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	240	-	-	-	-	-	3,792	-	-	-
Total Expenditures	-	1,269,490	6,419,514	-	4,414,492	138,767	174,266	4,769,056	9,308,174	-	-	-
Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	26,937	-	-	-	-
Transfer In / Out	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balances, beginning of year	-	-	-	-	-	-	-	3,121,092	-	-	-	-
Fund Balances, end of year	-	-	-	-	-	-	-	3,148,029	-	-	-	-

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	420		421		422		423		424		425		426		427		428	
	Telecommunications Infrastructure	One Community One Child (Spence MS)	Telecom Infrastructure Fund (11)	Student Success Initiative	Dallas Child Care	Urban School (Environment)	Urban School Grant	Information Collaboration	Telecom Infrastructure Fund (10)									
Revenues																		
5700 Local	\$ -	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	
5800 State Program	-	7,390	-	208,474	-	95,028	-	-	-	-	-	-	-	-	-	-	-	
5900 Federal Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5020 Total Revenues	-	7,390	-	208,474	-	95,028	-	-	-	-	-	-	-	-	-	-	-	
Expenditures																		
Current-																		
0011 Instruction	-	3,260	-	35,424	-	-	-	-	-	-	-	-	-	-	-	-	-	
0012 Instructional resources and media services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0013 Curriculum and staff development	-	-	-	173,050	-	-	-	-	-	-	-	-	-	-	-	-	-	
0021 Instructional leadership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0023 School leadership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0031 Guidance, counseling, and evaluation services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0032 Social work services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0033 Health services	-	-	-	-	95,028	-	-	-	-	-	-	-	-	-	-	-	-	
0034 Student transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0035 Food services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0041 General administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0051 Plant maintenance and operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0052 Security and monitoring services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0053 Data processing services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0061 Community services	-	4,130	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Debt Service-																		
0071 Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
171 Interest on long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6030 Total Expenditures	-	7,390	-	208,474	-	95,028	-	-	-	-	-	-	-	-	-	-	-	
1100 Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3000 Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	435	439	446	447	448	449
	Out-of-District Tuition for RDSPD	Reading Initiatives	Tobacco Compliance Grant	Telecom Infrastructure Fund (LB12C)	Texas Grants to Reduce Academic Dropouts	Texas High School Completion & Success
Revenues						
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	559,425	167	4,387	-	303,516	496,163
5900 Federal Program	-	-	-	-	-	-
5020 Total Revenues	<u>559,425</u>	<u>167</u>	<u>4,387</u>	<u>-</u>	<u>303,516</u>	<u>496,163</u>
Expenditures						
Current-						
0011 Instruction	369,505	-	3,596	-	148,329	448,356
0012 Instructional resources and media services	-	167	-	-	-	-
0013 Curriculum and staff development	-	-	-	-	69,394	-
0021 Instructional leadership	79,178	-	791	-	326	8,053
0023 School leadership	-	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	69,458	-	-	-	11,900	39,733
0032 Social work services	1,198	-	-	-	-	-
0033 Health services	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-
0035 Food services	-	-	-	-	8,757	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	-	-
0052 Security and monitoring services	-	-	-	-	-	-
0053 Data processing services	-	-	-	-	-	21
0051 Community services	40,086	-	-	-	64,810	-
Debt Service-						
0071 Debt Service	-	-	-	-	-	-
171 Interest on long-term debt	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-
6030 Total Expenditures	<u>559,425</u>	<u>167</u>	<u>4,387</u>	<u>-</u>	<u>303,516</u>	<u>496,163</u>
1100 Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-
3000 Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	450	451	452	453	461	474	479	480	481
	Parent And Family Literacy	Reading Instruction Initiative	Reading Instruction	Texas Middle College	Campus Activity Fund	ABE Regional	New Teacher Project Meadows	Funds for Family Literacy	Gifts and Donations
Revenues									
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ 5,963,961	\$ -	\$ -	\$ -	\$ 1,840,637
5800 State Program	25,090	1,379,558	1,353,771	25,551	-	(13,479)	-	-	-
5900 Federal Program	-	-	-	-	-	-	-	-	-
Total Revenues	<u>25,090</u>	<u>1,379,558</u>	<u>1,353,771</u>	<u>25,551</u>	<u>5,963,961</u>	<u>(13,479)</u>	<u>-</u>	<u>-</u>	<u>1,840,637</u>
Expenditures									
Current-									
0011 Instruction	25,090	1,379,558	1,353,771	15,758	5,961,854	-	-	-	705,814
0012 Instructional resources and media services	-	-	-	9,793	-	(13,479)	-	-	302,816
0013 Curriculum and staff development	-	-	-	-	-	-	-	-	-
0021 Instructional leadership	-	-	-	-	-	-	-	-	-
0023 School leadership	-	-	-	-	-	-	-	-	38,049
0031 Guidance, counseling, and evaluation services	-	-	-	-	-	-	-	-	-
0032 Social work services	-	-	-	-	-	-	-	-	16,190
0033 Health services	-	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-	-
0036 Curriculum/extracurricular Activities	-	-	-	-	-	-	-	-	437,546
0041 General administration	-	-	-	-	-	-	-	-	232,908
0051 Plant maintenance and operations	-	-	-	-	-	-	-	-	20,957
0052 Security and monitoring services	-	-	-	-	-	-	-	-	-
0053 Data processing services	-	-	-	-	-	-	-	-	-
0061 Community services	-	-	-	-	-	-	-	-	86,357
Debit Service-									
0071 Debt Service	-	-	-	-	-	-	-	-	-
171 Interest on long-term debt	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>25,090</u>	<u>1,379,558</u>	<u>1,353,771</u>	<u>25,551</u>	<u>5,961,854</u>	<u>(13,479)</u>	<u>-</u>	<u>-</u>	<u>1,840,637</u>
1100 Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	2,107	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	2,475,039	-	-	-	-
3000 Fund Balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,477,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	482	483	484	485	486	488	489	490	491	492
	P.C.A.T Grant	Honors Development Grant	Project Ropes	IBM Technology Math/Science	Texas Instruments	Reflect Lowes	HIPPY Program	HIPPY NCJW	Fast-Track Grant	Connect Technology Base
Revenues										
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ 122,851	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	-	80,324	5,496	-	-	49,964	-	-	22,457	-
5900 Federal Program	-	-	-	-	-	-	-	-	-	-
Total Revenues	-	80,324	5,496	-	122,851	49,964	-	-	22,457	-
Expenditures										
Current-										
0011 Instruction	-	80,324	-	-	122,851	49,964	-	-	-	-
0012 Instructional resources and media services	-	-	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	-	-	1,180	-	-	-	-	-	12,084	-
0021 Instructional leadership	-	-	4,316	-	-	-	-	-	10,393	-
0023 School leadership	-	-	-	-	-	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	-	-	-	-	-	-	-	-	-
0032 Social work services	-	-	-	-	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-	-	-
0036 Curricular/extracurricular Activities	-	-	-	-	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	-	-	-	-	-	-
0052 Security and monitoring services	-	-	-	-	-	-	-	-	-	-
0053 Data processing services	-	-	-	-	-	-	-	-	-	-
0061 Community services	-	-	-	-	-	-	-	-	-	-
Debt Service-										
0071 Debt Service	-	-	-	-	-	-	-	-	-	-
171 Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	80,324	5,496	-	122,851	49,964	-	-	22,457	-
Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-
Transfer In / Out	-	-	-	-	-	-	-	-	-	-
Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-	-
Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005**

Data Control Codes	493	494	495	496	497	498	499	Totals June 30, 2005
	Sun and Star Japanese Study	Math and Science Relly Elem	Best Practice Meadows	Levi Strauss	Toward no Tobacco	Center Work Source	Technology Immersion Pro Tip	
Revenues								
5700 Local	2,167	-	-	-	66,627	-	-	14,881,381
5800 State Program	-	-	70,057	-	-	-	-	36,849,181
5900 Federal Program	-	-	-	-	-	-	-	183,730,773
Total Revenues	2,167	-	70,057	-	66,627	-	-	235,461,335
Expenditures								
Current-								
0011 Instruction	-	-	2,710	-	-	-	-	104,900,467
0012 Instructional resources and media services	-	-	-	-	-	-	-	557,977
0013 Curriculum and staff development	2,167	-	-	-	-	-	-	22,756,247
0021 Instructional leadership	-	-	-	-	-	-	-	8,767,165
0023 School leadership	-	-	-	-	-	-	-	1,071,607
0031 Guidance, counseling, and evaluation services	-	-	-	-	-	-	-	8,892,073
0032 Social work services	-	-	-	-	-	-	-	409,301
0033 Health services	-	-	-	-	-	-	-	2,819,240
0034 Student transportation	-	-	-	-	-	-	-	1,465,651
0035 Food services	-	-	-	-	-	-	-	58,091,038
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	460,875
0041 General administration	-	-	-	-	-	-	-	1,394,364
0051 Plant maintenance and operations	-	-	-	-	-	-	-	2,497,542
0052 Security and monitoring services	-	-	-	-	-	-	-	1,155,471
0053 Data processing services	-	-	-	-	-	-	-	525,949
0061 Community services	-	-	67,347	-	66,627	-	-	18,502,772
Debt Service-								
0071 Debt Service	-	-	-	-	-	-	-	-
171 Interest on long-term debt	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	4,032
Total Expenditures	2,167	-	70,057	-	66,627	-	-	234,271,771
Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	1,189,564
Transfer In / Out	-	-	-	-	-	-	-	-
Fund Balances, beginning of year	-	-	-	-	-	-	-	13,836,356
Fund Balances, end of year	-	-	-	-	-	-	-	15,025,920

(concluded)

Dallas Independent School District
 Budgetary Comparison Schedule - Nonmajor Fund
 Food Service Fund
 June 30, 2005

Exhibit H - 3

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
0100	Fund Balance, July 1, 2004	\$ 8,240,225	\$ 8,240,225	\$ 8,240,225	\$ -
	RESOURCES (Inflows)				
5700	Local and intermediate sources	6,255,201	6,536,537	6,851,514	314,977
5800	State program revenues	675,398	848,621	610,135	(238,486)
5900	Federal program revenues	65,493,776	52,745,567	52,729,123	(16,444)
5000	Amounts available for appropriation	72,424,375	60,130,725	60,190,772	60,047
	CHARGES TO APPROPRIATIONS				
0035	Food Service	69,837,735	57,544,085	57,497,537	46,548
0051	Plant maintenance and operations	2,586,640	2,586,640	1,532,712	1,053,928
6000	Total charges to appropriations	72,424,375	60,130,725	59,030,249	1,100,476
3000	Fund balance, June 30, 2005	\$ 8,240,225	\$ 8,240,225	\$ 9,400,748	\$ 1,160,523

Dallas Independent School District
 Budgetary Comparison Schedule - Major Fund
 Debt Service Fund
 June 30, 2005

Exhibit H - 4

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
0100	Fund Balance, July 1, 2004	\$ 62,081,501	\$ 62,081,501	\$ 62,081,501	\$ -
	RESOURCES (Inflows)				
7900	Sale of Bonds	-	-	3,082,318	3,082,318
	Premium on Bonds	-	-	-	-
5700	Local and intermediate sources	96,719,215	96,719,215	97,062,904	343,689
5000	Amounts available for appropriation	96,719,215	96,719,215	100,145,222	3,426,007
	CHARGES TO APPROPRIATIONS (Outflows)				
0071	Principal and interest on long-term debt	96,719,215	96,719,215	89,932,178	6,787,037
6030	Total charges to appropriations	96,719,215	96,719,215	89,932,178	6,787,037
3000	Fund balance, June 30, 2005	\$ 62,081,501	\$ 62,081,501	\$ 72,294,545	\$ 10,213,044

Dallas Independent School District
Schedule of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended June 30, 2005

	<u>Agency Funds</u>
Cash and cash equivalents	
Beginning	\$ 3,890,174
Additions	11,615,836
Deletions	<u>11,164,436</u>
Ending	<u><u>\$ 4,341,574</u></u>
Due to student groups	
Beginning	\$ 3,890,174
Additions	11,615,836
Deletions	<u>11,164,436</u>
Ending	<u><u>\$ 4,341,574</u></u>

**Dallas Independent School District
Schedule of Delinquent Taxes Receivable
For the Year Ended June 30, 2005**

Last Ten Years Ended August 31	1		2	3	10 Beginning Balance 7/1/2004	20 Current Year's Total Levy	31 Maintenance Total Collections	32 Debt Service Total Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/2005
	Maintenance	Debt Service								
1996 and prior years	Various	Various	Net Assessed/Approved Value For School Tax Purposes	36,803,403,695	10,950,994	-	478,050	43,522	(274,121)	10,155,301
1997	1 3740	0 8650	38,106,648,354	2,775,488	-	-	85,890	5,407	(92,286)	2,591,905
1998	1 3740	0 8650	40,469,448,988	2,800,820	-	-	156,720	9,866	(35,649)	2,598,585
1999	1 3740	0 8650	44,624,425,308	3,517,091	-	-	248,617	15,652	(54,442)	3,198,380
2000	1 3980	0 0063	49,107,307,100	4,800,577	-	-	708,101	44,577	(128,826)	3,919,073
2001	1 4780	0 0695	53,136,828,664	7,700,170	-	-	1,128,321	53,058	(197,817)	6,320,974
2002	1 4780	0 0695	57,284,326,734	10,312,554	-	-	1,350,484	63,504	(969,240)	7,929,326
2003	1 4780	0 1095	58,484,300,287	15,059,333	-	-	3,376,675	250,191	(2,074,983)	9,357,474
2004	1 5000	0 1395	58,380,724,174	31,577,939	-	-	13,621,277	1,267,047	(2,827,685)	13,861,930
2005	1 5000	0 1669	59,372,699,642	-	-	947,689,831	822,166,210	92,847,269	-	32,676,352
1000 TOTALS					\$ 89,494,966	\$ 947,689,831	\$ 843,320,345	\$ 94,600,093	\$ (6,655,059)	\$ 92,609,300
9000 - Portion of Row 1000 for Taxes Paid Into Tax Increment Zone Under Chapter 311, Tax Code							\$ 2,186,432			

Note: In 2003 the fiscal year end date was changed from August 31st to June 30th.

Dallas Independent School District
Schedule of Expenditures for Computations of Indirect Cost for 2004-2005
General and Special Revenue Funds
Year Ended June 30, 2005

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ 310,465	-	\$ 495,974	\$ 14,959,369	\$ (66,011)	\$ 665,242	\$ 16,365,039
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)							
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)							
6211	Legal Services	3,342,539	-	-	-	-	-	\$ 3,342,539
6212	Audit Services	-	-	-	319,339	-	-	\$ 319,339
6213	Tax Appraisal and Collection	-	3,937,742	-	-	-	-	\$ 3,937,742
621X	Other Prof. Services	143,136	-	396,172	2,076,392	280	172,922	\$ 2,788,902
6220	Tuition and Transfer Payments	-	-	-	-	-	135,961	\$ 135,961
6240	Contr. Maint. and Repair	-	-	-	-	36,122	-	\$ 36,122
6260	Rentals	16,763	-	9,238	343,317	(7,299)	11,632	\$ 373,651
6290	Miscellaneous Contr.	30,722	-	17,569	107,122	-	2,655	\$ 158,068
6310	Supplies and Materials	-	-	-	1,617	-	-	\$ 1,617
6320	Textbooks and Reading Materials	392	-	-	17,148	-	-	\$ 17,540
63XX	Other Supplies Materials	57,962	-	66,284	892,646	18,139	109,142	\$ 1,144,173
6410	Travel, Subsistence, Stipends	57,960	-	7,888	215,325	-	67,960	\$ 349,133
6430	Election Costs	71,596	-	-	-	-	-	\$ 71,596
6490	Miscellaneous Operating	194,866	-	65,932	663,295	(161,580)	244,613	\$ 1,007,126
6600	Capital Outlay	-	-	-	-	-	344,488	\$ 344,488
6000	TOTAL	\$ 4,226,401	\$ 3,937,742	\$ 1,059,057	\$ 19,595,570	\$ (180,349)	\$ 1,754,615	\$ 30,393,036

Total expenditures for General and Special Revenue Funds

1,327,180,451

LESS Deductions of Unallowable Costs
FISCAL YEAR

Total Capital Outlay (6600)(Only Funds 100-199/200-499/810-879)	10	\$68,017,385
Total Debt & Lease (6500)(Only Funds 100-199/200-499/810-879)	11	8,759,519
Plant Maintenance (Function 51, 6100-6400)	12	136,715,336
Food (Function 35, 6341)	13	-
Stipends (6132 and 6412)	14	-

Subtotal.

\$213,492,240

Net Allowed Direct Cost

\$1,113,688,211

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	15	1,211,051,318
Historical Cost of Buildings over 50 years old	16	121,907,590
Amount of Federal Money in building Cost (Net of Above)	17	10,000
Total Cost of Furniture & Equipment before Depreciation (1530&1540)	18	126,730,872
Historical Cost of Furniture & Equipment over 16 years old	19	39,181,261
Amount of Federal Money in Furniture & Equipment (Net of Above)	20	\$31,181,261

(8) Note A - -0- in Function 53 expenditures are included in this report on administrative costs.

Exhibit J-3

**Dallas Independent School District
Fund Balance and Cash Flow Calculation Worksheet
General Fund as of June 30, 2005**

Data Control Code	Explanation	Amount
1	Total General Fund Balance 6/30/04 (Exhibit C-1 object 3000 for the General Fund Only)	\$ 102,061,285
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	\$ 17,909,710
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	\$ -
4	Estimated amount needed to cover all cash flow deficits in General Fund (net of borrowed funds and funds representing deferred revenues) (unaudited)	\$ 101,634,309
5	Estimate of one month's average cash disbursements during the regular school session (9/1/03-5/31/04) (unaudited)	\$ 100,078,998
6	Optimum Fund Balance and Cash Flow (2 + 3 + 4 + 5) (unaudited)	\$ 219,623,017
7	Excess/(Deficit) Undesignated Unreserved General Fund Fund Balance (1 - 6) (unaudited)	\$ (117,561,732)

Dallas Independent School District
General Expenditures By Function - Government-Wide
Last Ten Fiscal Years (1)
(Unaudited)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Current-				
Instruction	\$ 657,964,234	\$ 717,479,558	\$ 734,514,593	\$ 747,224,509
Instructional Resources and Media Services.	19,276,924	18,836,667	19,981,062	21,061,655
Curriculum and Staff Development	37,049,471	31,303,411	34,086,359	35,649,248
Instructional Leadership	24,259,931	20,612,925	23,691,584	24,202,091
School Leadership	60,841,057	61,082,797	71,056,165	75,549,944
Guidance and Counseling Services	38,891,333	41,007,861	47,597,254	50,925,260
Social Work Services	2,329,771	2,176,802	2,645,235	2,608,185
Health Services	11,236,356	11,029,193	12,878,668	14,258,749
Student Transportation	16,925,053	18,444,181	14,622,840	11,487,837
Food Services	53,719,671	53,559,421	59,503,710	57,362,310
Cocurricular/Extracurricular Activities	9,815,744	9,489,533	11,067,978	10,256,766
General Administration	37,447,203	37,633,240	33,374,643	30,848,032
Plant Maintenance and Operation	118,503,640	104,300,326	128,973,176	142,252,813
Security and Monitoring Services	8,847,056	8,744,934	13,768,123	16,268,821
Data Processing Services	32,336,892	25,808,191	20,910,929	20,460,843
Community Services	20,414,284	19,566,322	24,132,230	26,647,200
Debt Service	20,905,252	34,705,368	39,848,218	43,497,537
Capital Outlay	169,578	11,105,668	24,349,526	45,684,074
Payments to Juvenile Justice	-	365,024	624,298	765,000
Payments to Tax Increment Fund	9,248,085	4,551,449	4,621,391	2,185,650
Total Expenditures	\$ 1,180,181,535	\$ 1,231,802,871	\$ 1,322,247,982	\$ 1,379,196,524

Notes:

(1) GASB 34 implemented in 2002.

Dallas Independent School District
General Revenues By Source - Government-Wide
Last Ten Fiscal Years (1)
(Unaudited)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Program Revenues:				
Charges for Services	\$ 12,905,484	\$ 7,466,888	\$ 8,167,296	\$ 9,284,825
Operating Grants and Contributions	162,730,210	203,775,324	235,315,383	235,461,335
General Revenues:				
Property Taxes - General	808,892,570	849,858,791	829,003,189	855,833,262
Property Taxes - Debt Service	38,674,522	64,221,808	77,173,360	95,881,230
State aid-formula Grants	151,752,063	150,640,924	162,295,685	168,588,692
Grants and Contributions not Restricted	-	-	3,220,045	1,189,564
Unrestricted Investment Earnings	7,338,237	12,341,249	15,389,491	18,709,381
Gain (Loss) on Sale of Equipment	-	-	(671,773)	-
Miscellaneous	<u>21,911,844</u>	<u>10,703</u>	<u>4,156,673</u>	<u>24,995,782</u>
Total Revenues	\$ <u>1,204,204,930</u>	\$ <u>1,288,315,687</u>	\$ <u>1,334,049,349</u>	\$ <u>1,409,944,071</u>

Notes:

(1) GASB 34 implemented in 2002.

Dallas Independent School District
General Expenditures By Function - Governmental Funds (1)
Last Ten Fiscal Years
(Unaudited)

	<u>1996</u>	<u>1997</u>	<u>1998</u>
Current-			
Instruction	\$ 441,499,746	\$ 485,851,584	\$ 496,733,130
Instructional Resources and Media Services	17,169,740	19,310,139	16,901,965
Curriculum and Staff Development	16,425,148	17,220,766	20,117,974
Instructional Leadership	18,444,675	16,042,329	19,266,465
School Leadership	43,411,420	50,622,528	51,353,173
Communication and Dissemination	1,524,872	-	-
Guidance and Counseling Services	21,518,514	26,366,999	28,509,988
Social Work Services	9,470,555	3,860,553	4,196,571
Health Services	7,592,177	8,327,368	8,723,902
Student Transportation	5,492,461	3,347,807	5,968,119
Food Services	46,304,520	45,178,204	48,881,720
Cocurricular/Extracurricular Activities	6,645,149	6,331,271	6,755,829
General Administration	19,247,950	19,463,942	24,414,975
Plant Maintenance and Operation	110,629,856	106,790,445	95,995,295
Security and Monitoring Services	-	5,179,582	6,843,801
Data Processing Services	12,150,177	10,656,718	26,794,531
Community Services	7,849,355	11,059,469	10,760,298
Debt Service	37,967,031	41,981,076	44,902,514
Capital Outlay	118,529,531	109,934,035	24,353,676
Payments to Juvenile Justice	-	-	-
Payments to Tax Increment Fund	-	-	-
Total Expenditures	\$ 941,872,877	\$ 987,524,815	\$ 941,473,926

Notes:

- (1) Includes General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.
- (2) Restated in accordance with GASB No. 24

	1999		2000		2001		2002		2003		2004		2005
\$	508,482,721	\$	574,084,455	\$	643,919,253	\$	644,992,655	\$	699,188,897	\$	728,518,271	\$	732,858,728
	17,956,177		17,982,627		19,276,462		18,879,947		18,845,055		19,842,246		20,784,328
	22,545,533		23,619,481		31,293,486		36,690,757		30,498,743		33,845,064		35,305,725
	20,335,600		21,642,393		21,819,049		23,979,712		20,099,051		23,501,712		23,795,075
	52,082,863		56,358,934		60,842,443		59,468,757		59,489,049		70,447,035		73,981,938
	-		-		-		-		-		-		-
	30,027,196		34,449,484		36,647,130		38,116,914		39,944,825		47,218,784		49,995,687
	4,937,158		3,369,455		3,266,708		2,280,383		2,119,985		2,622,549		2,555,637
	9,184,448		9,894,083		10,742,150		11,011,242		10,741,358		12,768,289		13,973,821
	3,626,344		13,653,221		16,140,861		15,953,079		17,396,450		14,585,426		11,080,741
	50,114,906		52,326,652		52,794,233		54,944,328		53,325,715		61,650,740		58,091,038
	7,602,452		7,198,685		9,010,046		9,721,398		9,601,887		10,973,098		10,305,213
	24,173,821		25,906,983		29,559,255		36,712,657		36,913,775		33,157,778		30,649,941
	104,312,977		105,098,316		116,451,273		117,501,239		102,242,690		127,717,344		140,891,459
	6,889,954		7,576,668		8,151,889		8,785,521		8,476,879		14,169,748		16,048,009
	25,940,188		18,003,486		16,968,653		43,345,262		26,782,708		22,719,642		22,624,639
	13,029,918		12,331,992		16,245,011		20,305,558		19,179,951		23,929,987		26,232,113
	50,195,561		48,658,508		52,033,911		50,876,965		35,915,558		87,130,026		98,891,697
	15,096,146		8,998,364		7,276,083		16,332,969		19,423,408		195,484,571		513,844,636
	-		-		-		-		365,024		624,298		765,000
	-		-		-		9,248,085		4,551,449		4,621,391		2,185,650
\$	<u>966,543,963</u>	\$	<u>1,041,153,787</u>	\$	<u>1,152,437,896</u>	\$	<u>1,219,147,428</u>	\$	<u>1,215,102,457</u>	\$	<u>1,535,527,999</u>	\$	<u>1,884,661,075</u>

Dallas Independent School District
General Revenues By Source - Governmental Funds (1)
Last Ten Fiscal Years
(Unaudited)

<u>Source</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Revenue From Local Sources-				
Local Maintenance and Debt Service Tax (2),	\$ 506,853,504	\$ 545,217,946	\$ 587,472,941	\$ 633,063,886
Tuition from Patrons	1,264,428	1,164,666	1,133,693	1,284,511
Other Revenue From Local Sources	54,757,483	30,645,708	29,069,943	26,988,662
Local Revenue	-	-	-	-
Transportation Fees from Patrons	-	-	-	-
Cafeteria and Co-Curricular Revenue	7,592,840	8,589,067	8,851,900	9,639,273
Total Revenue from Local Sources	<u>570,468,255</u>	<u>585,617,387</u>	<u>626,528,477</u>	<u>670,976,332</u>
Revenue from State Sources-				
Per Capita and Foundation	123,778,994	141,324,467	154,205,079	143,802,199
Transportation	-	-	-	-
Other Foundation Revenue from State	638,001	5,144,221	7,233,397	10,350,523
Other State Revenue	37,040,261	37,814,764	40,791,921	40,723,721
Total Revenue from State Sources	<u>161,457,256</u>	<u>184,283,452</u>	<u>202,230,397</u>	<u>194,876,443</u>
Revenue from Federal Sources-				
Federal Source Revenues	53,369,573	56,694,332	64,737,008	62,295,219
Other Revenue	35,747,925	35,389,035	33,957,529	43,815,036
Total Revenue from Federal Sources	<u>89,117,498</u>	<u>92,083,367</u>	<u>98,694,537</u>	<u>106,110,255</u>
Total Revenues	<u>\$ 821,043,009</u>	<u>\$ 861,984,206</u>	<u>\$ 927,453,411</u>	<u>\$ 971,963,030</u>

Notes:

- (1) Includes General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.
(2) Includes interest and penalty collections and other judgments.

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
\$ 687,309,641 \$ 783,761,872 \$ 843,113,045 \$ 863,504,556 \$ 909,763,717 \$ 949,972,626					
1,860,722 1,415,844 1,037,999 962,152 809,374 1,175,679					
25,011,015 30,538,469 26,502,354 35,794,447 41,077,631 80,702,881					
- - - - -					
- - - - -					
10,529,990 11,774,070 11,347,593 8,513,434 (1,867,831) 4,115,960					
724,711,368 827,490,255 882,000,991 908,774,589 949,782,891 1,035,967,146					
165,295,026 131,538,298 106,131,452 126,929,612 117,817,370 120,586,116					
- - - - -					
20,900,556 32,907,045 24,933,199 21,631,876 24,093,675 20,284,233					
38,441,822 39,671,388 49,023,876 60,338,816 57,994,455 59,069,896					
224,637,404 204,116,731 180,088,527 208,900,304 199,905,500 199,940,245					
72,084,813 75,381,869 91,624,757 95,338,318 118,083,199 119,690,331					
37,961,327 46,569,259 46,129,723 56,931,388 70,536,700 69,147,999					
110,046,140 121,951,128 137,754,480 152,269,706 188,619,899 188,838,330					
\$ 1,059,394,912 \$ 1,153,558,114 \$ 1,199,843,998 \$ 1,269,944,599 \$ 1,338,308,290 \$ 1,424,745,721					

**Dallas Independent School District
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year			Current Tax Collections (2)	Percent of Levy Collected	Delinquent Taxes Collected	
					Delinquent Taxes	Interest and Penalty
1996	\$	506,832,572	\$ 493,939,196	97.5%	\$ 7,208,972	\$ 5,257,169
1997		544,528,653	533,801,391	98.1%	8,831,961	5,729,275
1998		578,793,538	566,383,970	97.9%	12,818,492	7,141,907
1999		635,512,919	625,528,479	98.4%	6,788,024	6,816,053
2000		699,990,930	682,870,950	97.6%	(41,171)	7,212,086
2001		795,652,305	775,850,115	97.5%	9,249,616	8,256,646
2002		856,939,679	825,090,533	96.3%	13,199,634	9,223,388
2003		891,957,975	856,131,078	96.0%	11,336,826	7,521,436
2004		913,002,082	881,424,143	96.5%	20,550,959	10,971,295
2005		947,689,831	915,013,479	96.6%	22,906,960	12,767,671

Notes:

- (1) Includes only uncollected from the current year.
- (2) Starting April 2001 the Dallas County Tax Office is the collecting agent for the District replacing the city of Dallas

	<u>Total Taxes Collected Plus Interest and Penalty</u>	<u>Percent of Total Collections to Tax Levy</u>		<u>Outstanding Delinquent Taxes Only (1)</u>	<u>Outstanding Delinquent Taxes as Percent of Tax Levy</u>
\$	506,405,337	99.9%	\$	12,756,179	2.52%
	548,362,627	100.7%		13,435,525	2.47%
	586,344,369	101.3%		12,535,916	2.17%
	639,132,556	100.6%		13,752,574	2.16%
	690,041,865	98.6%		16,626,849	2.38%
	793,356,377	99.7%		20,193,612	2.54%
	847,513,555	98.9%		25,235,288	2.94%
	874,989,340	98.1%		35,826,897	4.02%
	912,946,397	100.0%		31,577,939	3.46%
	950,688,110	100.3%		32,676,352	3.45%

Dallas Independent School District
Ratio of Net General Bonded Debt to Assessed Value and
Net Bond Debt Per Capita
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Fund
1996	1,039,100	36,803,403,695	438,443,854	15,680,415
1997	1,047,350	38,106,648,354	415,089,294	14,576,082
1998	1,052,300	40,469,448,988	394,072,365	13,920,870
1999	1,068,800	44,624,425,308	381,112,730	19,886,557
2000	1,083,508	49,107,307,100	359,452,300	17,763,584
2001	1,188,580	53,136,828,664	333,613,743	17,865,455
2002	1,199,809	57,284,326,734	641,844,869	17,787,297
2003	1,211,000	58,484,300,287	693,695,315	60,482,695
2004	1,214,800	58,380,724,174	949,764,644	62,081,501
2005	1,232,100 [1]	59,372,699,642	1,298,905,821	72,294,545

(1) North Central Texas Council of Governments (NCTCOG)

Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
422,763,439	1.15%	407
400,513,212	1.05%	382
380,151,495	0.94%	361
361,226,173	0.81%	338
341,688,716	0.70%	315
315,748,288	0.59%	266
624,057,572	1.09%	520
633,212,620	1.08%	523
887,683,143	1.52%	731
1,226,611,276	2.07%	996

Dallas Independent School District
Property Tax Rates and Tax Levies - Direct and Overlapping Governments
(per \$100 of Assessed Value)
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Town of Addison</u>	<u>City of Carrollton</u>	<u>City of Seagoville</u>	<u>City of Dallas</u>	<u>City of Farmers Branch</u>	<u>City of Cockrell Hill</u>	<u>Town of Highland Park</u>
Tax Rates							
1996 \$	0.45500 \$	0.60430 \$	0.55408 \$	0.67010 \$	0.44000 \$	0.73996 \$	0.46255
1997	0.44750	0.60430	0.55762	0.65160	0.44000	0.70432	0.29700
1998	0.40000	0.60430	0.53779	0.64910	0.44000	0.77183	0.26930
1999	0.38460	0.60430	0.53779	0.66750	0.44000	0.75202	0.25750
2000	0.38100	0.59930	0.58000	0.66750	0.44000	0.77047	0.24620
2001	0.38480	0.59930	0.58000	0.66750	0.44000	0.77047	0.22900
2002	0.39990	0.59930	0.58000	0.66750	0.44000	0.74507	0.22900
2003	0.39990	0.59930	0.65000	0.69980	0.44000	0.74036	0.22080
2004	0.42280	0.59930	0.65000	0.69980	0.46000	0.77349	0.23000
2005	0.47600	0.59930	0.63500	0.71970	0.49450	0.73379	0.23000
Tax Levies							
1996 \$	8,321,557 \$	31,046,680 \$	1,013,611 \$	308,772,941 \$	12,148,988 \$	315,584 \$	4,709,922
1997	9,548,109	32,776,117	1,046,137	309,537,142	13,437,872	311,046	4,827,925
1998	9,978,264	34,981,648	1,050,367	353,459,317	14,750,312	351,846	4,806,346
1999	10,674,928	38,265,900	1,117,120	373,157,247	15,590,179	354,755	4,994,830
2000	11,845,515	42,222,913	1,241,839	397,700,226	16,229,195	386,526	5,285,023
2001	12,363,129	45,442,240	1,241,639	401,692,233	16,229,185	388,596	5,534,428
2002	12,635,835	44,906,599	1,452,744	431,723,805	17,208,856	402,287	5,534,639
2003	12,547,096	48,958,223	1,803,458	463,732,762	16,655,284	436,980	5,804,651
2004	13,053,709	48,780,688	2,030,544	459,255,036	16,123,261	476,888	6,334,454
2005	12,835,294	48,199,167	2,251,114	482,673,498	16,089,199	485,376	6,696,521

Source: Information furnished by each governmental unit.

City of Mesquite	City of University Park	City of Garland	City of Balch Springs	County of Dallas	Dallas County Hospital	Dallas County Community College	Dallas Independent School District
\$ 0.54148	\$ 0.46137	\$ 0.63360	\$ 0.59241	\$ 0.21000	\$ 0.19409	\$ 0.05206	1.41813
0.58148	0.45995	0.63360	0.59000	0.20100	0.18577	0.05000	1.46053
0.58148	0.45995	0.63360	0.62000	0.19720	0.17990	0.05000	1.46053
0.54148	0.39537	0.61360	0.62000	0.19600	0.19600	0.05000	1.46053
0.54148	0.37159	0.63360	0.59990	0.19600	0.19600	0.05000	1.46053
0.54148	0.39537	0.64111	0.59990	0.19600	0.25400	0.05000	1.54753
0.54148	0.33999	0.64111	0.62900	0.19600	0.25400	0.05000	1.54753
0.54148	0.32932	0.64110	0.61700	0.19600	0.25400	0.06000	1.58753
0.54148	0.32601	0.64110	0.54000	0.20390	0.25400	0.07780	1.63950
0.58148	0.32539	0.64110	0.52547	0.20390	0.25400	0.08030	1.66940
\$ 19,197,826	\$ 9,439,304	\$ 39,348,913	\$ 1,828,214	\$ 175,623,994	\$ 162,695,000	\$ 43,895,156	\$ 506,832,572
21,986,000	9,798,958	41,517,758	1,888,316	180,930,939	159,000,000	45,378,529	544,528,653
23,139,046	10,180,938	43,443,608	2,029,486	192,056,214	171,565,000	49,783,480	578,793,538
23,283,587	10,471,200	45,657,685	2,029,486	207,984,019	177,418,943	54,583,760	635,512,919
24,459,205	1,076,608	55,219,518	2,204,860	225,372,886	208,937,157	58,701,000	699,990,930
24,555,379	10,766,466	54,656,628	2,204,600	223,440,740	314,100,138	58,801,337	795,652,305
29,003,036	11,126,787	55,160,051	2,396,554	242,376,596	314,100,335	76,722,467	856,939,679
28,851,628	11,783,798	58,589,581	2,676,476	251,709,607	326,195,157	79,860,135	891,957,975
30,399,070	12,247,097	59,226,635	2,679,911	259,797,076	323,597,654	103,121,004	913,002,082
33,302,393	12,780,441	61,180,242	2,895,924	264,290,296	329,228,684	107,927,272	947,689,831

**Dallas Independent School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited) (1)**

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	(2) Total Assessed Value
1996	\$ 27,358,032,195	\$ 9,445,371,500	\$ 36,803,403,695
1997	28,349,612,614	9,757,035,740	38,106,648,354
1998	29,942,923,688	10,526,525,300	40,469,448,988
1999	33,930,890,638	10,693,534,670	44,624,425,308
2000	34,339,032,057	14,768,275,043	49,107,307,100
2001	41,395,422,776	11,741,405,888	53,136,828,664
2002	44,781,675,890	12,502,650,844	57,284,326,734
2003	46,103,830,066	12,380,470,221	58,484,300,287
2004	46,973,555,699	11,407,168,475	58,380,724,174
2005	48,583,061,665	10,789,637,977	59,372,699,642

Source: Dallas Central Appraisal District.

Notes:

- (1) All property is assessed at 100% of actual value.
- (2) This figure excludes all exemptions and reductions

**Dallas Independent School District
Computation of Direct and Overlapping Bonded Debt
As of Current Fiscal Year
(Unaudited)**

<u>Name of Governmental Unit</u>	<u>Total Debt Outstanding</u>	<u>Percentage Overlapping Debt to this Governmental Unit (1)</u>	<u>Value of Overlapping Debt</u>
Overlapping:			
Addison, Town of	\$ 38,949,678	94.10%	\$ 36,651,647
Balch Springs, City of	10,005,000	37.50%	3,751,875
Carrollton, City of	134,040,000	8.98%	12,036,792
Dallas County	156,200,761	45.93%	71,743,010
Dallas County CCD	106,935,000	45.93%	49,115,246
Dallas, City of	1,099,318,974	80.32%	882,973,000
DeSoto, City of	57,417,752	11.67%	6,700,652
Farmers Branch, City of	10,363,486	29.04%	3,009,556
Garland, City of	246,527,168	1.25%	3,081,590
Mesquite, City of	73,930,000	3.53%	2,609,729
Seagoville, City of	1,649,609	99.64%	1,643,670
Total Net Overlapping Bonded Debt			<u>\$ 1,073,316,765</u>
Direct:			
Dallas Independent School District, at 6/30/05	\$ 1,298,905,821	100.00%	<u>\$ 1,298,905,821</u>
Total Direct and Overlapping Bonded Debt			<u><u>\$ 2,372,222,586</u></u>

Source: Texas Municipal Reports (TMR) and Dallas ISD Records

Note:

(1) Percentage of overlapping debt-per TMR

**Dallas Independent School District
Property Value, Construction and Bank Deposits
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year (2)	Commercial Construction		Residential Construction		Bank Deposits (1)	
	Value		Value			
1996	\$	228,962,690	\$	191,024,938	\$	45,200,000,000
1997		272,422,780		180,135,490		57,311,688,000
1998		246,520,994		170,595,254		32,241,073,000
1999		536,343,397		247,163,537		30,874,327,000
2000		749,630,454		328,862,265		26,686,330,000
2001		915,997,501		442,352,646		28,537,890,000
2002		829,922,317		443,265,319		37,131,000,000
2003		810,076,693		605,458,751		42,845,000,000
2004		239,442,831		387,386,531		63,547,000,000
2005		500,952,269		534,308,384		62,242,000,000

Source: Dallas Central Appraisal District Reports

Notes:

- Note:
- (1) Bank deposits are for quarter ending June 30 and are for commercial banks only. Savings and Loans are not included. Data provided by the FDIC, Summary of Deposits.
 - (2) Fiscal years corrected in 2004-2005

		Property Value			
Commercial		Residential	Nontaxable		
\$	24,149,773,561	\$	12,411,797,427	\$	2,853,444,950
	25,390,025,559		12,716,622,795		3,894,994,996
	28,143,811,672		12,274,901,576		5,021,460,584
	31,056,664,951		13,315,688,491		4,989,410,548
	34,139,972,233		14,768,275,043		5,251,236,653
	36,004,966,764		16,627,580,401		5,562,878,428
	37,954,072,412		18,857,608,395		6,617,603,150
	37,164,995,144		21,319,305,143		7,103,570,821
	35,434,076,559		22,946,647,615		7,391,657,425
	34,420,094,756		24,952,604,886		7,639,221,342

**Dallas Independent School District
Computation of Legal Debt Margin
June 30, 2005
(Unaudited)**

Assessed Value	\$ 59,372,699,642
Debt Limit Ten Percent of Assessed Value	5,937,269,964
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	1,298,905,821
Less - Net Assets in Debt Service Fund	<u>72,294,545</u>
Total Amount of Debt Applicable to Debt Limit	<u>1,226,611,276</u>
Legal Debt Margin:	<u><u>\$ 4,710,658,688</u></u>

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

Fiscal Year	Debt Service Fund Expenditures (2)			Total General Expenditures	Ratio of Debt Service to General Expenditures
	Principal	Interest (1)	Total		
1996	10,209,602	24,055,400	34,265,002	941,872,877	3.64%
1997	5,030,398	29,742,672	34,773,070	987,524,815	3.53%
1998	16,120,000	20,508,070	36,628,070	941,473,926	3.89%
1999	15,772,226	19,121,225	34,893,451	966,543,963	3.61%
2000	16,115,000	17,808,498	33,923,498	1,041,153,787	3.26%
2001	20,495,000	17,001,961	37,496,961	1,152,437,896	3.25%
2002	24,485,000	16,011,510	40,496,510	1,219,147,429	3.32%
2003	4,055,000	23,550,703	27,605,703	1,215,102,457	2.27%
2004	44,465,000	34,026,169	78,491,169	1,535,527,999	5.11%
2005	37,551,692	52,380,486	89,932,178	1,884,661,075	4.77%

Notes:

- (1) Excludes bond issuance and other costs; includes Arbitrage calculation fee.
(2) Excludes \$264,380,000 in defeased bonds.

**Dallas Independent School District
Ten Largest Taxpayers
2005 Tax Roll
(Unaudited)**

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>Assessed Valuation (000's)</u>	<u>Percent of Total Taxable Assessed Valuation</u>
Southwestern Bell/Cingular	Telephone Company	\$ 1,040,684	1.7528%
Crescent Real Estate	Real Estate	667,969	1.1250%
Texas Utilities Electric Company	Electric Utility	599,091	1.0090%
Southwest Airlines	Real Estate/Aircraft	474,533	0.7992%
Trammel Crow/Anatole	Real Estate	296,712	0.4997%
PC Village Apartments Dallas	Real Estate	226,733	0.3819%
Post Apartment Homes	Real Estate	202,324	0.3408%
Galleria Mall Investments LP	Real Estate	197,474	0.3326%
AT&T/American Telephone	Telephone Company	190,549	0.3209%
Trizec/Trizec Properties	Real Estate	182,612	0.3076%
Total		\$ 4,078,682	6.8696%

Source: Dallas County Tax Assessor/Collector, 2005 Tax Roll

**Dallas Independent School District
Demographic Statistics - Dallas County (1)
Last Ten Calendar Years
(Unaudited)**

Calendar Year	School Average Daily Attendance(2)	Civilian Labor Force	Average # Employed Monthly	Average # Unemployed Monthly	Unemployment Rate
1996	146,050	1,139,822	1,088,530	51,292	4.5%
1997	149,535	1,174,238	1,124,920	49,318	4.2%
1998	152,555	1,222,111	1,178,115	43,996	3.6%
1999	154,759	1,250,832	1,163,317	87,515	7.0%
2000	155,427	1,235,879	1,193,084	42,795	3.5%
2001	157,726	1,265,215	1,198,041	67,174	5.3%
2002	150,742	1,294,526	1,199,798	94,728	7.3%
2003	149,597	1,271,486	1,175,182	96,304	7.6%
2004	148,131	1,285,486	1,213,682	71,804	5.6%
2005	146,216	1,190,541	1,122,939	67,602	5.7%

Notes:

(1) Source: Texas Workforce Commission.

(2) Current and prior District Annual Financial Reports

Labor Market Department

Dallas Independent School District
Miscellaneous Statistical Data
June 30, 2005
(Unaudited)

Form of Government: Independent School District

Geographic Area: 351 square miles

Instruction Sites:	<u>Number</u>	<u>Capacity/Sq. Ft.</u>	<u>Acreage</u>
Senior High Schools	37	5,442,985	1,129.13
Middle Schools	25	3,066,904	433.80
Elementary Schools	157	8,962,726	1,216.26
Totals	<u>219</u>	<u>17,472,615</u>	<u>2,779.19</u>



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**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***

Board of Trustees
Dallas Independent School District:

We have audited 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, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 4, 2005 which included a reference to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposits and Investment Risk Disclosure*, an amendment of GASB No. 3. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated November 4, 2005.

This report is intended solely for the information and use of the Board of Trustees, management, the Texas Education Agency, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 4, 2005



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**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over
Compliance in Accordance with OMB Circular A-133**

Board of Trustees
Dallas Independent School District:

Compliance

We have audited the compliance of the Dallas Independent School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 05-03, 05-04 and 05-05.

Internal Control over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgment, could adversely affect District's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-01, 05-02, 05-03, 05-05, and 05-06.

A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above we considered items 05-01 and 05-06 to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, management, the Texas Education Agency, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 4, 2005

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2005

(1) Summary of Auditors' Results

Financial Statements

Type of Auditor's report issued: **Unqualified**

Internal control over financial reporting:

- Material weaknesses identified: **No**
- Reportable conditions identified that are not considered to be material weaknesses: **None reported**

Noncompliance material to financial statements noted: **No**

Federal Awards

Internal control over major programs:

- Material weaknesses identified: **Yes**
- Reportable conditions identified that are not considered to be material weaknesses: **Yes**

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 A133: **Yes**

Identification of major programs:

Program	CFDA number
Adult Education	84.002
21st Century Community Learning Centers	84.287
ESEA Title I, Part A – School Improvements Program	84.010
Special Education Cluster:	
IDEA-B-Formula	84.027
IDEA-B-Preschool	84.173

Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**

Auditee qualified as a low-risk auditee: **No**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

None

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2005

(3) Findings and Questioned Costs Relating to Federal Awards:

Finding #: 05-01

CFDA TITLE: Adult Education

CFDA NUMBER: 84.002

FEDERAL AWARD NUMBER: Various

FEDERAL AWARD YEAR: 04/05

FEDERAL AGENCY: U.S. Department of Education **PASS-THROUGH ENTITY:** Texas
Education Agency

Type of Finding: Material Weakness

Reporting

Criteria or Specific Requirement:

It is required by the state agency to annually present a Supplementary Report to Adult and Community Education Services at the end of the fiscal year. This data is utilized by the state agency for program management and federal reporting.

Condition Found:

The Supplementary Reports that are requested annually for self evaluation were prepared, signed and submitted by the program director. However, there is no evidence of a supervisory review.

Questioned Cost:

Not Applicable

Information to Provide Perspective:

It was found that the reports were sent to Texas Learns which acts on behalf of the State agency. However, the reports are not subject to a secondary or management review. Only the Program director prepares and signs the report.

Possible Asserted Effect:

Lack of controls (both management review and segregation of duties) may lead the District to be in noncompliance with what is requested by the State Agency.

Cause:

The Program Director believes that he alone is the person most involved with the program and thus upper level management does not have as much contact with the program and therefore believes any review would be ineffective.

Recommendation:

We recommend that the District strengthen its internal control on reporting in order to ensure accuracy of the required reports.

Views of Responsible Official:

The District will implement a procedure to have the supervisor review all required reports for accuracy, prior to submission of the report to the reporting entity.

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2005

The contact person is Louisa Ryan, Executive Director of Grants Acquisition and Management.

Finding #: 05-02

CFDA TITLE: 21st Century Community Learning Centers **CFDA NUMBER:** 84.287

FEDERAL AWARD NUMBER: Various

FEDERAL AWARD YEAR: 04/05

FEDERAL AGENCY: U.S. Department of Education

PASS-THROUGH ENTITY: Texas
Education
Agency

Type of Finding: Reportable Condition

Suspension and Debarment

Criteria or Specific Requirement:

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

Condition Found:

The District is in compliance with the requirement; however, the District does not have adequate controls in place to ensure compliance with this requirement.

Questioned Cost:

Not Applicable

Information to Provide Perspective:

It was found that suspension and debarment requirement in files (10 of 30) covering transactions for contract services over \$25,000 were not properly documented with a certification or review of the Excluded Parties List System.

Possible Asserted Effect:

The District could be at risk of contracting with possible suspended or debarred vendors and may be in violation of federal regulations.

Cause:

The Purchasing Department was knowledgeable of the requirement, and the purchasing side of the department is documenting the website review and or enclosing in the file the signed certifications. However, the Contract Services section of the department is not documenting the website review.

Recommendation:

We recommend that the District unify the procedures to ensure compliance with the suspension and debarment requirement.

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2005

Views of Responsible Official:

Management will implement a procedure to document review of the EPLS website to ensure compliance with suspension and debarment. The district will retain a copy of the website review printout in the vendor file, with each purchase order issued.

The contact person is Erna Perry, Division Manager of Finance and Accounting.

Finding #: 05-03

CFDA TITLE: Special Education Cluster

CFDA NUMBER: 84.027/84.173

FEDERAL AWARD NUMBER: Various

FEDERAL AWARD YEAR: 04/05

FEDERAL AGENCY: U.S. Department of Education

PASS-THROUGH ENTITY: Texas
Education Agency

Activities Allowed/Allowable Cost

Type of Finding: Noncompliance and Reportable Condition

Criteria or Specific Requirement:

The grant should only be charged with allowable costs. A general criteria affecting allowability of costs under Federal awards includes that costs must be reasonable and necessary for the performance and administration of Federal awards.

Condition Found:

During the review of grant expenditures, it was noted that expenditures were charged to the grant that should not have been.

Questioned Cost (including how computed):

\$109,982.38 (credit memo amount)

Information to Provide Perspective:

The District received a credit memo in prior fiscal year (11/5/03) for educational supplies from a vendor, however the related invoice was also posted to the general ledger in the current fiscal year (April 2005) and a subsequent adjustment to remove the invoice was not recorded in the general ledger.

Possible Asserted Effect:

The cognizant agency could render these charges unallowable and the District could be required to repay the amounts that were charged to the grant.

Cause:

The invoice was part of the clean-up of outstanding discrepancies on the accounts payable sub-ledger.

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2005

Recommendation:

We recommend that the District set up a process to determine and correct accounts payable discrepancies that affect grant expenditures, so that if differences arise they can be investigated and subsequently corrected.

Views of Responsible Official:

The District has implemented a procedure to review the Accounts Payable Trial Balance report and General Ledger accounts payable balance monthly for discrepancies. This monthly review allows for early detection and resolution.

The contact person is Emma Cannon, Executive Director Accounts Payable

Finding #: 05-04

CFDA TITLE: Title I, Part A, Special Education Cluster **CFDA NUMBER:** 84.010
84.027/84.173

FEDERAL AWARD NUMBER: Various

FEDERAL AWARD YEAR: 04/05

FEDERAL AGENCY: U.S. Department of Education

PASS-THROUGH ENTITY: Texas
Education
Agency

Type of Finding: Noncompliance

Procurement

Criteria or Specific Requirement:

To be allowable under Federal awards, costs must meet the following general criteria affecting allowability of costs under Federal awards includes For internal control and accountability purposes grant expenditures should be properly supported by appropriate supporting documentation.

Condition Found:

During the review of procurement purchases, it was noted that the District was not able to locate two separate invoices, one for the Title 1 Part A program and one for the Special Education Cluster.

Questioned Cost:

Questioned costs for Title 1 Part A amounts to \$17,850(amount of invoice.)

Questioned costs for Special Education Cluster amounts to \$39,351(amount of invoice.)

Information to Provide Perspective:

The Accounts Payable department was not able to locate the invoices.

Possible Asserted Effect:

Lack of control may lead the District to be in a non compliance status.

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2005

Cause:

Per discussion with the Director of Accounts Payable the department could not locate the invoices as they were not filed properly in the system.

Recommendation:

We recommend that the District should strengthen internal controls over the file system in order to ensure required documentation is properly filed.

Views of Responsible Official:

The District will provide a strengthened internal control system over the filing of invoices through a review of the filing procedures. The recommendation is to implement a document scanning and retrieval system that will ensure that the documents are accounted for and filed properly.

The contact person is Emma Cannon, Executive Director of Accounts Payable

Finding #: 05-05

CFDA TITLE: 21st Century Community Learning Centers **CFDA NUMBER:** 84.287
Adult Education 84.002

FEDERAL AWARD NUMBER: Various

FEDERAL AWARD YEAR: 04/05

FEDERAL AGENCY: U.S. Department of Education

PASS-THROUGH ENTITY: Texas
Education
Agency

Activities Allowed/Allowable Cost

Type of Finding: Noncompliance and Reportable Condition

Criteria or Specific Requirement:

The grant should only be charged with allowable costs. A general criteria affecting allowability of costs under Federal awards include that cost must be reasonable and necessary for the performance and administration of Federal awards.

Condition Found:

During the review of grant expenditures, it was noted that expenditures were charged to the grants that should not have been.

Questioned Cost (including how computed):

Questioned costs for 21st Century amounts to \$24,414 (\$16,000 for consultant services that should not have been accrued, \$1,900 for employee salary for a pay period not chargeable to grant, and \$6,514 for portion of employee salary not chargeable to grant.)

Questioned costs for Adult Education amounts to \$3,480 (employee salary for pay period).

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2005

Information to Provide Perspective:

Two employees were overpaid, the error was detected by the Payroll Department and corrected. As a result a reversal entry was posted to the Payroll Sub-ledger. However, the reversal entry did not interface with the General Ledger, and as a result the General Ledger grant expenditure balance at 6/30/05 includes the amounts.

An employee's salary was incorrectly coded to the grant. The employee transferred from one department to another at the time the final check was issued to pay-off the contract. The grant fund was charged the total payroll while only a portion of the salary was chargeable to the grant.

An invoice was accrued for its full amount at year-end, however only half of the expenditures should have been accrued.

Possible Asserted Effect:

The cognizant agency could render these charges unallowable and the District could be required to repay the amounts that were charged to the grant.

Cause:

The errors were caught by the Payroll Department and corrected. However, the reversal entries posted in the sub-ledger but did not interfaced with the General Ledger.

Recommendation:

We recommend that the District set up a process to reconcile the grant payroll expenditures from the sub-ledger to the general ledger, so that if differences arise they can be investigated and subsequently corrected. The District should also review the year-end accruals to verify that only allowable items are accrued at year-end.

Views of Responsible Official:

The District will establish a cross-functional team to test reversal transactions to ensure that the reversal follows the path of the original transaction, therefore ensuring that grant expenditures are properly recorded. Timely reconciliations will occur between grants, payroll, labor distribution, and general ledger to ensure accuracy. The District will continue to train personnel to enter receiver information based upon receipt of product or service. The District will also implement a review of year-end accruals to verify accruals.

The contact person is Erma Perry, Division Manager of Finance and Accounting.

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2005

Finding #: 05-06

CFDA TITLE: Special Education Cluster
Title I, Part A
Adult Education

CFDA NUMBER: 84.027/84.173
84.010
84.002

FEDERAL AWARD NUMBER: Various

FEDERAL AWARD YEAR: 04/05

FEDERAL AGENCY: U.S. Department of Education

PASS-THROUGH ENTITY: Texas
Education
Agency

Activities Allowed/Allowable Cost

Type of Finding: Material Weakness

Criteria or Specific Requirement:

For internal control and accountability purposes grant expenditures should be properly reviewed and approved by an official with enough knowledge of the grant requirements to verify that expenditures are allowable.

Condition Found:

During the review of grant expenditures, six procurement card (p-card) items were tested and it was noted that expenditures made using procurement cards (credit cards issued by the District) were not properly approved.

Questioned Cost (including how computed):

Not Applicable

Information to Provide Perspective:

During FY 2005 the District's policy regarding approval of Procurement Card transactions was as follows:

- 1) Cardholders reconciled the charges per the card statement to their procurement card log.
- 2) Cardholders approved payment of their monthly charges by sending an email or fax to the Central Card Administrator (Quality Control and Improvement Department)

As such, all P-card transactions do not go through a secondary approval process.

It was noted that \$3,680,766 of p-card purchases were made for federal grant programs of which \$2,862,439 related to Special Education Cluster, Title I, Part A and Adult Education.

Possible Asserted Effect:

The cognizant agency could render these charges unallowable and the District could be required to repay the amounts that were charged to the grant.

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2005

Cause:

The District's policy for fiscal year 2005 was limited to the cardholder reviewing and approving his/her charges.

Recommendations:

We recommend that the District establish and implement policies and procedures by which an official knowledgeable of the grant requirements reviews and documents his/her approval of the purchases made using the Procurement Cards.

Views of Responsible Official:

The District's policy for fiscal year 2005 was limited to the cardholder reviewing and approving his/her charges. The Procurement Card Manual was revised during June 2005 and the revised manual includes the following approval controls:

Approving officials are responsible for ensuring the integrity of the Procurement Card Program by:

- Reviewing the monthly bank statement that includes each cardholder's transactions during the cycle period
- Signing off on the bank statement for each cardholder in his/her school/department
- Informing the Procurement Card Program Administrator of cardholder retirements, when an employee becomes part-time, terminations, and leaves of absence.

The contact person is Sherri Brokaw, Director of Quality Control and Improvement.

**Dallas Independent School District
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2005**

Pass-Through Grantor's Number	Federal/State Grantor-Pass Through Grantor/Program Title	Federal CFDA Number	Audit Period Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct			
S060A040194	American Indian Education	84.060A	\$ 139,350
S287A012534-03	21st Century-La Lucas A Noche	84.287A	577,356
S287A012622-03	21st Century-The New Neighborhood	84.287A	50,127
S287A011919-03	21st Century-The Beacons in the Community	84.287A	65,255
S287A012665-03	21st Century-Community of Light	84.287A	163,313
Q215E030078-04	ESEA Counseling Demonstration Program	84.215E	376,674
U215K303393	FIE Earmark Grant Awards	84.215K	67,824
057905-06	Teaching American History	84.215X	253,355
T293B040113	Foreign Languages Assistance Program	84.293B	146,446
V215L042007	Smaller Learning Communities	84.215L	999,427
	Total Direct		2,839,127
Passed Through Texas Education Agency			
05671001057905	Title III LEP	84.365A	3,842,524
05671003057905	Title III Immigrant	84.365	87,451
05691001057905	ESEA, Title IV Safe and Drug Free Schools & Comm	84.186A	1,113,850
44018	McKinney-Vento Homeless Education	84.196	25,356
55018	McKinney-Vento Homeless Education	84.196	175,911
05610101057905	ESEA, Title I, Part A	84.010A	61,198,240
4615001057905	Title I, Part C, Migrant	84.011	71,007
05615001057905	Title I, Part C, Migrant	84.011A	370,153
4612002711100006	Even Start Literacy Program	84.213C	32,802
561200171110105	Even Start Literacy Program - Hogg	84.213C	124,335
561200171110151	Even Start Literacy Program - Cochran	84.213C	111,930
5615024057905	Title I, Part C, Migrant Summer Program	84.011A	27,055
441000232104012	Adult Education Corrections/Institutionalized	84.002A	12,660
0541000171110018	Adult Education & Family Literacy Section 225	84.002A	113,775
441000132104012	Federal Adult Education Section	84.002A	17,316
0541000171110018	Adult Education & Family Literacy Section 231	84.002A	2,822,608
441000332104012	Adult Education Professional Development	84.002A	(30,224)
5466000105790566	IDEA-B Formula	84.027	23,040,882
566100105790566	IDEA-B Preschool	84.173	382,570
56600020579056673	IDEA-B Discretionary (Deaf)	84.027	82,056
56600010579056601	IDEA-B Formula (Deaf)	84.027	231,759
56610010579056611	IDEA-B Preschool (Deaf)	84.173	33,668
53911010579053911	IDEA- Part C, Early Intervention	84.181	2,426
056600040579056604	IDEA- Cap & Bldg Impr	84.027	228,848
542000605790510	Carl D. Perkins, Title I, Part C	84.048A	2,139,238
05685001057905	ESEA, Title V, Part A Innovative Programs	84.288A	1,002,380
05694501057905	ESEA, Title II, Part A Teacher and Principal Training	84.367A	11,135,122
05630001057905	ESEA, Title II, Part D, Enhancing Education Through Technology	84.318X	1,560,255
4615402711100144	Refugee Children School Impact Grant	93.576	31,144
056154027111001	Refugee Children School Impact Grant	93.578	99,983
05610103057905	ESEA, Title I, Part D, Subpart 2-Delinquent Program	84.010A	12,298
364550110210134	TX Reading First Initiative for Grades K-3	84.357A	1,049,675
0464550171110017	TX Reading First Initiative for Grades K-3	84.357A	6,336,017
566002212010	IDEA-B Visually Impaired	84.027	14,501
05610104057905002	Title I School Improvement Program, FY05	84.010A	338
05610104057905003	Title I School Improvement Program, FY05	84.010A	23,299
05610104057905006	Title I School Improvement Program, FY05	84.010A	1,465
05610104057905014	Title I School Improvement Program, FY05	84.010A	3,804
05610104057905018	Title I School Improvement Program, FY05	84.010A	24,521
05610104057905053	Title I School Improvement Program, FY05	84.010A	3,512
05610104057905008	Title I School Improvement Program, FY05	84.010A	209,753
05610104057905015	Title I School Improvement Program, FY05	84.010A	115,698
54100087110005	English Literacy & Civics Education	84.002A	101,082
46950067110011	TX 21st Century Learning Center, Cycle 1 - Success Express	84.287C	714,674
46950067110010	TX 21st Century Learning Center, Cycle 1 - Passing Zone	84.287C	760,366
46950067110009	TX 21st Century Learning Center, Cycle 1 - Bridge to Success	84.287C	849,478
057905-05	Adult Ed Engl Lit & Civics Prof Dev	93.585	3,294
46950067110007	TX 21st Century Learning Center, Cycle 1 - Neighborhood Now	84.287C	882,771
46950067110008	TX 21st Century Learning Center, Cycle 1 - The Learning Zone	84.287C	716,003
4410005711100001	Adult Education - Regional Centers for Excellence	84.002A	144,345
541000371110007	Adult Education - Regional Centers for Excellence	84.002A	152,921
46950017110007	TX 21st Century Learning Center, Cycle 2 - Achievement Connection	84.287C	832,922
46950017110010	TX 21st Century Learning Center, Cycle 2 - Project Success	84.287C	845,637
46950017110009	TX 21st Century Learning Center, Cycle 2 - After School/Lab Learning	84.287C	749,026
46950017110008	TX 21st Century Learning Center, Cycle 2 - Achievement Avenue	84.287C	803,514
56950017110006	TX 21st Century Learning Center, Cycle 3 - After-School Ambassador	84.287C	567,124
569500017110007	TX 21st Century Learning Center, Cycle 3 - The Learning Place	84.287C	541,754
04616001057905209	Title I, Part F, Comprehensive School Reform	84.332A	(17,973)
56160017110029	Title I, Part F, Comprehensive School Reform	84.332A	95,014
56160017110027	Title I, Part F, Comprehensive School Reform	84.332A	74,572
56160017110028	Title I, Part F, Comprehensive School Reform	84.332A	105,106
56160017110025	Title I, Part F, Comprehensive School Reform	84.332A	125,002
56160017110024	Title I, Part F, Comprehensive School Reform	84.332A	93,435
56160017110026	Title I, Part F, Comprehensive School Reform	84.332A	141,851

**Dallas Independent School District
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2005**

Pass-Through Grantor's Number	Federal/State Grantor-Pass Through Grantor/Program Title	Federal CFDA Number	Audit Period Expenditures
	Total Passed Through Texas Education Agency		126,993,859
	Passed Through State Department Of Health		
C5018	Special Education Grants for Infants and Families with Disabilities	84 181	1,186,736
C5018	Special Education Grants for Infants and Families with Disabilities	84 181	227,655
	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93 938	274,107
U87/CCU622615-01	Total Passed Through State Department Of Health		1,688,498
	TOTAL U.S. DEPARTMENT OF EDUCATION		131,521,486
	Passed Through State Department Of Health		
5APHPA000838-05-00	Promoting Safe and Stable Families	93 995	12,609
6APHPA002073-01	Promoting Safe and Stable Families	93 995	239,620
7560012787-2004	Abstinence Education	93 235	89,023
7560012787-2005	Abstinence Education	93 235	163,475
	Total Passed Through State Department Of Health		604,727
	Passed Through Texas Education Agency		
4362501711001	Federal-TANF	93.558	106,409
53625017110017	Federal-TANF	93.558	363,016
	Total Passed Through Texas Education Agency		469,425
	TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		974,162
	Passed Through Texas Education Agency		
N/A	National School Breakfast	10.553	8,144,931
N/A	National School Lunch	10.555	39,956,220
	Total Passed Through Texas Education Agency		48,101,151
	Direct		
	Schools/Child Nutrition Commodity Program (Noncash)	10.550	3,602,395
	Summer Feeding Program	10.559	1,025,577
	Total Direct		4,627,972
	TOTAL U.S. DEPARTMENT OF AGRICULTURE		62,729,123
	NATIONAL SCIENCE FOUNDATION		
	Direct		
	Urban Systemic Program	47.076	185
	Urban Systemic Program	47.076	34,418
	Urban Systemic Program	47.076	8,158
	Urban Systemic Program	47.076	239,189
	Urban Systemic Program	47.076	11,433
	TOTAL NATIONAL SCIENCE FOUNDATION		293,383
	OTHER FUNDING AGENCIES		
	Tools For Schools	66.606	146
	Juvenile Mentoring Program	16.726	43,965
	COPS in Schools Award	16.710	839,448
	Medicaid and School Health Related Services	93.778	898,781
	JROTC	12.000	1,537,848
	TOTAL OTHER FUNDING AGENCIES		3,320,188
	TOTAL FEDERAL ASSISTANCE		\$ 188,838,331
	Reconciliation to Exhibit H-2		
	Total Federal Assistance		\$ 188,838,331
	Less:		
	Medicaid and School Health Related Services	(898,781)	
	JROTC Expenditures	(1,537,848)	
	Indirect Cost for Federal Awards Grants	(2,670,928)	
	Add:		
	Title XI Coordinated Services		
	Revised Total Federal Assistance		183,730,773

Note

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note A to the District's Basic Financial Statements. Schools/Child Nutrition Commodity Program is a non cash transaction for \$3,602,395