



Dallas Independent School District

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016

Report Issued by the
Finance and Accounting
Services Division

Dallas Independent School District

**Dallas Independent School District
For the Fiscal Year Ended June 30, 2016**

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November 17, 2016

To the Board of Trustees and the Citizens of the Dallas Independent School District:

The Texas Education Code requires that all school districts file a set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited by a Texas certified public accountant in accordance with generally accepted auditing standards. Pursuant to this requirement, we hereby issue the Comprehensive Annual Financial Report for Dallas Independent School District (the "District" or "Dallas ISD" or "DISD") for the fiscal year ended June 30, 2016.

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

The financial statements of the District have been audited by Weaver and Tidwell LLP, a firm of certified public accountants licensed in Texas. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

DISTRICT PROFILE

The Dallas Independent School District is an independent public school district operating under applicable laws and regulations of the State of Texas providing a full range of educational services appropriate to grade levels prekindergarten through twelve. The District sits in the heart of the large, diverse and dynamic Dallas-Fort Worth metropolitan area, which has a population of approximately 7.0 million people in 12 counties in North Central Texas. The District comprises 384 square miles and encompasses all or portions of the municipalities of Dallas, Addison, Balch Springs, Carrollton, Cockrell Hill, Combine, DeSoto, Duncanville, Farmers Branch, Garland, Highland Park, Hutchins, Lancaster, Mesquite, Seagoville, University Park, and Wilmer. The District is the second-largest public school district in the state, and the 14th-largest district by enrollment in the nation. The District has no component units. DISD serves a culturally- and ethnically-diverse student population in both traditional and alternative classroom settings. The District is dedicated to providing every student the best possible education through an intensive core curriculum and specialized, challenging instructional and career programs. DISD provides a full range of programs and services for its students, including elementary and secondary courses for general, vocational, and college preparatory levels, as well as vanguard, academy, magnet, and gifted and talented programs. Academic programs are supplemented by a variety of co-curricular and extracurricular activities. In addition to the regular educational programs, the District offers programs in career and technology, special education, gifted and talented, bilingual, compensatory, and adult education. The total number of schools in the District based on TEA organization numbers was 244 schools.

In the 2015-2016 school year, the District served an ethnically and culturally diverse enrollment of 158,604 students. Our students came from homes where approximately 70 different languages are spoken. The ethnic composition was approximately 70.2 percent Hispanic, 22.6 percent African-American, 4.8 percent White, 1.3 percent Asian, and 1.1 percent other ethnicities. DISD had 21,714 full-time employees in 2015-2016.

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

Vision:

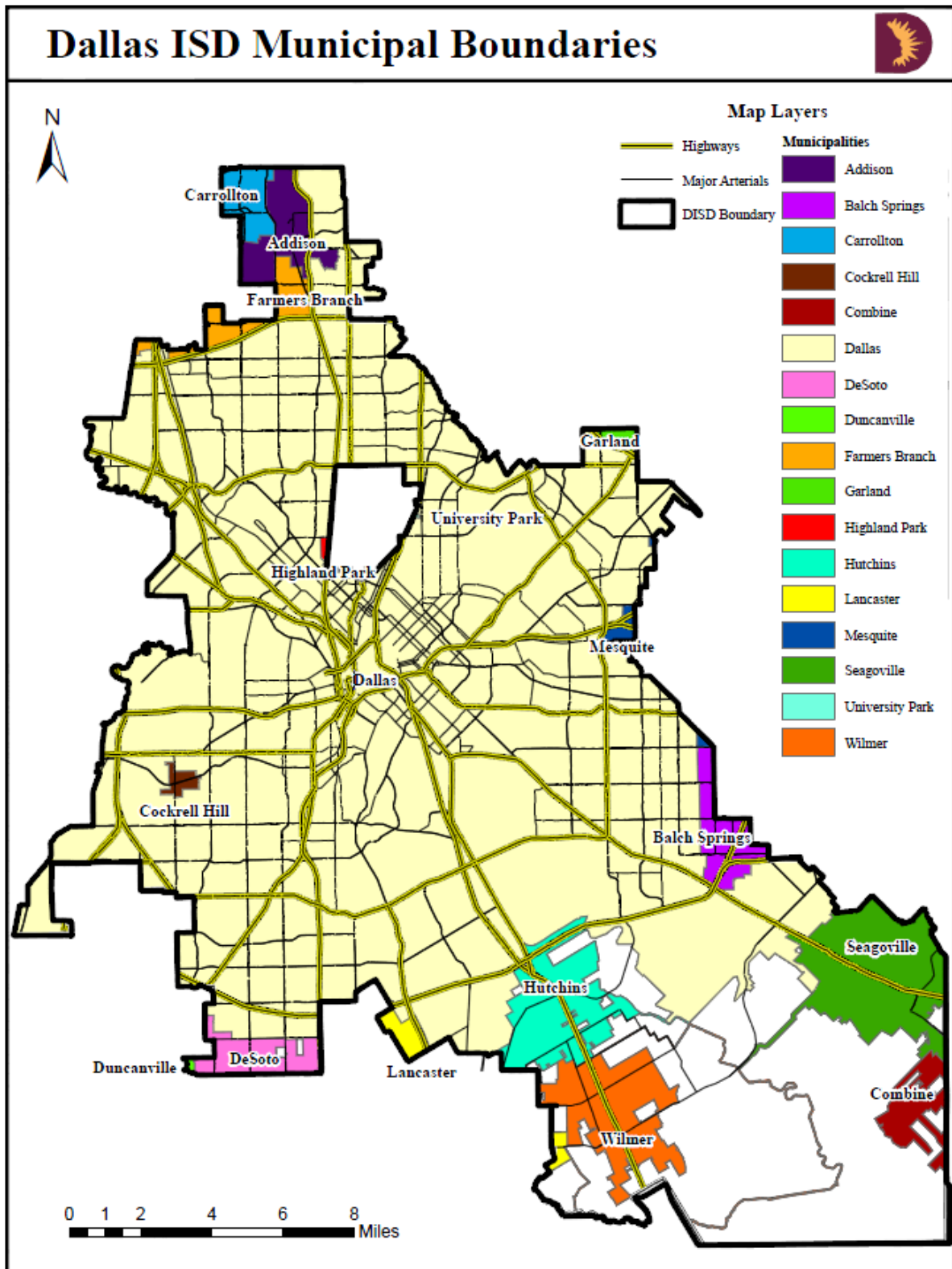
- Dallas ISD seeks to be a premier urban school district.

Mission:

- Educating all students for success

Student Achievement Goals:

- All students will exhibit satisfactory or above performance on state assessments. Students below satisfactory performance will demonstrate more than one year of academic growth.
- Dallas ISD schools will be the primary choice for families in the district.
- The achievement gap by race, ethnicity and socio-economic status will be no greater than 10 percentage points on all academic measures.
- Ninety-five percent of students will graduate. Ninety percent of the graduates will qualify for community college, college, military, or industry certification.
- Ninety-five percent of students entering kindergarten will be school-ready based on a multidimensional assessment.
- All students will participate in at least one extracurricular or co-curricular activity each year.



INSTRUCTIONAL PROGRAMS

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

Elementary School Programs. DISD had an enrollment of 87,683 students in its 155 elementary schools in 2015-2016, based on the Texas Education Agency (TEA). Most of the schools are prekindergarten through fifth grade, although some offer only primary or intermediary grade levels. The instructional program includes a foundation curriculum of reading, writing, spelling, oral language, listening, mathematics, science, and social studies, while the enrichment curriculum offers health, physical education, and fine arts. Elementary students also have co-curricular opportunities in the greater Dallas community through District-sponsored activities at museums, science and arts organizations, and DISD's Environmental Education Center. The District emphasizes for each child a consistent, challenging curriculum that surpasses state standards. Other educational programs are available to meet specific needs, including advanced academics, bilingual education, English as a second language, and special education.

Middle School Programs. DISD operated 47 middle schools (based on TEA) with a 2015-2016 enrollment of 31,535 students in grades six through eight. The middle school foundation and enrichment courses help develop concepts and skills first introduced in elementary school. Career and Technology Education courses are available to expose students to a variety of career possibilities. The Junior ROTC program is available at several middle schools.

High School Programs. There were 39,386 students enrolled in grades nine through twelve at DISD's 42 high schools in 2015-2016 (based on TEA), including comprehensive, magnet, alternative, and evening school enrollments. Students are offered advanced education in English language arts, science, mathematics, and social studies. All students must also take courses in health and physical education and at least one year of a language other than English. A wide variety of elective courses, including additional foreign language study and fine arts such as band, orchestra, choral music, art, dance, and theater, are also offered. Career and Technology Education offers courses to prepare students for careers in high-demand fields. Magnet high schools provide specialized programs for students who want to focus on a particular area of interest.

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

FINANCIAL POLICIES AND INTERNAL CONTROL

Governance. Serving without compensation, board members establish the policies by which the District operates. The Board has final control over local school matters limited only by state legislature, by the courts, and by the will of the people as expressed in school board elections. Board decisions are based on majority vote of those present. In general, the Board adopts policies, sets direction for curriculum, employs the Superintendent, and oversees the operations of the District. Trustees are charged with numerous statutory regulations including calling trustee and other school elections and canvassing the results, organizing the Board, and electing its officers. The Board is also responsible for setting the tax rate, acting as board of appeals in personnel and student matters, confirming recommendations for textbook adoptions, and adopting and amending the annual budget.

Management. The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure assets of the District are protected from loss, theft or misuse, and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of "reasonable assurance" recognizes: (1) the cost of control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management. Management believes the internal controls adequately meet the above objectives.

As a recipient of federal, state, and local grants, the District is also responsible for an adequate internal control structure that ensures compliance with applicable laws and regulations related to these grants. All funded grants are subject to testing as part of the District's Single Audit. The internal control structure is subject to periodic reviews by management.

The District also has an Internal Audit Department, headed by the Chief Internal Auditor, who reports directly to the Board. Amongst its various responsibilities, the Internal Audit Department conducts the District's Annual Risk Assessment.

Accounting System. The diverse nature of the District's operations and the necessity of legal compliance preclude recording the financial transactions of the District in a single fund. The District's accounting system is organized and operated on a "fund basis." Each fund is a distinct, self-balancing accounting entity. The operations of each fund are accounted for via a separate set of self-balancing accounts. Encumbrances expire at the end of the fiscal year, but with the Board's approval may be re-encumbered in the subsequent fiscal period with the budget amended accordingly.

Budget Adoption and Controls. The District maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget approved by the Board. Every school district in Texas is required, by law, to prepare and file a budget with TEA ("Texas Education Agency"). Activities of the General Fund, Food Service Fund, and Debt Service Fund are included in the District's formally adopted budget. Budgets for Special Revenue funds (other than the Food Service Fund) and Capital Projects Fund are prepared on a project basis, based on grant regulations or applicable bond ordinances. Budgetary control (the level at which expenditures cannot legally exceed appropriations) is maintained at the functional category level within each fund. These functional categories are defined by TEA and identify the purpose of transactions. Oversight control of all expenditures is maintained at this level by the Finance and Accounting staff.

The budget process identifies the district priorities requiring resources and allocates resources to those priorities. Budgetary control is then maintained at the function level by organizational unit through the encumbrance of estimated purchase amounts and other expenditures prior to the execution of contracts, approval of personnel transactions, or release of purchase orders to vendors. Those obligations which would result in an overrun of appropriated funds are not released until additional appropriations are made available.

Encumbrance Accounting. One method the District uses to maintain budgetary controls is to utilize an encumbrance accounting system. Outstanding encumbrances at the end of a fiscal year are rolled forward into the subsequent fiscal period with the budget amended accordingly. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

THE ECONOMIC CONDITION OF THE DISTRICT

THE ECONOMIC OUTLOOK AND LONG-TERM REVENUE FORECAST

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

Local Revenue. Like other school districts, Dallas ISD is largely funded through property taxes. Revenue from local sources represented approximately 66.6 percent of Dallas ISD's General Fund total revenue in fiscal year 2016. The taxable value base is diversified among commercial, residential, and business personal property. In fiscal year 2016, the District's top ten taxpayers comprised only 5.6 percent of the District's total taxable value and no one taxpayer had a significant impact on the District's property tax income. The Dallas metropolitan area is home to several Fortune 500 Companies, and the city's diversified economy shields the area from large swings in unemployment. The Dallas-Fort Worth area had a comparatively low unemployment rate of 3.8 percent as of March 2016. Major industries in the city include professional and business services, transportation, manufacturing, utilities, education, health services, and leisure and hospitality.

The District's 2015 certified net taxable property value of \$92.4 billion represented a 7.95 percent increase over the District's fiscal year 2014 certified net taxable property value of \$85.6 billion. The District's certified net taxable property value for 2016 increased by 9.19 percent versus 2015 to \$100.9 billion. The increase is attributable to a strong Dallas-Fort Worth economy. Net taxable property values are projected to grow 9 percent annually through the 2018 tax year and thereafter 8 percent annually through the 2020 tax year. It is assumed that an M&O tax rate of \$1.040050 per \$100 valuation will be levied, and the estimated tax collection rate will remain at 98 percent through the forecast period.

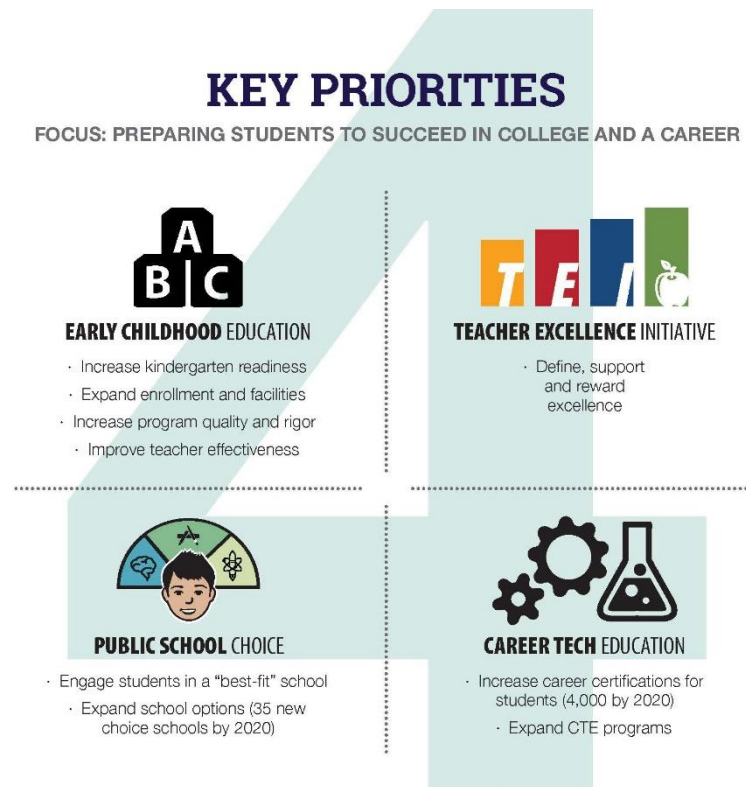
State Revenue. In May 2015, the 84th Legislature put \$1.2 billion back into public education for the 2015-2016 biennium related to the Basic Allotment - \$860 million related to the Austin Yield, and \$1.2 billion for an increase in the state mandated homestead exemption - for a total of \$3.26 billion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

Student enrollment heavily influences Average Daily Attendance, which is one of the drivers of state revenue. Student enrollment grew slightly each year after 2009-10, rising to 160,253 in fiscal year 2014-15, but fell 1.03% in 2015-16 to 158,604. The 2016-17 student enrollment is projected to increase to 159,310.

Federal Revenue. The District is projected to add the Build America Bonds (BABs) and Qualified School Construction Bonds (QSCBs) rebates to the General Operating Fund revenues for fiscal year 2016-17 through fiscal year 2018-19. The subsidies end in 2035 and 2033, respectively. BABs and QSCBs are taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or the bondholder. There is flexibility to deposit the tax rebate into the General Operating Fund or the Interest and Sinking (I&S) Fund. Management made the decision to move the subsidy rebate to the Maintenance and Operations (M&O) General Fund.

OPERATIONAL INVESTMENT: IMPROVING STAFF AND EXPANDING EDUCATIONAL PROGRAMS

The District continues to transform itself in pursuit of the vision to become a premier urban district and the mission to educate all students for success. The ultimate goal of our strategic plan to raise student achievement for all students is based on graduating students prepared to succeed in college and a career. The District is pursuing this priority on multiple fronts:



Focus on the Classroom.

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

Early Learning.

Increased publicity and public awareness about the brief window of time during which a child’s brain develops has prompted more demand for early childhood education options, which the District has addressed with a renewed emphasis on early learning programs. This emphasis has ramped up investment in early childhood education initiatives to accommodate a growth in pre-K registrations and provide support for hundreds of teachers through the addition of new pre-K specialists and coaches.

College Readiness and Career and Technical Education.

At the other end of the K-12 spectrum from early learning, the District is making significant efforts to not only increase college readiness but to expand opportunities for students to pursue post-high school education. Virtually every District high school now offers career and technical programs aimed at preparing high school students to graduate ready to either pursue a college degree or to enter a career that provides a living wage. In support of this initiative, the District has created eight new early college high schools that offer students the opportunity to earn dual high school and college credit tuition-free. Housed in special wings of our comprehensive high schools, each early college program is partnered with one of the seven community colleges in the Dallas County Community College District as well as an industry partner. The colleges are providing instructional and program support, and the industry partners are providing internship and mentoring to stimulate interest in earning a college degree among our students, many of whom are the first in their families to attend college.

School Choice.

The expansion of Public School Choice options has taken a leap forward with the roll-out of an annual competitive proposal process that seeks to launch thirty-five Choice Schools by the year 2020. By expanding choice options, the District is seeking to attract families of diverse backgrounds who are looking for options that best fit their children's strengths, needs and interests. As of June 2016, the District has formally launched thirteen Choice Schools ranging from Personalized Learning and Leadership schools to Single-Gender schools and others specializing in Science, Technology, Engineering, Art, and Math (STEAM). Growth in the number of Choice Schools is increasing the education options for students and student success.

Investing in People.

In January 2013, the Board of Trustees approved a new principal evaluation system that ties principal evaluations to student achievement results. Rigorous evaluations of principals resulted in a sizeable turnover of principals at the end of the 2012-2013 school year. In August 2013, sixty-two new principals (out of 223) started in the District. The development of principals under the new system continued in the 2013-2014 school year. Starting with the 2014-2015 school year, the District tied principal compensation to the evaluations, and the system of compensation continues for 2016-2017.

For several years, the District leadership envisioned a new teacher evaluation system that linked compensation to performance, however the implementation of such a system was delayed as the District first focused on developing school leaders into instructional leaders. After two years of rigorous and extensive development of principals, in August 2014, the District implemented the Teacher Excellence Initiative (TEI), a fair, accurate and rigorous teacher evaluation system that ties teacher evaluations to student achievement and performance results. TEI differentiates compensation and awards higher salaries to teachers who get strong results. The first month of payments to teachers under the TEI system began in October 2015, retroactive to September 2015, and the system of compensation continues for 2016-2017.

Strengthening our Systems.

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

In October 2012, the District identified 32 key areas in need of improvement. Many of these areas involved systemic problems that had plagued the District for decades. Over the course of the 2013-2014 and 2014-2015 school years, the District prioritized the actions required to significantly improve in each of the 32 areas and created a Project Management Office to coordinate and support the execution of the prioritized actions. The collaboration among schools and central office departments led to a number of firsts in Dallas ISD. For example, as a result of fundamental changes in hiring and recruitment processes, the number of classroom teacher vacancies at the beginning of the 2014-2015 and 2015-

2016 school years decreased dramatically. While beneficial to classroom instruction, low vacancy rates have the potential of increasing actual payroll costs relative to budgeted payroll costs. As of September 2016, on a year-over-year basis the districtwide vacancy rate was at its lowest level in recent history.

Engaging Parents and the Community.

In order to significantly improve academic outcomes for at-risk students, schools need the support of parents, guardians and community members. The District will continue to be purposeful in helping community volunteers and partners work in reinforcing ways. A great number of legislators, foundations, non-profits, and other stakeholders have expressed a commitment to help the District move forward along with the expectation that the District will do what it takes to improve. The Volunteer and Partnership Services Department continues to assist with the coordination of volunteer activities and help schools take advantage of the support parents and other stakeholders are eager to provide.

FACILITIES NEEDS AND CAPITAL PROJECTS INVESTMENTS

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

At the time of the 2013 Facilities Condition Assessment, DISD facilities dated from 1909 to 2013, with the median age of all facilities being 47 years and a median year built of 1966. According to the National Center for Educational Statistics (NCES), the Dallas ISD average coincided with the national average of 42 years for all educational facilities nationwide. The 269 school and non-school facilities used as administrative, special purpose, transportation, maintenance, support, or warehouses, and their associated buildings and grounds, were in overall “Fair” condition with a combined facility condition index (FCI) of 22.10%. General or ordinary maintenance of facilities was deemed to be good. However, deferred maintenance in the form of expired building systems and unfunded capital repairs totaled about \$1.8 billion in current deficiencies as of 2013, and about \$4.4 billion in total needs through 2025.

2008 Dallas ISD Bond Program. The District’s 2008 Bond Program began after the first sale of bonds in December 2008. Under the leadership and supervision of the Construction Services Department, the \$1.35 billion is improving and building District facilities. This includes \$96 million for technology improvements to campuses. As of June 30, 2016, the Program scope consisted of 252 projects, including 14 new facilities, 15 addition/renovations, 17 expansion/renovations and 206 straight renovation projects. The completion of construction is targeted for 2016. As of June 30, 2016, 250 of the 252 projects had reached substantial completion, including all Phase One, Two, and Three projects and nine of the eleven Phase Four projects. The remaining two Phase Four projects were moving forward in the construction phase. Overall, the entire 2008 bond program is within budget.

2013 Dallas ISD Qualified School Construction Bond Program. Approved by Dallas ISD Board of Trustees for \$143.3 million on August 22, 2013, Phase I of the program provided improvements to 47 existing District facilities. The improvements include renovating / converting science labs at middle schools and converting steam heating systems to hydronic heating systems. Savings achieved through Phase I allowed for an additional 45 Phase II projects, which include HVAC equipment replacements and roof replacements. The program is being executed with overall construction completion targeted in 2016.

2015 Dallas ISD Interim Bridge Plan. Approved by the Dallas ISD Board of Trustees for \$148 million on March 26, 2015, the Interim Bridge Plan includes re-opening or repurposing four campuses; renovating and or making additions to address critical needs at ten campuses; renovating three future innovation schools; launching new transformation schools; and expanding pre-kindergarten space at nine campuses. The total approved \$148.0 million in funds were from the following sources: 2008 Bond Program Funds (\$30.0 million), Maintenance Tax Notes (\$75.0 million) and Dallas ISD 2015 Bond Program Funds (\$43.0 million).

2015 Dallas ISD Bond Program. Voters approved the \$1.59 billion bond referendum on November 3, 2015. The \$1.59 billion program includes nine new campuses (\$464.8 million); 326 new classrooms and expanded facilities (\$195.3 million); educational adequacy improvements, including new technology, science labs, libraries, and gym/locker room enhancements (\$233.3 million); new educational programs including prekindergarten expansion, and career and technical programs (\$92.6 million); capital improvements such as new roofs, HVAC, windows and doors, plumbing, and site improvements (\$500.0 million); and land acquisition, demolition and early priority projects (\$105.1 million). This includes \$43 million reimbursements to the General Fund for the Interim Bridge Plan.

AWARDS

At June 30, 2016, the total fund balance in the General Fund was \$382.6 million, representing a \$25.1 million increase compared to the prior year. The District's administration continues to manage the District's finances with the goal of growing the General Fund balance to ensure that needed resources are available to provide for future needs. The administration continues to earn recognition for prudent fiscal management, and to receive awards for financial reporting and budget presentation.

The FIRST (Financial Integrity Rating System of Texas) program is a financial accountability system for Texas school districts that was developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. FIRST measures and rates districts' financial performance, towards the dual goals of improving the quality of Texas school districts' financial management practices, and encouraging districts to provide the maximum possible allocation of district resources toward direct instructional purposes. The District was awarded the Superior Achievement rating for its fiscal year ended June 30, 2015. The Superior Achievement rating is the state's highest financial rating, and demonstrates the soundness of Dallas ISD's financial management practices.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the District published a Comprehensive Annual Financial Report (CAFR) in which contents conformed to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. We believe this fiscal 2016 CAFR continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.


The District received the Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting Award for the fiscal year June 30, 2015. This award certifies that the CAFR substantially conforms to the principles and standards of financial reporting as recommended and adopted by the ASBO. A Certificate of Excellence is valid for a period of one year. We believe this fiscal 2016 CAFR continues to meet the Certificate of Excellence program requirements, and we are submitting it to the ASBO to determine its eligibility for another certificate.


The GFOA also presented a Distinguished Budget Presentation Award to the District for its 2015-16 fiscal year budget. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year. We believe the 2016-17 fiscal year budget continues to conform to program requirements, and will submit it to GFOA to determine its eligibility for another award.


The District received the ASBO Meritorious Budget Award for its 2015-16 fiscal year budget. This award certifies that the budget adheres to the principles and standards of the ASBO criteria. A Meritorious Budget Award is valid for a period of one year. We believe the 2016-17 fiscal year budget continues to conform to the program requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

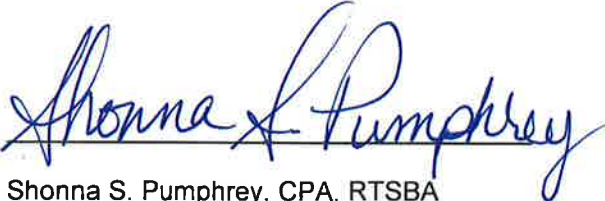
ACKNOWLEDGMENTS

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



Michael Hinojosa, Ed.D.
Superintendent of Schools

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

Edward Sorola, RTSBA
Executive Director of Finance and Accounting Services

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



Government Finance Officers Association

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

Presented to

**Dallas Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Dallas Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ending June 30, 2015**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Dallas Independent School District
Texas**

For the Fiscal Year Beginning

July 1, 2015

Executive Director



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

This Meritorious Budget Award is presented to

DALLAS INDEPENDENT SCHOOL DISTRICT

For excellence in the preparation and issuance of its budget
for the Fiscal Year 2015-2016.

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

Board of Trustees



Dan Micciche
President
District 3: Northeast
Dallas



Edwin Flores
First Vice President
District 1: Northwest
Dallas, including North
Dallas, Addison, and
parts of Carrollton and
Farmers Branch



Audrey Pinkerton
Second Vice President
District 7: North Central
Oak Cliff and parts of
West Dallas



Jaime Resendez
Board Secretary
District 4: Southeast
Dallas, Seagoville, Balch
Springs



Dustin Marshall
District 2: North and Near
East Dallas



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



Joyce Foreman
District 6: Southwest
Dallas



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



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



Certificate of the Board

Dallas Independent School District
Name of School District

Dallas
County

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

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended June 30, 2016, at a meeting of the Board of School Trustees of such school district on the 17th day of November, 2016.

Benedetto Nuttall *SECRETARY PRO TEM* Don Min
Signature of Board Secretary Signature of Board President

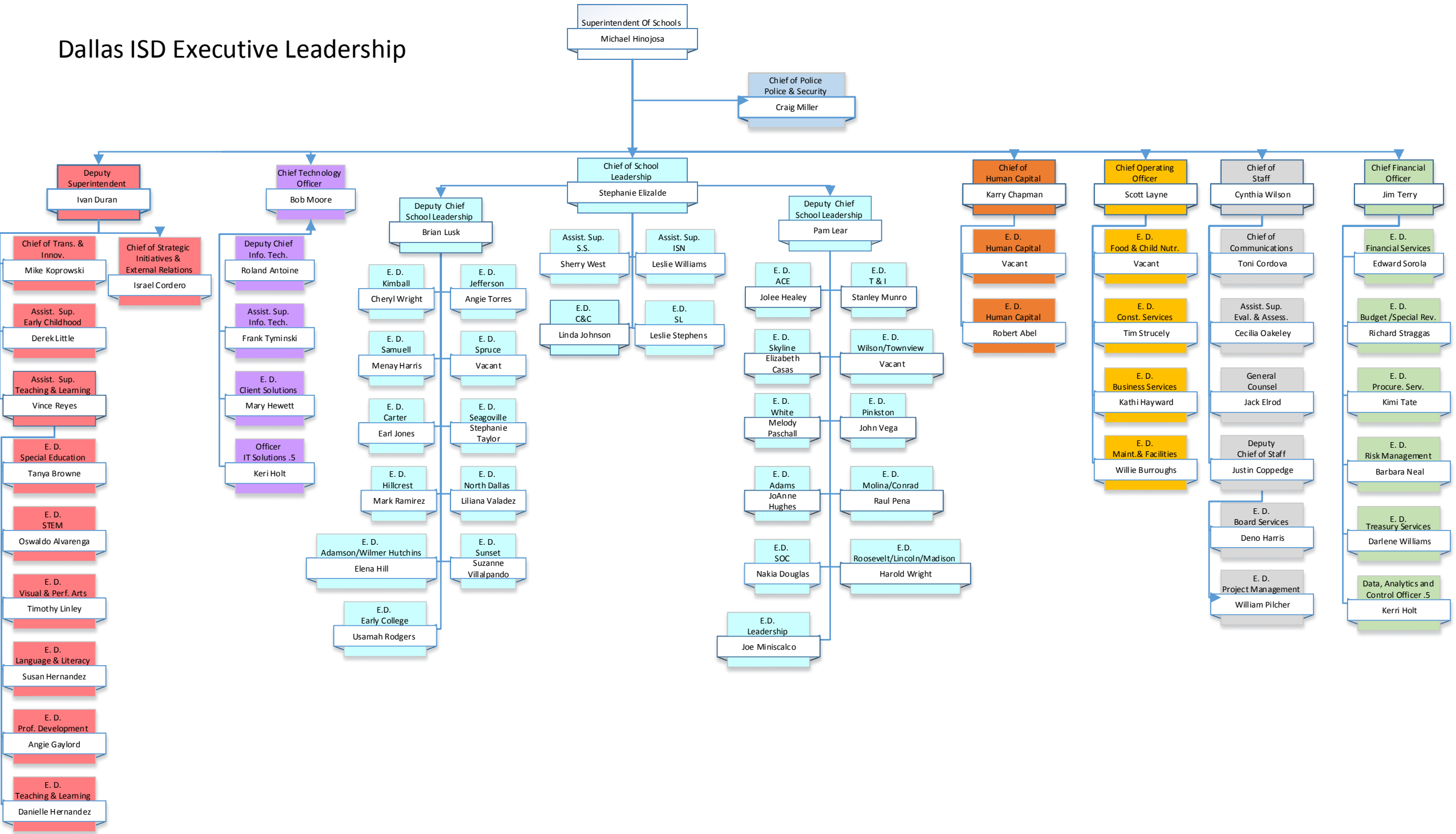
Dallas Independent School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

ADMINISTRATIVE OFFICIALS

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

Dr. Ivan Duran.....	Deputy Superintendent
Karry Chapman.....	Chief of Human Capital Management
Mike Koprowski.....	Chief of Transformation and Innovation
Israel Cordero.....	Chief of Strategic Initiatives and External Relations
Craig Miller.....	Chief of Police
Scott Layne.....	Chief Operating Officer
Bob Moore.....	Chief Technology Officer
Mike Singleton, CPA.....	Chief Internal Auditor
Dr. James Terry, CPA	Chief Financial Officer
Dr. Cynthia Wilson.....	Chief of Staff
Stephanie Elizalde.....	Chief of School Leadership
Toni Cordova.....	Chief of Communications

Dallas ISD Executive Leadership





INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Dallas Independent School District
Dallas, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dallas Independent School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and notes to the budgetary comparison, and TRS pension schedules and notes to the TRS pension schedules on pages 5 through 16, 64 and 65, and 66 through 68, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

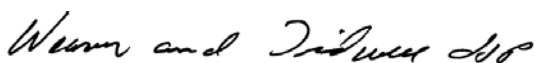
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and other statements, required Texas Education Agency schedules and statistical section are presented for purposes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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 17, 2016

Dallas Independent School District

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2016**

This section of the District's CAFR discusses and analyzes the District's financial performance for the fiscal year ended June 30, 2016. The intent of this management discussion and analysis is to look at financial performance as a whole. Therefore, readers should also review the transmittal letter, financial statements, and the notes to the basic financial statements to further enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

The District's total combined net position as presented on the Government-wide Statement of Net Position was \$475.4 million. For the year ended June 30, 2016, the net position of the District decreased by \$81.8 million.

The District's governmental funds financial statements reported a combined ending fund balance of \$1,349.9 million. This balance consists of \$382.6 million in the General Fund of which \$275.8 million is assigned, \$8.4 million is non-spendable, and \$98.4 million is unassigned and available for spending at the District's discretion. Restricted fund balance totals \$956.4 million and is used by the Debt Service Fund, Capital Projects Fund and Non-Major Funds. Fund balance in the Non-Major Funds also consists of \$6.8 million in non-spendable and \$4.1 million in assigned.

For the year ended June 30, 2016, total revenue from all sources was \$2.0 billion. Program revenues accounted for \$366.8 million of total revenues. General revenues and special items accounted for \$1.6 billion.

The General Fund had \$1.4 billion in revenues, which primarily consisted of state aid and property taxes and \$1.4 billion in expenditures in addition to a \$43.0 million transfer in from the Capital Projects Fund to reimburse the General Fund for the Interim Bridge loan used to renovate, reopen and repurpose various facilities within the District. This resulted in an increase to the fund balance of \$25.1 million.

The District issued a total of \$75 million in Multi-Modal Limited Maintenance Tax Notes, \$305.8 million in Series 2016A Unlimited School Building Bonds, and \$266.4 million in Series 2016B Multi-Modal Unlimited School Building Bonds for maintenance, renovation and construction of school facilities.

On June 30, 2015, Standard and Poors ("S&P") raised its underlying credit rating on the District's unlimited and limited tax debt from "AA-" to "AA". On June 30, 2016, the District's bonds presently carry ratings as follows: Moody's Investor Series "Aaa", Standard & Poors "AAA" and Fitch "AAA" as guaranteed by the Permanent School Fund (PSF). The District's underlying debt ratings are Aa1 from Moody's, AA from Standard & Poor's, AA+ from Fitch. For more information on the District's long-term debt, see Note I in the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Position presents information on all of the District's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Over time, increases or

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2016**

decreases in the District's net position may serve as a useful indicator of the District's financial health. The Statement of Net Position includes all of the District's non-fiduciary assets and liabilities.

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

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

The District has three kinds of funds:

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

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

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

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

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2016**

Exhibit 1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section explains the structure and contents of each of the statements.

**Exhibit 1
Major Features of the District's Government-wide
and Fund Financial Statements**

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

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's combined net position between fiscal years 2016 and 2015 decreased by \$81.8 million. The District's net investment in capital assets is \$19.3 million and includes investments in capital assets (e.g. land, building, equipment, improvements, and construction in progress) less any debt used to acquire those assets that is still outstanding.

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

Of the remaining net position, \$254.3 million are restricted resources subject to external restrictions on how they are used and \$201.8 million are unrestricted resources available to meet the District's ongoing obligations.

Exhibit 2 provides a summary of the Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position for governmental activities for years ended June 30, 2016 and 2015, respectively.

**Exhibit 2
Net Position
Governmental Activities**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>\$ Change Increase/ (Decrease)</u>	<u>% Change Increase/ (Decrease)</u>
Current and Other Assets	\$ 1,705,093,440	\$ 1,114,617,478	\$ 590,475,962	53.0%
Capital Assets	2,542,913,333	2,493,727,226	49,186,107	2.0%
Total Assets	<u>4,248,006,773</u>	<u>3,608,344,704</u>	<u>639,662,069</u>	<u>17.7%</u>
Deferred Outflows of Resources	<u>266,356,345</u>	<u>166,078,106</u>	<u>100,278,239</u>	<u>60.4%</u>
Current Liabilities	291,023,658	278,009,958	13,013,700	4.7%
Long Term Liabilities	3,716,131,453	2,863,106,678	853,024,775	29.8%
Total Liabilities	<u>4,007,155,111</u>	<u>3,141,116,636</u>	<u>866,038,475</u>	<u>27.6%</u>
Deferred Inflows of Resources	<u>31,795,743</u>	<u>76,129,444</u>	<u>(44,333,701)</u>	<u>(58.2%)</u>
Net Position:				
Net Investment in				
Capital Assets	19,321,452	222,450,356	(203,128,904)	(91.3%)
Restricted	254,277,208	154,385,740	99,891,468	64.7%
Unrestricted	201,813,604	180,340,634	21,472,970	11.9%
Total Net Position	<u>\$ 475,412,264</u>	<u>\$ 557,176,730</u>	<u>\$ (81,764,466)</u>	<u>(14.7%)</u>

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2016**

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

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>\$ Change Increase/ (Decrease)</u>	<u>% Change Increase/ (Decrease)</u>
Revenues				
Program Revenues:				
Operating Grants and Contributions	\$ 361,222,410	\$ 356,499,886	\$ 4,722,524	1.3%
Charges for Services	5,582,095	7,855,351	(2,273,256)	(28.9%)
General Revenues:				
Investment Earnings	8,457,518	3,084,819	5,372,699	174.2%
Property Taxes	1,122,388,194	1,053,942,392	68,445,802	6.5%
State Aid	345,639,301	346,230,033	(590,732)	(0.2%)
Grants and Contributions, Unrestricted	81,703,893	87,298,011	(5,594,118)	(6.4%)
Other	36,477,865	25,615,604	10,862,261	42.4%
Total Revenues	<u>1,961,471,276</u>	<u>1,880,526,096</u>	<u>80,945,180</u>	<u>4.3%</u>
Expenses				
Instruction	998,278,934	918,378,917	79,900,017	8.7%
Instructional Resources and Media Services	25,176,186	24,268,027	908,159	3.7%
Curriculum and Staff Development	58,250,759	50,396,457	7,854,302	15.6%
Instructional Leadership	36,526,926	31,039,518	5,487,408	17.7%
School Leadership	107,487,393	94,868,296	12,619,097	13.3%
Guidance, Counseling and Evaluation Services	73,248,880	66,733,501	6,515,379	9.8%
Social Work Services	3,313,751	2,965,574	348,177	11.7%
Health Services	21,511,094	20,099,689	1,411,405	7.0%
Student (Pupil) Transportation	53,830,113	46,322,785	7,507,328	16.2%
National Breakfast and Lunch	118,626,758	107,517,917	11,108,841	10.3%
Cocurricular/Extracurricular Activities	36,421,282	30,184,490	6,236,792	20.7%
General Administration	53,243,020	48,175,732	5,067,288	10.5%
Facilities Maintenance and Operations	166,498,335	145,367,996	21,130,339	14.5%
Security and Monitoring Services	21,386,056	23,283,265	(1,897,209)	(8.1%)
Data Processing Services	46,293,855	44,278,942	2,014,913	4.6%
Community Services	13,166,512	12,067,736	1,098,776	9.1%
Debt Service - Interest on Long Term Debt	199,431,914	27,515,111	171,916,803	624.8%
Debt Service - Bond Related Fees	4,410,076	4,427,183	(17,107)	(0.4%)
Facilities Acquisition and Construction	1,336,580	33,668	1,302,912	3869.9%
Payments to Juvenile Justice Alt. Ed. Prg.	5,622	6,762	(1,140)	(16.9%)
Other Intergovernmental Charges	4,791,696	4,578,190	213,506	4.7%
Total Expenses	<u>2,043,235,742</u>	<u>1,702,509,756</u>	<u>340,725,986</u>	<u>20.0%</u>
Increase (decrease) in Net Position	<u>(81,764,466)</u>	<u>178,016,340</u>	<u>(259,780,806)</u>	<u>(145.9%)</u>
Net Position - Beginning	557,176,730	665,250,027	(108,073,297)	(16.2%)
Restatement of Beginning Net Position	-	(286,089,637)	286,089,637	(100.0%)
Net Position - Beginning, as restated	<u>557,176,730</u>	<u>379,160,390</u>	<u>178,016,340</u>	<u>47.0%</u>
Net Position - Ending	<u>\$ 475,412,264</u>	<u>\$ 557,176,730</u>	<u>\$ (81,764,466)</u>	<u>(14.7%)</u>

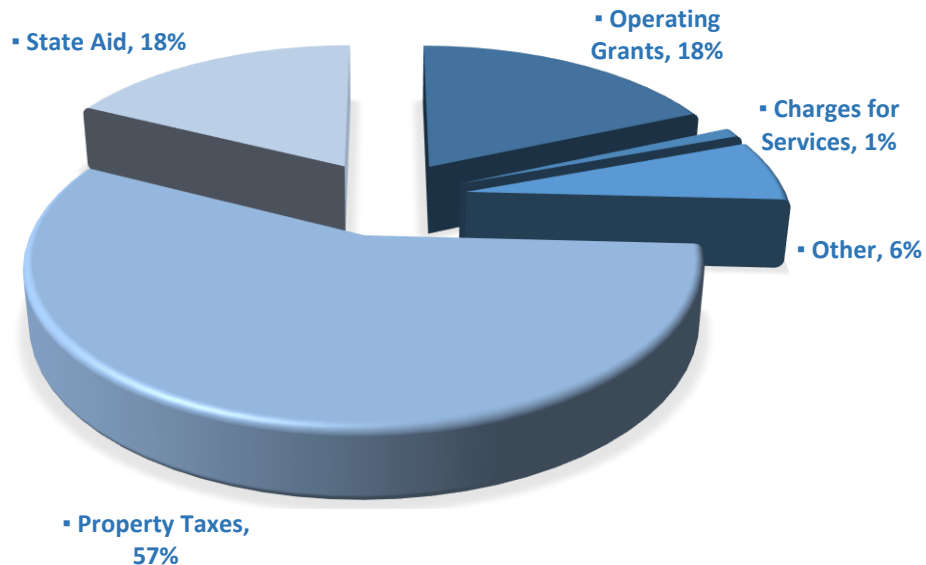
**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2016**

The District's total revenues increased \$80.9 million, or 4.3%, over the prior year due to an increase of \$68.4 million in property tax revenue, and an increase of \$10.9 million in other revenues primarily composed of funds received from the Schools and Libraries Program of the Universal Service Fund, commonly referred to as "E-Rate".

- The \$79.9 million increase in instructional expenses is primarily due to an increase in teacher salaries resulting from the new Teacher Excellence Initiative (TEI) evaluation and incentive program where 99.1% of teachers received an average increase in salary of 9% up to \$5,000.
- The \$21.1 million increase in facility and maintenance expenses is due to the renovation of the Barbara M. Manns Education Center, and completion of various District maintenance and repair projects.
- The \$171.9 million increase in debt service-interest on long term debt is primarily due to the issuance of \$572.2 million of Unlimited Tax School Building Bonds and \$75.0 million of Multi-Modal Limited Maintenance Tax Notes and existing debts.

Other Financial Highlights. For the year ended June 30, 2016, the District's total revenues were \$2.0 billion. Approximately 57% of the District's revenue was generated from property taxes, 18% was state aid, 18% from operating grants and the remaining 7% was generated from miscellaneous revenue sources (See Exhibit 4).

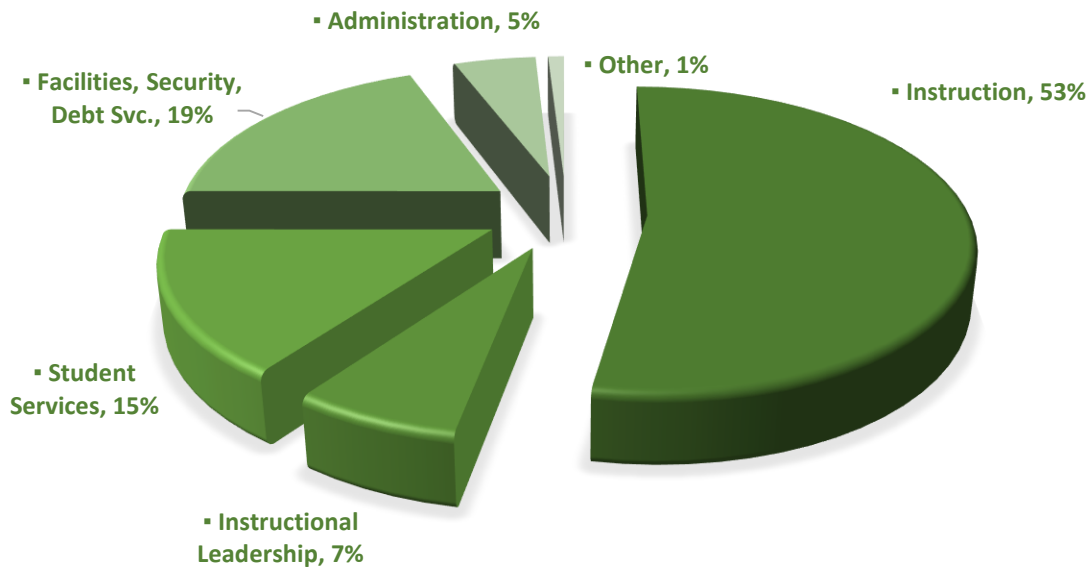
**Exhibit 4
Sources of Revenue
Governmental Activities**



**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2016**

For the year ended June 30, 2016, the District's total cost of all programs and services was \$2.0 billion. Approximately 53% of the District's governmental activities were dedicated to instructional areas. Direct student services, such as counseling, nursing, and transportation services, comprised 15% of governmental expenses. The costs to operate facilities, including utilities, security services and debt payments comprised 19% of the cost of all programs (See Exhibit 5).

**Exhibit 5
Expenditure Allocations
Governmental Activities**



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

For the fiscal year ended June 30, 2016, the District's governmental funds reported ending fund balances of \$1.3 billion. Of this amount, \$98.4 million constitutes unassigned fund balance available for use in activities at the District's discretion. The remainder of the fund balance is designated as non-spendable, restricted or assigned, to indicate that it is not available for new spending because it has already been purposed for bond projects, debt service and other obligations of the District.

The General Fund is the chief operating fund of the District. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to the total fund expenditures. Unassigned fund balance represents 6.8% of the total General Fund expenditures, while total fund balance represents 26.5% of that same amount.

The Debt Service Fund has a total fund balance of \$134.4 million which is restricted for the payment of debt service requirements. The Capital Projects Fund balance increased by \$544.1 million to \$803.0 million. This is due to the issuance of Unlimited Tax School Building bonds and proceeds received from General Fund Maintenance Tax notes. Non-Major Governmental Funds have a total fund balance of \$29.8 million representing a decrease for the current year of \$3.2 million.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2016**

Capital Assets. At June 30, 2016, the District had \$2.5 billion of capital assets, net of depreciation and loss on disposition of assets, including land, equipment, buildings, and vehicles. This amount represents a net increase of \$49.2 million or 1.97% over last year (See Exhibit 6.)

**Exhibit 6
District's Capital Assets**

	June 30, 2016	June 30, 2015	\$ Change	% Change
Land	\$ 207,321,469	\$ 206,440,314	\$ 881,155	0.43%
Building and Improvements	3,482,978,400	3,337,079,993	145,898,407	4.37%
Furniture and Equipment	217,616,191	244,952,116	(27,335,925)	-11.16%
Total	3,907,916,060	3,788,472,423	119,443,637	3.15%
Accumulated Depreciation	(1,430,236,337)	(1,379,539,416)	(50,696,921)	3.67%
Net Book Value, net of CIP	2,477,679,723	2,408,933,007	68,746,716	2.85%
Construction in Progress	65,233,610	84,794,219	(19,560,609)	-23.07%
Net Book Value	\$ 2,542,913,333	\$ 2,493,727,226	\$ 49,186,107	1.97%

For the year ended June 30, 2016, the District's capital spending totaled \$167.7 million in land, construction in progress, buildings and improvements and capital equipment. These expenditures resulted primarily from the projects committed to the 2008 bond program.

The capital project program is for improving the District's facilities and technology infrastructure. The capital projects program currently consists of the 2008 \$1.35 billion bond authorization, 2013 \$143.3 million Limited Maintenance Tax Qualified School Construction Notes, 2015 \$75 million Multi-Modal Limited Maintenance Tax Notes (Bridge program) and 2015 \$1.6 billion bond authorization. The 2008 and 2015 bond authorizations have \$96 million and \$100 million targeted for technology needs respectively. In addition, \$67.8 million in land, building and capital equipment were retired during the year. For more information on the District's capital assets see Note H in the financial statements.

Debt Administration. For the year ended June 30, 2016, the District had \$3.7 billion in long-term debt outstanding. This represents a net increase of \$853 million, or 29.8%, over last year. (See Exhibit 7).

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

	June 30, 2016	June 30, 2015	Change Increase/ (Decrease)	% Change Increase/ (Decrease)
Bonds and notes payable	\$ 3,057,490,000	\$ 2,514,250,000	\$ 543,240,000	21.6%
Workers compensation liability	9,574,668	9,925,530	(350,862)	(3.5%)
Premium on bonds	221,917,322	90,063,196	131,854,126	146.4%
Net Pension Liability (District's Share)	427,149,463	248,867,951	178,281,512	71.6%
Long Term Debt Outstanding	\$ 3,716,131,453	\$ 2,863,106,677	\$ 853,024,776	29.8%

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2016**

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

BUDGETARY HIGHLIGHTS

During the fiscal year ended June 30, 2016, the Board amended the General Fund operating budget on a monthly basis. These amendments fall into the following categories:

- Amendment approved to recognize additional revenue of \$10.9 million from 2012 Property Taxable Value audit partially offset by \$1.0 million attorney fee for representation during 2012 Property Tax Value audit.
- Amendment approved to recognize additional revenue of \$1.8 million due to Foundation School Program settle-up payment for Fiscal Year 2014-2015.
- Amendment approved to recognize additional revenue of \$0.009 million for reimbursement from TEA for 2015 FITNESSGRAM training kit.
- Amendment approved to recognize additional revenue of \$0.02 million from 2011 Property Taxable Value audit.
- Amendment approved to increase E-rate reimbursement revenue by \$1.12 million with a corresponding \$1.12 million increase in E-rate related expenditures.
- Amendment approved to increase Other Financing Sources \$75.0 million for issuance of 2015 Maintenance Tax Notes and increase Other Financing Uses of \$74.3 million for construction of campus facilities.
- Amendment approved to recognize \$0.17 million revenue due to sale of DISD real/personal property.
- Amendment approved to increase E-rate reimbursement revenue by \$1.78 million with a corresponding \$1.78 million increase in E-rate related expenditures.
- Amendment approved to increase investment revenue by \$0.30 million due to higher interest rates and offset with a corresponding \$0.30 million increase in bank fees.
- Amendment approved for increase of TRS On-Behalf revenue of \$5.0 million with a corresponding \$5.0 million offset in TRS On-Behalf expenditures.
- Amendment approved for increase in revenue of \$0.06 million due to insurance proceeds received for missing/stolen student laptops. Revenue offset by increase in expenditures of \$.06 million to purchase replacements.
- Amendment approved for increase in revenue of \$0.34 million due to insurance proceeds received for Woodrow Wilson High School fire damages. Revenue offset by increase in expenditures of \$0.34 million to repair fire damage.
- Amendment approved for \$43 million increase in revenue from proceeds of 2016A bonds reimbursed to general operating funds for \$43 million loan to Bridge Plan Fund 635.
- Amendment approved to decrease local revenue by \$19.0 million based on revised projections.
- Amendment approved to recognize additional revenue of \$11.1 million from 2013 Property Taxable Value audit partially offset by \$0.02 million attorney fee for representation during 2013 Property Tax Value audit.
- Amendment approved to increase E-rate reimbursement revenue by \$14.4 million with a corresponding \$14.4 million increase in E-rate related expenditures.
- Amendment approved to increase expenditures by \$4.6 million for repairs of hail and freeze damage of Dallas ISD facilities not completed.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2016**

- Amendment approved to increase expenditures \$1.9 million for Assessments/Interventions contract.
- Amendment approved to increase expenditures by \$0.03 million to fund nurse position at Samuell High School.
- Amendment approved to increase expenditures by \$0.7 million for underwriter discount and cost of issuance.
- Amendment approved to increase fiscal year 2015-2016 expenditures by amount of unspent purchase order balances from fiscal year 2014-2015 totaling \$18.3 million.
- Amendment approved to increase expenditures by \$0.003 million to provide general operating funds to food services for travel overages due to federal rule changes.
- Amendment approved to increase expenditures by \$0.3 million for campus athletic equipment.
- Amendment approved to increase expenditures by \$1.29 million for Barbara M. Manns Education Center renovations.
- Amendment approved to increase expenditures by \$0.009 million for 2015 FITNESSGRAM training kit-reimbursed by TEA.
- Amendment approved to increase expenditures by \$6.8 million for payment due to maturing of the 2001 Qualified Zone Academy Bonds.
- Amendment approved to increase expenditures by \$0.22 million for back pay per Commissioner's decision ruling on creditable years of services for teachers in accredited private schools in the Philippines.
- Amendment approved to increase expenditures by \$0.19 million for reimbursement to Universal Service Administrative Company for E-Rate funds received for services not provided by AT&T.
- Amendment approved to increase expenditures by \$0.35 million for startup funds for Solar Prep K-8 transformation school scheduled to open in Fall 2016.
- Amendment approved to increase expenditures by \$0.07 million for 1 principal FTE and 1 office manager FTE to begin preparation for opening of Solar Prep K-8 transformation school to open in Fall 2016.
- Amendment approved to increase expenditures by \$0.07 million for 1 principal FTE and 1 office manager FTE to begin preparation for opening of Jose "Joe" May Elementary School to open in Fall 2016.
- Amendment approved to increase expenditures by \$0.14 million to fund compensation increases as result of compensation review increases for employees in Program Evaluation/Accountability department.
- Amendment approved to increase expenditures by \$1.4 million for 8 assistant principal positions, 8 counselor positions and non-personnel startup expenses for 8 collegiate academy campuses.
- Amendment approved to increase expenditures by \$0.35 million for multiple student competition events that require money for transportation, food, lodging and registration for teams competing in local, state and nationals competitions.
- Amendment approved to increase expenditures by \$0.64 million for Phase I renovations and repairs at Florence Middle School for opening of Young Men's Leadership Academy and Balch Springs Middle School for opening of Young Women's STEAM Academy.
- Amendment approved to increase expenditures by \$0.17 million for phase I renovations and repairs to Hood Middle School. Facility will be used for Piedmont Global Academy.
- Amendment approved to increase expenditures by \$2.0 million for additional funds for substitute teachers at various DISD schools.

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2016**

- Amendment approved to increase expenditures by \$0.03 million for Pre-K Alcove payment for 82 instructional days.
- Amendment approved to increase expenditures for stipends for Athletics of \$0.71 million and Junior ROTC of \$0.1 million.
- Amendment approved to increase expenditures by \$0.03 million for police & security personnel stipends.
- Amendment approved to increase expenditures for stipends by \$3.9 million for human capital management, accelerated learning, campus leadership, multi-language, special education and various other programs.
- Amendment approved to increase expenditures by \$0.03 million for renovations at W.B Travis Academy to accommodate increased enrollment.
- Amendment approved to increase expenditures by \$17.0 million to properly align expenditure functions.

After these adjustments, budgeted expenditures exceeded budgeted revenues and transfers by \$13.6 million in the final amended budget.

The Debt Service Fund budget was amended in April 2016 and June 2016 by the following:

- Additional state aid revenue for facilities from homestead exemption of \$3.5 million
- Additional expenditure of \$6.8 million for payment of partial defeasance of Series 2014A bonds.

The Food Services budget was not amended in the fiscal year ended June 30, 2016.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The primary factors considered in preparing the District's budget for the 2016-17 fiscal year include increases in local property values and increases in enrollment, primarily in prekindergarten.

The Board of Trustees adopted a balanced budget for 2016-17, which supports the District's six goals. Some items in the budget include an increase in the Collegiate Academy/Early College programs, expansion in Early Childhood Education, and an increase in Public School Choice schools.

The 2016-17 student enrollment is projected to slightly increase to 159,310, which is a .44% increase and the 2016-2017 state revenue projections are based on an estimated average daily attendance (ADA) of 146,698.

The District continues to be classified as a property wealthy district subject to the provision of Chapter 41 of the Texas Education Code for the 2016-17 fiscal year and the District's equalized wealth level continues to be within the range not requiring a recapture payment.

The appraised property values used for the 2016-17 budget are projected at an increase of 11%. The Maintenance and Operations tax rate remained at \$1.04005 per \$100 valuation for the 2016-17 year and the Interest and Sinking ("I&S") tax rate remained at \$0.242035 per \$100 valuation for the 2016-17 year.

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

**Dallas Independent School District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2016**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

**Dallas Independent School District
Statement of Net Position
June 30, 2016**

Data Control Codes		Primary Government
		Governmental Activities
ASSETS		
1110	Cash and Cash Equivalents	\$ 1,043,395,768
1120	Investments	444,805,423
1220	Property Taxes Receivables (delinquent)	70,175,845
1230	Allowance for Uncollectible Taxes (credit)	(47,092,702)
1240	Due from Other Governments	121,685,372
1250	Accrued Interest	742,899
1267	Due from Fiduciary Funds	990,144
1290	Other Receivables, Net	55,225,216
1300	Inventories	13,786,877
1410	Prepaid Items	1,378,598
Capital Assets		
1510	Land	207,321,469
1520	Buildings and Improvements, Net	2,205,856,012
1530	Furniture and Equipment, Net	64,502,242
1580	Construction in Progress	65,233,610
1000	Total Assets	4,248,006,773
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred Loss on Refunding	108,585,441
1705	Related to the TRS Pension	157,770,904
1700	Total Deferred Outflows of Resources	266,356,345
LIABILITIES		
2110	Accounts Payable	42,948,145
2120	Other Liabilities	51,826
2140	Interest Payable	54,923,355
2150	Payroll Deductions & Withholdings Payable	13,914,369
2160	Accrued Wages and Benefits Payable	149,940,619
2180	Due to Other Governments	16,506,811
2200	Accrued Expenses	11,037,873
2300	Unearned Revenue	1,700,660
Noncurrent Liabilities		
2501	Due Within One Year	95,924,966
2502	Due in More Than One Year	3,193,057,024
2540	Net Pension Liability (District's Share)	427,149,463
2000	Total Liabilities	4,007,155,111
DEFERRED INFLOWS OF RESOURCES		
2605	Related to the TRS Pension	31,795,743
2600	Total Deferred Inflows of Resources	31,795,743
NET POSITION		
3200	Net Investment in Capital Assets	19,321,452
3820	Restricted for Federal and State Programs	16,703,404
3850	Restricted for Debt Service	79,515,943
3860	Restricted for Capital Projects	155,803,746
3890	Restricted for Other Programs	2,254,115
3900	Unrestricted	201,813,604
3000	Total Net Position	\$ 475,412,264

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

Dallas Independent School District
Statement of Activities
For the Year Ended June 30, 2016

				Net (Expense) Revenue and Changes in Net Position
		Program Revenues		
	1	3	4	6
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government				
GOVERNMENTAL ACTIVITIES				
11 Instruction	\$ 998,278,934	\$ 309,722	\$ 138,698,058	\$ (859,271,154)
12 Instructional Resources and Media Services	25,176,186	-	1,696,161	(23,480,025)
13 Curriculum and Staff Development	58,250,759	629,792	42,241,160	(15,379,807)
21 Instructional Leadership	36,526,926	69,977	6,952,549	(29,504,400)
23 School Leadership	107,487,393	-	7,689,505	(99,797,888)
31 Guidance, Counseling and Evaluation Services	73,248,880	-	14,447,427	(58,801,453)
32 Social Work Services	3,313,751	-	742,015	(2,571,736)
33 Health Services	21,511,094	-	2,570,676	(18,940,418)
34 Student (Pupil) Transportation	53,830,113	-	11,945,171	(41,884,942)
35 Food Services	118,626,758	1,600,005	106,866,961	(10,159,792)
36 Cocurricular/Extracurricular Activities	36,421,282	946,391	993,172	(34,481,719)
41 General Administration	53,243,020	-	6,247,493	(46,995,527)
51 Facilities Maintenance and Operations	166,498,335	2,026,208	9,356,293	(155,115,834)
52 Security and Monitoring Services	21,386,056	-	1,833,904	(19,552,152)
53 Data Processing Services	46,293,855	-	1,186,301	(45,107,554)
61 Community Services	13,166,512	-	7,755,563	(5,410,949)
72 Debt Service - Interest on Long Term Debt	199,431,914	-	-	(199,431,914)
73 Debt Service - Bond Related Fees	4,410,076	-	-	(4,410,076)
81 Facilities Acquisition and Construction	1,336,580	-	-	(1,336,580)
95 Payments to Juvenile Justice Alternative Ed. Prg.	5,622	-	-	(5,622)
99 Other Intergovernmental Charges	4,791,696	-	-	(4,791,696)
TOTAL PRIMARY GOVERNMENT	\$ 2,043,235,742	\$ 5,582,095	\$ 361,222,410	\$ (1,676,431,237)
Data Control Codes				
General Revenues				
Taxes				
MT	Property Taxes, Levied for General Purposes			910,501,189
DT	Property Taxes, Levied for Debt Service			211,887,005
SF	State Aid not Restricted to Specific Purpose			345,639,301
GC	Grants, Contributions and Other Revenue not Restricted			81,703,893
IE	Investment Earnings			8,457,518
MI	Miscellaneous Local and Intermediate Revenue			36,477,865
TR	Total General Revenues			1,594,666,771
CN	Change in Net Position			(81,764,466)
NB	Net Position - Beginning			557,176,730
NE	Net Position - Ending			\$ 475,412,264

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

**Dallas Independent School District
Balance Sheet
Governmental Funds
June 30, 2016**

	10 General Fund	50 Debt Service Fund
ASSETS		
1110 Cash and Cash Equivalents	\$ 292,336,726	\$ 33,718,257
1120 Investments	172,491,148	99,912,078
1220 Property Taxes Receivables (delinquent)	58,629,998	11,545,847
1230 Allowance for Uncollectible Taxes (credit)	(39,261,781)	(7,830,921)
1240 Receivables from Other Governments	89,925,543	356,228
1250 Accrued Interest	571,076	-
1260 Due from Other Funds	13,905,268	-
1290 Other Receivables, Net	55,098,532	-
1300 Inventories	7,016,259	-
1410 Prepaid Items	1,378,598	-
1000 Total Assets	652,091,367	137,701,489
LIABILITIES		
2110 Accounts Payable	21,869,407	8,700
2120 Other Liabilities	51,826	-
2150 Payroll Deductions and Withholdings Payable	11,963,774	-
2160 Accrued Wages and Benefits Payable	137,277,211	-
2170 Due to Other Funds	1,285,505	-
2180 Due to Other Governments	16,486,650	-
2200 Accrued Expenditures	8,574,663	-
2300 Unearned Revenues	238,257	-
2000 Total Liabilities	197,747,293	8,700
DEFERRED INFLOWS OF RESOURCES		
2601 Unavailable Revenue - Property Taxes	17,314,941	3,253,491
2602 Other Deferred Resource Inflows (See Note J)	54,429,048	-
2600 Total Deferred Inflows of Resources	71,743,989	3,253,491
FUND BALANCES		
Nonspendable Fund Balance		
3410 Inventories	7,016,259	-
3430 Prepaid Items	1,378,598	-
Restricted Fund Balance		
3450 Federal or State Funds Grant Restriction	-	-
3470 Capital Acquisition and Contractual Obligation	-	-
3480 Retirement of Long Term Debt	-	134,439,298
3490 Other Restricted Fund Balance	-	-
Assigned Fund Balance		
3590 Other Assigned Fund Balance	275,845,332	-
3600 Unassigned Fund Balance	98,359,896	-
3000 Total Fund Balances	382,600,085	134,439,298
4000 Total Liabilities, Deferred Inflows & Fund Balances	\$ 652,091,367	\$ 137,701,489

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

60 Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 641,996,666	\$ 29,355,864	\$ 997,407,513
172,402,197	-	444,805,423
-	-	70,175,845
-	-	(47,092,702)
-	31,403,601	121,685,372
171,823	-	742,899
-	-	13,905,268
-	95,097	55,193,629
-	6,770,618	13,786,877
-	-	1,378,598
814,570,686	67,625,180	1,671,988,722
11,536,940	6,486,835	39,901,882
-	-	51,826
-	1,949,477	13,913,251
-	12,572,083	149,849,294
-	13,046,750	14,332,255
-	20,161	16,506,811
-	2,264,714	10,839,377
-	1,462,403	1,700,660
11,536,940	37,802,423	247,095,356
-	-	20,568,432
-	-	54,429,048
-	-	74,997,480
-	6,770,618	13,786,877
-	-	1,378,598
-	16,703,404	16,703,404
803,033,746	-	803,033,746
-	-	134,439,298
-	2,254,115	2,254,115
-	4,094,620	279,939,952
-	-	98,359,896
803,033,746	29,822,757	1,349,895,886
\$ 814,570,686	\$ 67,625,180	\$ 1,671,988,722

Dallas Independent School District

**Dallas Independent School District
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2016**

Total Fund Balances - Governmental Funds (from C-1)	\$ 1,349,895,886
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of accumulated depreciation, less assets held in internal service funds are not financial resources and therefore are not reported as assets in governmental funds.	2,542,681,607
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Some liabilities including bonds payables are not due and payable in the current period and therefore are not reported in the funds:

Bonds and Notes Payable	(3,057,490,000)	
Deferred Losses on Refundings	108,585,441	
Premium on Bonds	(221,917,322)	(3,170,821,881)

Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(54,923,355)
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Certain assets are not available to pay for current period expenditures and therefore are deferred in the funds. These are:

Deferred Resource Inflow for Property Taxes	20,568,432	
Medicaid/SHARS	54,429,048	74,997,480

Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position (see D-1).	34,756,829
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The government-wide statement includes the District's proportionate share of the TRS net pension liabilities, as well as certain pension related transactions accounted for as Deferred Inflows and Outflows of Resources.

Net Pension Liability	(427,149,463)	
Deferred Outflows of Resources - TRS Pension	157,770,904	
Deferred Inflows of Resources - TRS Pension	(31,795,743)	(301,174,302)

Total Net Position of Governmental Activities (see A-1)	\$ 475,412,264
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The notes to the basic financial statements are an integral part of this statement.

Dallas Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES		
5700 Local and Intermediate Sources	\$ 949,123,310	\$ 213,793,616
5800 State Program Revenues	412,296,381	3,512,092
5900 Federal Program Revenues	62,720,559	-
5020 Total Revenues	<u>1,424,140,250</u>	<u>217,305,708</u>
EXPENDITURES		
Current		
11 Instruction	809,725,636	-
12 Instructional Resources and Media Services	22,320,443	-
13 Curriculum and Instructional Staff Development	13,471,308	-
21 Instructional Leadership	29,329,933	-
23 School Leadership	95,245,639	-
31 Guidance, Counseling and Evaluation Services	57,495,405	-
32 Social Work Services	2,657,160	-
33 Health Services	19,352,720	-
34 Student (Pupil) Transportation	53,859,000	-
35 Food Services	-	-
36 Cocurricular/Extracurricular Activities	32,101,589	-
41 General Administration	48,875,154	-
51 Facilities Maintenance and Operations	159,038,220	-
52 Security and Monitoring Services	22,113,612	-
53 Data Processing Services	33,731,123	-
61 Community Services	4,523,550	-
Debt Service		
71 Principal on Long Term Debt	6,880,000	97,110,000
72 Interest on Long Term Debt	7,864,062	121,074,002
73 Bond Fees and Charges	712,068	34,200
Capital Outlay		
81 Facilities Acquisition and Construction	19,269,267	-
Intergovernmental		
95 Payments to Juvenile Justice Alternative Ed. Prg.	5,622	-
99 Other Intergovernmental Charges	4,791,696	-
6030 Total Expenditures	<u>1,443,363,207</u>	<u>218,218,202</u>
1100 Excess (Deficiency) of Revenues Over Expenditures	<u>(19,222,957)</u>	<u>(912,494)</u>
OTHER FINANCING SOURCES (USES)		
7911 Capital Related Debt Issued	75,000,000	-
7912 Sale of Real and Personal Property	484,990	-
7915 Transfers In	44,032,774	55,186
7916 Premium or Discount on Issuance of Bonds	-	-
8911 Transfers Out (Use)	(75,225,739)	-
7080 Total Other Financing Sources (Uses)	<u>44,292,025</u>	<u>55,186</u>
1200 Net Change in Fund Balance	25,069,068	(857,308)
0100 Fund Balance - Beginning	357,531,017	135,296,606
3000 Fund Balance - Ending	<u>\$ 382,600,085</u>	<u>\$ 134,439,298</u>

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

60 Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 2,419,785	\$ 9,532,008	\$ 1,174,868,719
-	26,727,498	442,535,971
-	232,797,229	295,517,788
<u>2,419,785</u>	<u>269,056,735</u>	<u>1,912,922,478</u>
-	83,545,409	893,271,045
-	474,931	22,795,374
-	42,341,641	55,812,949
-	5,246,691	34,576,624
-	1,528,691	96,774,330
-	10,257,804	67,753,209
-	606,035	3,263,195
-	286,646	19,639,366
-	65,053	53,924,053
-	111,672,916	111,672,916
-	629,412	32,731,001
-	3,816,217	52,691,371
-	2,641,094	161,679,314
-	142,582	22,256,194
-	107,125	33,838,248
-	7,840,865	12,364,415
-	-	103,990,000
-	-	128,938,064
3,663,808	-	4,410,076
134,574,843	-	153,844,110
-	-	5,622
-	-	4,791,696
<u>138,238,651</u>	<u>271,203,112</u>	<u>2,071,023,172</u>
<u>(135,818,866)</u>	<u>(2,146,377)</u>	<u>(158,100,694)</u>
572,230,000	-	647,230,000
-	-	484,990
74,298,982	133	118,387,075
76,488,994	-	76,488,994
<u>(43,055,186)</u>	<u>(1,032,774)</u>	<u>(119,313,699)</u>
<u>679,962,790</u>	<u>(1,032,641)</u>	<u>723,277,360</u>
544,143,924	(3,179,018)	565,176,666
<u>258,889,822</u>	<u>33,001,775</u>	<u>784,719,220</u>
<u>\$ 803,033,746</u>	<u>\$ 29,822,757</u>	<u>\$ 1,349,895,886</u>

Dallas Independent School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
June 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from C-2)	\$ 565,176,666
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. Capital outlays this current period, adjusted for dispositions and donations, were \$99,866,397. The current year depreciation (also adjusted for dispositions) was \$50,665,264. This is the amount by current increases in capital exceeded the current year depreciation was \$49,201,133.

49,201,133

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

Principal Payment	103,990,000	
Amortization of Premium	(55,365,131)	
Amortization of Loss on Bond Refunding	(8,561,064)	40,063,805

In the fund level statements, revenues are reported when they are available. In the Statement of Activities, revenues are reported when they are earned. Thus revenues reported as a deferred resource inflow in the fund level statements must be reclassified showing the portion of these earned in the current reporting period as revenues and the portion of these earned in prior periods as part of the beginning net position. Similarly, any revenues received and available in the current year which were earned in prior years must be reclassified from revenues and reported as part of the beginning net position. This includes revenues from property taxes and revenues earned in prior periods for the Medicaid/SHARS program. The change in ending net position decreased from the adjustment on taxes by \$151,400. The impact from the SHARS Adjustment was to increase the change in net position by \$18,378,399, and there was an increase due to the sale of property, which was not capital, in the amount of \$334,990. The impact on the change in net position in the Statement of Activities from all of these was an increase in the amount of \$18,561,989.

18,561,989

Interest on long term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. The change in accrued interest is \$6,567,655. The change in ending net position will decrease by that amount.

(6,567,655)

The District uses Internal Service Funds to charge the costs of certain activities to appropriate functions in other funds. The net income of Internal Service Funds is reported with governmental activities. The net effect of this consolidation is to increase the change in net position.

627,098

Dallas Independent School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
June 30, 2016

The District issued new bonds during the year. These are recognized as Other Financing Sources in the governmental funds, but these must be reclassified for the government-wide statements as an increase in long-term debt. The premium must also be reclassified as an increase in the unamortized premiums on bonds. The effect of these reclassifications will decrease the change in net position in the Statement of Activities.

(723,718,994)

Adjustments were required for GASB 68 for the current fiscal year. The District amortized the deferred resource outflows and inflows from the prior measurement period. The net effect of this on expenses was a decrease in the amount of \$15,656,074 causing an increase in the change in net position. The District recorded the adjustment made to their contributions by TRS as a credit to expenses in the amount of \$212,193. The District recorded their proportionate share of the pension expense during the measurement period. The amount expensed for this reporting period was \$77,347,737, causing a decrease in the change in net position. The District credited expenses by the amount of current year contributions made to TRS. The amounts for July and August 2015 were included in TRS's measurement of contributions for their measurement period ending August 31, 2015. This adjustment decreases expenses by \$6,662,643, causing an increase in the change in net position. The District also credited expenses for the amount of contributions made after August 31, 2015 but during the current fiscal year, and reclassified them as deferred resource outflows related to TRS. This decreased expenses by \$29,708,319, causing the change in net position to increase. The impact of all these is to decrease the change in net position by \$25,108,508.

(25,108,508)**Total Change in Net Position of Governmental Activities (see B-1)**\$ (81,764,466)

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

**Dallas Independent School District
Statement of Net Position
Proprietary Funds
June 30, 2016**

	Governmental Activities
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 45,988,255
Due from Other Funds	1,417,487
Other Receivables, Net	31,587
Total Current Assets	<u>47,437,329</u>
Noncurrent Assets	
Capital Assets	
Furniture and Equipment, Net	231,726
Total Noncurrent Assets	<u>231,726</u>
Total Assets	<u>47,669,055</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	3,046,263
Accrued Liabilities - Short Term	2,679,966
Payroll Deductions and Withholdings Payable	1,118
Accrued Wages and Benefits Payable	91,325
Due to Other Funds	356
Accrued Expenses	198,496
Total Current Liabilities	<u>6,017,524</u>
Noncurrent Liabilities	
Accrued Liabilities - Long Term	6,894,702
Total Noncurrent Liabilities	<u>6,894,702</u>
Total Liabilities	<u>12,912,226</u>
NET POSITION	
Net Investment in Capital Assets	231,726
Unrestricted Net Position	34,525,103
Total Net Position	<u>\$ 34,756,829</u>

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

Dallas Independent School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Governmental Activities
	Total Internal Service Funds
OPERATING REVENUES	
Charges for Services	\$ 39,506,234
Total Operating Revenues	<u>39,506,234</u>
OPERATING EXPENSES	
Personnel Services	8,893,757
Contractual Services	25,691,078
Supplies	5,031,569
Other Operating Expenses	157,701
Depreciation Expense	31,655
Total Operating Expenses	<u>39,805,760</u>
Operating Income (Loss)	<u>(299,526)</u>
NON-OPERATING REVENUES	
Transfers In	<u>926,624</u>
Total Non-Operating Revenues	<u>926,624</u>
Change in Net Position	627,098
 Total Net Position - Beginning	 <u>34,129,731</u>
 Total Net Position - Ending	 <u><u>\$ 34,756,829</u></u>

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

**Dallas Independent School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016**

	Governmental Activities
	Total Internal Service Funds
Cash Flows from Operating Activities	
Cash Received from User Charges	\$ 39,492,198
Cash Payments to Employees for Services	(5,105,400)
Cash Payments for Insurance Claims	(4,128,525)
Cash Payments for Suppliers	(30,546,671)
Net Cash Provided by Operating Activities	<u>(288,398)</u>
Cash Flows from Non-Capital Financing Activities	
Transfer In	<u>926,624</u>
Cash Flows from Capital & Related Financing Activities	
Acquisition of Capital Assets	<u>(16,629)</u>
Net Increase in Cash and Cash Equivalents	621,597
Cash and Cash Equivalents at Beginning of Year	<u>45,366,658</u>
Cash and Cash Equivalents at End of Year	<u><u>45,988,255</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	(299,526)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities	
Depreciation	31,655
Effect of Increases and Decreases in Current Assets and Liabilities	
Decrease (increase) in Due from Other Funds	(14,036)
Increase (decrease) in Accounts Payable	353,403
Increase (decrease) in Payroll Deductions	31
Increase (decrease) in Accrued Wages Payable	10,632
Increase (decrease) in Due to Other Funds	30
Increase (decrease) in Accrued Liabilities	(71,643)
Increase (decrease) in Accrued Expenses	(54,978)
Increase (decrease) in Accrued Liabilities - Long Term	(243,966)
Net Cash Provided by Operating Activities	<u><u>\$ (288,398)</u></u>

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

**Dallas Independent School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2016**

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 4,952,426
Total Assets	<u>4,952,426</u>
LIABILITIES	
Accounts Payable	151,306
Due to Other Funds	990,144
Due to Student Groups	3,621,863
Accrued Expenses	<u>189,113</u>
Total Liabilities	<u>\$ 4,952,426</u>

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

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**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. All capital asset depreciation is reported as a direct expense of the functional program that benefits from the use of the capital assets. Program revenues include: 1) charges for services and tuition charged by a given function and 2) grants and contributions that are restricted to meeting operational requirements of a particular function. Taxes, state aid, grants and contributions not restricted to specific programs are properly excluded from program revenues and reported instead as general revenues. During fiscal year 2016, the District adopted GASB Statement No. 72, Fair Value Measurement and Application.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, and claims and judgments, are recorded only when matured and payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long term debt and acquisitions under notes payable are reported as other financing sources. Property tax revenues and revenues received from the State of Texas and investment earnings are considered to be susceptible to accrual and so have been recognized as revenues in the current period. Property taxes collected within 60 days of year-end and included in revenue were \$2,897,257 and \$632,728 for the General Fund and Debt Service Fund, respectively.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

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

The District has accrued state aid revenues of \$69,211,154 which is included in receivables from other governments in the governmental funds balance sheet, to reflect cash that will be received in fiscal year 2017, which was generated by attendance and the type of instructional services provided in fiscal year 2016. The District has also accrued an offsetting liability of \$16,460, 916 which is included in due to other governments, to reflect an anticipated Texas Education Agency final fiscal year 2016 settle-up adjustment that will occur in 2017.

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

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

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

The District reports the following Non-Major funds:

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

The District reports the following Proprietary Funds:

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

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

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

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

Assets, Liabilities, and Deferred Outflows and Inflows of Resources

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

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

Property Taxes. Property taxes are levied each October 1 on the assessed value as of the prior January 1 for all real and business personal property located in the District. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the subsequent year. On January 1 of each year a lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and 60 days thereafter. Allowances for uncollectible tax receivables within the General

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

and Debt Service Funds are based upon historical experience in collecting property taxes and historical experience of adjustments to tax receivables. Uncollectible taxes are written off according to the Texas Property Tax Code. See Note C for the discussion of the write-off of uncollectible taxes in the current year.

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

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

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

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

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

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and therefore, will not be recognized as an inflow of resources (revenue) until then. The District has three items that qualify for reporting in this category. They are TRS pension investment earnings, unavailable revenue, and other deferred resource inflows. Unavailable revenue is reported only in the Governmental Funds Balance Sheet, and TRS pension investment earnings are reported only on the Government-wide Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. See Note J for the detail of other deferred resource inflows.

Compensated Absences. Certain employees are entitled to receive accrued vacation and compensatory pay in a lump-sum cash payment upon termination of employment with the District. The amount of \$2,637,538 represents the recorded liability for employees vested in accumulated vacation and compensatory pay. The General Fund is used to liquidate compensated absences.

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

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

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

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

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

Government-wide Net Position

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

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

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

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

Restricted for Capital Projects. The component of net position that reports the difference between capital assets net of accumulated depreciation and liabilities of the Capital Projects Fund with constraints placed on their use by the bond contracts and covenants contained in the Interim Bridge Plan.

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

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

Governmental Fund Balances

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

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

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

- **Restricted Fund Balance.** The portion of fund balance that reflects resources that are subject to externally enforceable legal restrictions imposed by parties outside the District. Restricted fund balances include funds for the Food Services, funds restricted for capital acquisitions, funds used to retire long term debts or resources from granting agencies.
- **Committed Fund Balance.** The portion of fund balance that reflects resources whose use is limited based upon resolutions by the District's Board of Trustees. At June 30, 2016, the District had no committed fund balance.
- **Assigned Fund Balance.** The portion of fund balance that is self-imposed by the District to be used for a particular purpose. The assigned fund balance can only be removed by the Superintendent of Schools or the Chief Financial Officer.
- **Unassigned Fund Balance.** The portion of the spendable fund balance within the General Fund that has not been classified within any categories above. It is the portion of fund balance available to finance operating expenditures.

In general, it is in the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which restricted and unrestricted (i.e. committed, assigned, or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used after the other resources have been used.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

As of the end of the current fiscal year, the District's Governmental Fund Balance was \$1,349,895,886 reported as follows:

Fund Balances	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable					
Inventories	\$ 7,016,259	\$ -	\$ -	\$ 6,770,618	\$ 13,786,877
Prepaid Items	1,378,598	-	-	-	1,378,598
Restricted					
Federal or State Grants	-	-	-	16,703,404	16,703,404
Debt Services	-	134,439,298	-	-	134,439,298
Capital Acquisition	-	-	803,033,746	-	803,033,746
Local	-	-	-	2,254,115	2,254,115
Assigned					
Qualified School Construction Notes	143,340,000	-	-	-	143,340,000
Maintenance Tax Notes	75,000,000				75,000,000
Dallas Education Center	46,000,000	-	-	-	46,000,000
Encumbrances	11,505,332	-	-	-	11,505,332
Campus Activity Fund	-	-	-	3,776,445	3,776,445
Local Funds	-	-	-	318,175	318,175
Unassigned	98,359,896	-	-	-	98,359,896
Total Fund Balances	\$ 382,600,085	\$ 134,439,298	\$ 803,033,746	\$ 29,822,757	\$ 1,349,895,886

Note: Encumbrances are documented by purchase orders and contracts. They are commitments to expend resources; appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or provided for in the subsequent year's budget. Outstanding encumbrances at June 30, 2016, that were subsequently provided for in the 2016-2017 budget totaled \$11,505,332 for the General Fund and were broken down by functions as follows:

Function 11 - Instruction	\$ 76,423
Function 21 - Instructional Leadership	87,873
Function 41 - General Administration	89,023
Function 51 - Plant maintenance and operations	5,900,000
Function 52 - Security and monitoring services	332,783
Function 53 - Data processing services	5,019,230
Total	\$ 11,505,332

Data Control Codes. In accordance with the Financial Accountability System Resource Guide published by the TEA, the District has adopted and installed an accounting system which meets the minimum requirements prescribed by the State Board of Education and has been approved by the state auditor. The TEA requires the display of these codes in the financial statements filed with the TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

NOTE B: CASH, CASH EQUIVALENTS AND INVESTMENTS

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

At June 30, 2016, the net carrying amount of the District's cash deposits, excluding student activity fund deposits of \$4,952,426, was \$13,263,654. The bank balance of \$44,594,660 was on deposit with the contracted depository bank. District funds are insured up to \$250,000 for the combined amount of all time and savings accounts, and up to an additional \$250,000 for the combined total of all Demand Deposit Accounts (DDA's). Interest-bearing accounts were collateralized by pledged United States government securities with a fair value of \$45,215,157 at June 30, 2016, held by The Bank of New York Mellon. Because The Bank of New York Mellon holds the pledged securities in trust on behalf of the District, the deposits were deemed collateralized under Texas law. All campus activity funds were centralized and were on deposit with the contracted depository. Agency and activity funds were in separate non-interest-bearing bank accounts at the depository bank, and as such, have full FDIC coverage of \$250,000 per bank account. At June 30, 2016, cash on hand in Agency Funds totaled \$4,952,426 and was on deposit with the contracted depository and separate bank accounts. The District's Agency Fund bank balance on June 30, 2016, was covered by federal depository insurance or by collateral held in the District's name.

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

- a. Depository bank: Bank of America, N.A.
- b. The date of highest deposit was February 18, 2016, with combined cash and certificates of deposit balance of \$51,087,730.
- c. On February 18, 2016, the amount of bonds, securities pledged, and FDIC coverage was \$52,104,485.
- d. The FDIC coverage portion of the collateral listed above was \$250,000.
- e. The District had no occasions during the year of not being sufficiently collateralized, in which the pledged collateral requirement was less than the collateral requirement.

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

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

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

- Guaranteed or secured certificates of deposit, issued by state and national banks domiciled in Texas, and insured by federal depository insurance or secured by the obligations mentioned above,
- Bonds issued, assumed or guaranteed by the State of Israel, and
- Secured corporate bonds rated not lower than “AA-” or the equivalent.

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

As of June 30, 2016, the following are the District's cash equivalents and investments, with respective maturities and credit rating:

Type of Investment	Book Value	Percent	Fair Value	Percent	Maturity in Less Than 1 Year	Maturity in 1-10 Years	Maturity in Over 10 Years	Credit Rating
Cash	\$ 18,216,080	1.2%	\$ 18,216,080	1.2%	\$ 18,216,080	\$ -	\$ -	N/A
Money markets and FDIC insured investment accounts	85,812,259	5.7%	85,812,259	5.7%	85,812,259	-	-	N/A
Investment pools:								
LOGIC	122,099,636	8.2%	122,099,636	8.2%	122,099,636	-	-	AAAm
Lone Star	170,344,005	11.4%	170,344,005	11.4%	170,344,005	-	-	AAAm
Texas Class	269,334,896	18.0%	269,334,896	18.0%	269,334,896	-	-	AAAm
TexasTERM Daily	160,868,610	10.8%	160,868,610	10.8%	160,868,610	-	-	AAAm
TexasTERM Fixed Term	220,556,185	14.8%	220,556,185	14.8%	220,556,185	-	-	AAAf
TexPool	1,116,523		1,116,523		1,116,523	-	-	
Total Investment pools	944,319,855	63.2%	944,319,855	63.2%	944,319,855	-	-	
*Total cash and cash equivalents	1,048,348,194	70.2%	1,048,348,194	70.2%	1,048,348,194	-	-	
Commercial Paper	269,616,687	18.1%	269,616,687	18.1%	269,616,687	-	-	A1
American Municipal Power Authority - Ohio	983,241	0.1%	983,241	0.1%			983,241	A3*
Carbon County Pennsylvania Hospital Authority	2,427,597	0.2%	2,427,597	0.2%			2,427,597	AA
Cincinnati Ohio City School District QSCB Municipal Bond	3,049,542	0.2%	3,049,542	0.2%			3,049,542	Aa2
Corpus Christi GO Municipal Bond	470,674	0.0%	470,674	0.0%			470,674	Aa2
Federal Farm Credit Bank	72,625,019	4.9%	72,625,019	4.9%	32,337,079	40,287,940		AA+
Federal Home Loan Mortgage Corporation	60,013,560	4.0%	60,013,560	4.0%	20,002,560	40,011,000		AA+
Financing Corporation	16,971,239	1.1%	16,971,239	1.1%		16,971,239		AA+
Fontana Unified School District Municipal Bond	674,918	0.0%	674,918	0.0%			674,918	Aa3
Gainesville Florida Pension Municipal Bond	1,270,440	0.1%	1,270,440	0.1%			1,270,440	Aa3
Green Bay Wisconsin Municipal Bond	567,100	0.0%	567,100	0.0%			567,100	A1
Oregon State School Board Assoc GO Pension Municipal Bond	637,885	0.0%	637,885	0.0%			637,885	Aa2
Oregon State School Board Assoc Pension Municipal Bond	1,674,460	0.1%	1,674,460	0.1%			1,674,460	Aa2
Pennsylvania Economic Development Municipal Bond	2,489,558	0.2%	2,489,558	0.2%			2,489,558	A1
Port Douglas County Washington Municipal Bond	660,356	0.0%	660,356	0.0%			660,356	AA
Reading Pennsylvania Municipal Bond	4,294,599	0.3%	4,294,599	0.3%			4,294,599	AA
Reno Nevada Capital Improvement Revenue Bonds	290,991	0.0%	290,991	0.0%			290,991	A3*
San Bernardino County Redevelopment Successor Muni Bond	2,138,080	0.1%	2,138,080	0.1%			2,138,080	AA
San Francisco City & County Redevelopment Municipal Bond	1,008,060	0.1%	1,008,060	0.1%			1,008,060	A3*
Walnut Valley Unified School District Municipal Bond	2,444,959	0.2%	2,444,959	0.2%			2,444,959	AA+
Will County Illinois Community High School Capital Appreciation	1,016,947	0.1%	1,016,947	0.1%			1,016,947	Baa3
*Total Investments	445,325,912	29.8%	445,325,912	29.8%	321,956,326	97,270,179	26,099,407	
Total cash, cash equivalents and investments	\$1,493,674,106	100.0%	\$1,493,674,106	100.0%	\$1,370,304,520	\$97,270,179	\$26,099,407	

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

In accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the District's investments with a maturity date of greater than one year have been recorded at fair value based upon quoted market prices as of June 30, 2016 with increase or decrease in fair value being recorded as a component of earnings on investments.

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

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

Dallas Independent School District
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For the Fiscal Year Ended June 30, 2016

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

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

	Fair Value Measurements Using					Weighted Average Maturity (Days)
	June 30, 2016	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Percent of Total Investments	
		(Level 1)	(Level 2)	(Level 3)		
Commercial Paper	\$ 269,616,687	\$ -	\$ 269,616,687	\$ -	60.5%	
US Government Agency Securities:						
Federal Farm Credit Bank	72,625,019	-	72,625,019	-	16.3%	
Federal Home Loan Mortgage Corporation	60,013,560	-	60,013,560	-	13.5%	
Financing Corporation	16,971,239	-	16,971,239	-	3.8%	
American Municipal Power Authority - Ohio	983,241	-	983,241	-	0.2%	
Carbon County Pennsylvania Hospital Authority	2,427,597	-	2,427,597	-	0.5%	
Cincinnati Ohio City School District QSCB Municipal Bond	3,049,542	-	3,049,542	-	0.7%	
Corpus Christi GO Municipal Bond	470,674	-	470,674	-	0.1%	
Fontana Unified School District Municipal Bond	674,918	-	674,918	-	0.2%	
Gainesville Florida Pension Municipal Bond	1,270,440	-	1,270,440	-	0.3%	
Green Bay Wisconsin Municipal Bond	567,100	-	567,100	-	0.1%	
Oregon State School Board Assoc GO Pension Municipal Bond	637,885	-	637,885	-	0.1%	
Oregon State School Board Assoc Pension Municipal Bond	1,674,460	-	1,674,460	-	0.4%	-
Pennsylvania Economic Development Municipal Bond	2,489,558	-	2,489,558	-	0.6%	
Port Douglas County Washington Municipal Bond	660,356	-	660,356	-	0.1%	
Reading Pennsylvania Municipal Bond	4,294,599	-	4,294,599	-	1.0%	-
Reno Nevada Capital Improvement Revenue Bonds	290,991	-	290,991	-	0.1%	-
San Bernardino County Redevelopment Successor Muni Bond	2,138,080	-	2,138,080	-	0.5%	
San Francisco City & County Redevelopment Municipal Bond	1,008,060	-	1,008,060	-	0.2%	
Walnut Valley Unified School District Municipal Bond	2,444,959	-	2,444,959	-	0.5%	
Will County Illinois Community High School Capital Appreciation	1,016,947	-	1,016,947	-	0.2%	
Total Investments	\$ 445,325,912	\$ -	\$ 445,325,912	\$ -	100.0%	-

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

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

jeopardizes the total capital position of the overall portfolio. Some investments are also purchased with longer maturities to match the \$143.3 million General Fund liability for 2013 QSCB notes due in August 2033. These bear a risk that market interest rates could at some point exceed the yield of the investments purchased.

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

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

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

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

Foreign Currency Risk. As of June 30, 2016, there are no foreign currency investments in the District's portfolio.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

NOTE C: LOCAL REVENUES AND PROPERTY TAXES

Local and intermediate sources are comprised of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Property Taxes	\$ 917,799,922	\$ 213,270,859	\$ -	\$ -	\$ 1,131,070,781
Food Services	-	-	-	2,031,821	2,031,821
Gifts and Bequests	17,998,738	-	-	1,647,908	19,646,646
Campus Activity Funds	-	-	-	3,556,417	3,556,417
Interest Income	5,717,953	522,756	2,216,810	-	8,457,519
Tuition, Fees and Cocurricular	637,772	-	-	-	637,772
Rental Income	2,026,208	-	-	-	2,026,208
Transportation	2,158,262	-	-	-	2,158,262
Other	2,784,455	-	202,975	2,295,862	5,283,292
Totals	<u>\$ 949,123,310</u>	<u>\$ 213,793,615</u>	<u>\$ 2,419,785</u>	<u>\$ 9,532,008</u>	<u>\$ 1,174,868,719</u>

Property Taxes. The appraisal of property within the District is the responsibility of the Dallas County Appraisal District. The District's ad valorem property tax is levied each October 1 on the assessed value as of the prior January 1 for all real and business personal property located in the District. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the subsequent year. On January 1 of each year a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. The assessed value of the roll on January 1, 2015 was \$116,960,802,550. After deductions of all exemptions and reductions provided by law and those granted by the District, 2015 tax year levy was based on property values of \$91,173,609,390.

The tax rates assessed for the year ended June 30, 2016, to finance General Fund operations and the payment of principal and interest on long term debt were \$1.04005 and \$0.242035 per \$100 valuation, respectively, for a total of \$1.282085 per \$100 valuation. The resolution levying the ad valorem taxes specifies the individual tax rates for the General Fund and Debt Service Fund. Current tax collections for the year ended June 30, 2016, were 97.6% of the adjusted tax levy.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The District has provided an allowance for estimated uncollectible property taxes and estimated adjustments within the General Fund and Debt Service Fund of \$39,261,781 and \$7,830,921 respectively, based upon historical collection experience and historical adjustment experience.

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

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

NOTE D: RECEIVABLES

Property tax receivable as of June 30, 2016, for the District's Major Funds and Non-Major Funds in the aggregate including the applicable allowances for uncollectible accounts are as follows:

	General	Debt Service	Totals
Property Taxes	\$ 58,629,998	\$ 11,545,847	\$ 70,175,845
Less: Allowance for uncollectible	(39,261,781)	(7,830,921)	(47,092,702)
Totals	<u>\$ 19,368,217</u>	<u>\$ 3,714,926</u>	<u>\$ 23,083,143</u>

In addition, the District has recorded a state aid receivable of \$85.7 million and a receivable from other governmental entities of \$36.0 million as of June 30, 2016.

NOTE E: UNEARNED REVENUE

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. As of June 30, 2016, the components of unearned revenue reported in the General Fund and Non-Major Governmental funds were as follows:

	General	Non-Major	Totals
Grants	\$ -	\$ 1,462,403	\$ 1,462,403
Other	238,257	-	238,257
Totals	<u>\$ 238,257</u>	<u>\$ 1,462,403</u>	<u>\$ 1,700,660</u>

NOTE F: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at June 30, 2016, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
General Fund:		
Non-Major Governmental Funds	\$ 12,915,124	\$ -
Internal Service Funds	-	1,285,505
Agency Funds	990,144	-
	<u>13,905,268</u>	<u>1,285,505</u>
Non-Major Governmental Funds:		
General Fund	-	12,915,124
Internal Service Funds	-	131,626
	<u>-</u>	<u>13,046,750</u>
Internal Service Funds:		
General Fund	1,285,505	-
Non-Major Governmental Funds	131,626	-
Internal Service Funds	356	356
	<u>1,417,487</u>	<u>356</u>
Agency Fund:		
General Fund	-	990,144
	<u>-</u>	<u>990,144</u>
Totals	<u>\$ 15,322,755</u>	<u>\$ 15,322,755</u>

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

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

Interfund transfers are defined as "flows of assets without equivalent flows of assets in return and without a requirement for repayment". Interfund transfers during the year ended June 30, 2016, were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 74,298,982 *
General Fund	Non-Major	133
General Fund	ISF	926,624 **
Capital Projects	General Fund	43,000,000 ***
Capital Projects	Debt Service	55,186
Non-Major	General Fund	1,032,774

**The Multi-Modal Limited Maintenance Tax Notes for \$75 million were issued from the General Fund on July 1, 2015. The proceeds from these notes were transferred to the Capital Projects Fund to pay maintenance expenses of the District for school facilities and renovation.*

***Interfund transfers were made to offset operating losses in Internal Service Funds.*

****\$43 million transfer from the General Fund to the Capital Projects Fund, approved by the Board of Trustees in March 2015 as part of the Interim Bridge Plan, was transferred back to General Fund.*

NOTE G: OPERATING LEASES

The District leases offices, copiers, warehouse space, playground area and parking under non-cancelable operating leases. Rent expense including non-cancelable leases and other rent charges for the year ended June 30, 2016 was approximately \$28.6 million. Minimum future lease commitments on non-cancelable leases are summarized as follows:

<u>For the Year Ending June 30</u>	<u>Minimum Future Lease Commitments</u>
2017	\$14,439,571
2018	13,716,327
2019	12,459,751
2020	3,104,951
2021	1,034,984

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

NOTE H: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 is as follows:

	Balance at June 30, 2015	Additions	Transfers	Deletions	Balance at June 30, 2016
Capital assets, not being depreciated:					
Land	\$ 206,440,314	\$ 1,336,071	\$ -	\$ (454,916)	\$ 207,321,469
Construction in progress	84,794,220	132,556,240	(152,116,850)	-	65,233,610
Total capital assets, not being depreciated	<u>291,234,534</u>	<u>133,892,311</u>	<u>(152,116,850)</u>	<u>(454,916)</u>	<u>272,555,079</u>
Capital assets, being depreciated:					
Building and improvements	3,337,079,993	939,502	147,303,948	(2,345,043)	3,482,978,400
Furniture and equipment	244,952,115	32,855,754	4,821,014	(65,012,693)	217,616,190
Total capital assets, being depreciated	<u>3,582,032,108</u>	<u>33,795,256</u>	<u>152,124,962</u>	<u>(67,357,736)</u>	<u>3,700,594,590</u>
Less accumulated depreciation for:					
Buildings and improvements	1,185,614,471	93,826,839	-	(2,318,922)	1,277,122,388
Furniture and equipment	193,924,945	22,817,454	-	(63,628,450)	153,113,949
Total accumulated depreciation	<u>1,379,539,416</u>	<u>116,644,293</u>	<u>-</u>	<u>(65,947,372)</u>	<u>1,430,236,337</u>
Total capital assets, being depreciated, net	<u>2,202,492,693</u>	<u>(82,849,037)</u>	<u>152,124,962</u>	<u>(1,410,364)</u>	<u>2,270,358,254</u>
Capital assets, net	<u>\$ 2,493,727,227</u>	<u>\$ 51,043,274</u>	<u>\$ 8,112</u>	<u>\$ (1,865,280)</u>	<u>\$ 2,542,913,333</u>

Capital assets include assets recorded in Internal Service Funds, net of depreciation of \$231,726.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

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

Depreciation by Function

		Depreciation Expense
		<hr/>
11	Instruction	\$ 67,797,860
12	Instructional Resources and Media Services	1,604,225
13	Curriculum and Instructional Staff Development	484,695
21	Instructional Leadership	533,458
23	School Leadership	6,764,381
31	Guidance, Counseling and Evaluation Services	2,216,585
32	Social Work Services	50,017
33	Health Services	1,071,521
34	Student (Pupil) Transportation	18,859
35	Food Services	9,077,587
36	Cocurricular/Extracurricular Activities	3,617,667
41	General Administration	658,241
51	Facilities Maintenance and Operations	7,353,493
52	Security and Monitoring Services	1,386,664
53	Data Processing Services	13,422,258
61	Community Services	536,620
81	Facilities Acquisition and Construction	50,162
		<hr/>
	Total	\$ 116,644,293
		<hr/>

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

The District has active construction projects. These projects include new school construction and renovation of existing facilities. The total construction commitments as of June 30, 2016 are \$93,177,228 for projects under the bond programs.

NOTE I: LONG TERM OBLIGATIONS

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

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

General Obligation Bonds. These bonds are secured by ad valorem taxes levied against all taxable property and are serviced by the Debt Service Fund with an apportionment of the ad valorem tax levy. Interest rates on the bonds range from 1.00% to 8.00% and are due through 2036. At June 30, 2016, \$133,630,334 in cash, cash equivalents, investments, and accrued interest is restricted in the Debt Service Fund to service the outstanding bonds:

Series	Bond Series Name - General Obligation Bonds Maturity or Mandatory Redemption Date	Interest Rates	Original Issue Amount (in thousands)	Total Outstanding Principal Amount (in thousands)
2006	Unlimited Tax School Building Bonds - Serially in varying amounts from August 15, 2007 to August 15, 2032	4.00% - 5.00%	\$ 290,205	\$ 8,390
2008	Unlimited Tax School Building Bonds - Serially in varying amounts from February 15, 2010 to February 15, 2034	5.00% - 6.25%	393,325	15,130
2010	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2011 to February 15, 2021	1.25% - 5.00%	156,730	95,615
2010B	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2013 to February 15, 2018	3.00% - 5.50%	70,080	53,110
2010C	Unlimited Tax School Building Bonds - Serially in varying amounts from February 15, 2018 to February 15, 2026 and Term Bonds due 2030 and 2035	4.05% - 6.00%	950,300	950,300
2011	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2012 to February 15, 2028	3.50% - 5.00%	197,935	174,355
2012	Unlimited Tax Refunding Bonds - Serially in varying amounts from August 15, 2013 to August 15, 2031	2.00% - 5.00%	390,235	372,935
2012A	Unlimited Tax Refunding Bonds - Serially in varying amounts from August 15, 2013 to August 15, 2031	4.00% - 5.00%	46,825	44,915
2014A	Unlimited Tax Refunding Bonds - Serially in varying amounts from August 15, 2015 to August 15, 2034	1.00% - 5.00%	356,115	329,290
2015	Unlimited Tax Refunding Bonds - Serially in varying amounts from February 15, 2016 to February 15, 2032	2.125% - 5.00%	234,760	221,760
2016A	Unlimited Tax School Building Bonds - Serially in varying amounts from February 15, 2022 to February 15, 2036	3.00% - 5.00%	305,785	305,785
2016B	Unlimited Tax School Building Bonds - Serially in varying amounts from February 15, 2022 to February 15, 2036	3.00% - 8.00%	266,445	266,445
Total				<u>\$ 2,838,030</u>

Dallas Independent School District
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For the Fiscal Year Ended June 30, 2016

In October 2015, the District called \$6,725,000 in debt from the Series 2014A Bonds originally due in August 2034. This resulted in a net present value saving of \$6,345,785. As a result, the called bonds are considered defeased, and the liability has been removed from the governmental activities column of the statement of net position.

Maintenance Tax Notes. The District issued \$1,120,000 of Qualified Zone Academy Maintenance Tax Notes, Series 2002, on September 1, 2002. On December 1, 2013, the District issued \$143,340,000 in Limited Maintenance Tax Qualified School Construction Notes. On July 1, 2015, the District issued \$75,000,000 in Multi-Modal Limited Maintenance Tax Notes. The Maintenance Tax Notes are paid from the General Fund. The amount outstanding for Maintenance Tax Notes as of June 30, 2016 was as follows:

Series	Maintenance Tax Notes Maturity or Mandatory Redemption Date	Yield Rates	Total Outstanding Principal Amount (in thousands)
2002	Principal due at maturity - interest due each February 15 and August 15 from February 15, 2003 to September 15, 2016	6.14%	\$ 1,120
2013	Principal due at maturity - interest due each February 15 and August 15 from August 15, 2014 to August 15, 2033	5.05%	143,340
2015	Principal due at maturity - interest due each February 15 and August 15 from February 15, 2016 to February 15, 2034	1.50%	75,000
		Total	<u>\$ 219,460</u>

The District paid off the Qualified Zone Academy Maintenance Tax Notes, Series 2001 in October 2015.

Debt Issuance. In July 2015 the District issued \$75,000,000 in "Multi-Modal Limited Maintenance Tax Notes, Series 2015" with interest rate of 1.50% for the initial rate period. The District received no premium or discount on the issuance of the Series 2015 notes. The total proceeds, less the issuance costs and underwriter's discount of \$441,250 and \$266,471, respectively, were used for maintenance of school facilities and renovation. Interest payments are due each February 15 and August 15, beginning in August 15, 2016 and ending February 15, 2034, when all of the principal is due as a bullet maturity. The total interest requirements of these bonds aggregate \$2,812,500 for the three year initial rate portion, and \$58,125,000 at a budgeted rate of 5.00% for the remaining period. The proceeds were invested in local government investment pools, commercial paper, and US Government Agencies.

In March 2016 the District issued \$305,785,000 in "Unlimited Tax School Building Bonds, Series 2016A" with interest rates ranging from 3.00% to 5.00%. The District received a net premium of \$41,219,055 on the issuance of the Series 2016A bonds. The total proceeds, less the issuance costs and underwriter's discount of \$837,403 and \$1,165,290, respectively, were used for school building construction and renovation. Principal and interest payments are due each February 15 and August 15, beginning in August 15, 2016 and ending February 15, 2036. The total interest requirements of these bonds aggregate \$163,797,291 as of June 30, 2016. The proceeds were invested in local government investment pools, commercial paper, and US Government Agencies. This debt is subject to federal arbitrage regulations and is serviced by the Debt Service Fund.

In March 2016 the District issued \$266,445,000 in "Unlimited Tax School Building Bonds, Series 2016B" with interest rates ranging from 3.00% to 8.00% The District received a net premium of \$35,269,939 on the issuance of the Series 2016B bonds. The total proceeds, less the issuance costs and underwriter's discount

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

of \$870,548 and \$823,980, respectively, were used for school building construction and renovation. Principal and interest payments are due each February 15 and August 15, beginning in August 15, 2016 and ending February 15, 2036. The total interest requirements of these bonds aggregate \$156,818,556 as of June 30, 2016. The proceeds were invested in local government investment pools, commercial paper, and US Government Agencies. This debt is subject to federal arbitrage regulations and is serviced by the Debt Service Fund.

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

The following is a summary of the changes in the District's long term debt for the year ended June 30, 2016:

Description	Long-Term Liabilities Outstanding July 1, 2015 (in thousands)	Additions and Interest Accretion (in thousands)	Retired/ Refunded (in thousands)	Long-Term Liabilities Outstanding June 30, 2016 (in thousands)	Amount Due Within One Year from June 30, 2016 (in thousands)
General Obligation Bonds:					
Series 2006	\$ 15,655	\$ -	\$ 7,265	\$ 8,390	\$ 8,390
Series 2008	20,880	-	5,750	15,130	7,185
Series 2010	107,650	-	12,035	95,615	2,330
Series 2010B	60,050	-	6,940	53,110	26,795
Series 2010C	950,300	-	-	950,300	-
Series 2011	190,755	-	16,400	174,355	3,935
Series 2012	380,910	-	7,975	372,935	10,365
Series 2012A	45,835	-	920	44,915	1,345
Series 2014A	356,115	-	26,825	329,290	22,750
Series 2015	234,760	-	13,000	221,760	9,030
Series 2016A	-	305,785	-	305,785	-
Series 2016B	-	266,445	-	266,445	-
Total General Obligation Bonds	\$ 2,362,910	\$ 572,230	\$ 97,110	\$ 2,838,030	\$ 92,125
Maintenance Tax Notes Payable:					
Series 2001-QZAB	\$ 6,880	\$ -	\$ 6,880	\$ -	\$ -
Series 2002-QZAB	1,120	-	-	1,120	1,120
Series 2013-QSCB	143,340	-	-	143,340	-
Series 2015 MTN-QSCB	-	75,000	-	75,000	-
Total Maintenance Tax Notes	\$ 151,340	\$ 75,000	\$ 6,880	\$ 219,460	\$ 1,120
Total Bonds and Notes Payable	\$ 2,514,250	\$ 647,230	\$ 103,990	\$ 3,057,490	\$ 93,245
Other Long-Term Obligations:					
Workers Compensation	\$ 9,926	\$ 3,778	\$ 4,129	\$ 9,575	\$ 2,680
Premium on Bonds	90,063	155,979	24,125	221,917	-
	\$ 99,989	\$ 159,757	\$ 28,254	\$ 231,492	\$ 2,680
Totals	\$ 2,614,239	\$ 806,987	\$ 132,244	\$ 3,288,982	\$ 95,925

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Debt Service Requirements. The annual requirements to pay principal and interest on the bond obligations and notes payable outstanding as of June 30, 2016, are as follows:

Year Ended June 30,	Principal (in thousands)	Interest (in thousands)	Total Requirements (in thousands)
2017	\$ 93,245	\$ 147,917	\$ 241,162
2018	71,590	146,691	218,281
2019	73,010	144,398	217,408
2020	77,315	141,924	219,239
2021	81,215	138,006	219,221
2022-2026	622,360	609,872	1,232,232
2027-2031	853,470	435,807	1,289,277
2032-2036	1,185,285	169,025	1,354,310
Totals	<u>\$ 3,057,490</u>	<u>\$ 1,933,640</u>	<u>\$ 4,991,130</u>

The District legally defeased certain bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the District's basic financial statements. The total amount of defeased bonds that remain outstanding at June 30, 2016 is \$1,410,585,000.

Arbitrage. The Federal Tax Reform Act of 1986 requires issuers of tax exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. The estimated liability is updated annually for any tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. At June 30, 2016, the District had no liability for arbitrage.

NOTE J: DEFERRED INFLOWS OF RESOURCES

Governmental funds report an amount that represents an acquisition of net position for a future period that will not be recognized as revenue until that time. As of June 30, 2016, the District had the following Deferred Inflows of Resources reported in the General Fund and Debt Service Fund:

	General	Debt Service	Total
Property Taxes	\$ 17,314,941	\$ 3,253,491	\$ 20,568,432
Medicaid/SHARS	54,429,048	-	54,429,048
Totals	<u>\$ 71,743,989</u>	<u>\$ 3,253,491</u>	<u>\$ 74,997,480</u>

NOTE K: GENERAL FUND FEDERAL SOURCE REVENUE

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

Build America Bonds Subsidy	\$ 18,959,533
E-Rate	8,988,504
Medicaid/School Health and Related Services	23,546,375
Qualified School Construction Notes Subsidy	6,740,581
Indirect Cost Reimbursement	2,439,031
Junior Reserve Officer Training Corps	2,046,535
Total	<u>\$ 62,720,559</u>

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

NOTE L: DEFINED BENEFIT PENSION PLAN

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78707-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2015 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2015.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 163,887,375,172
Less: Plan Fiduciary Net Position	<u>(128,538,706,212)</u>
Net Pension Liability	<u>\$ 35,348,668,960</u>
Net Position as percentage of Total Pension Liability	78.43%

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

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

**Dallas Independent School District
Notes to the Basic Financial Statements
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Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Applications Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates

	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Dallas ISD 2015 Employer Contributions	\$ 36,370,962	
Dallas ISD 2015 Member Contributions	\$ 31,128,397	
Dallas ISD 2015 NECE On-Behalf Contributions	\$ 43,708,108	

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

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

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

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

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

Actuarial Assumptions. The total pension liability in the TRS August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-Term Expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases Including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes During the Year	None
Ad Hoc Post Employment Benefit Changes	None

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

The actuarial methods and assumptions are based primarily on a study of actual experience for the four-year period ending August 31, 2014, and adopted on September 24, 2015.

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long term rate of return on pension plan investments is 8%. The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100.0%		8.7%

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
DISD's proportionate share of the net pension liability	\$ 669,262,699	\$ 427,149,463	\$ 225,484,184

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, Dallas Independent School District reported a liability of \$427,149,463 for its proportionate share of TRS's net pension liability. This liability reflects a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 427,149,463
State's proportionate share that is associated with the District	521,628,830
Total	<u>\$ 948,778,293</u>

The net pension liability was measured as of August 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 through August 31, 2015.

At August 31, 2015, the employer's proportion of the collective net pension liability was .012083891%, which was an increase of .002766966% from its proportion measured as of August 31, 2014.

Changes Since the Prior Actuarial Valuation. The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

- date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore, these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
 10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
 11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
 12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

For the measurement period August 31, 2015, Dallas Independent School District recognized pension expense of \$74,323,714 and revenue of \$74,323,714 for support provided by the state in the Government-Wide Statement of Activities.

At June 30, 2016, Dallas Independent School District's proportionate share of TRS's deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,200,938	\$ 16,415,736
Changes in actuarial assumptions	13,453,620	15,238,822
Difference between projected and actual investment earnings	48,149,243	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	63,258,784	141,185
Contributions paid to TRS subsequent to the measurement date	29,708,319	-
Total	<u>\$ 157,770,904</u>	<u>\$ 31,795,743</u>

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

Year Ended August 31:	Pension Expense Amount
2017	\$ 15,982,566
2018	15,982,566
2019	15,982,566
2020	34,998,618
2021	8,499,681
Thereafter	4,820,845

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

NOTE M: OTHER POST- EMPLOYMENT BENEFITS

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

Texas Public School Retired Employees Group Insurance Program Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2014-2016:

Year	Covered Payroll	Contribution Rates					
		Active Member		State		District	
		Rate	Amount	Rate	Amount	Rate	Amount
2016	\$ 1,020,185,302	0.65%	\$ 6,631,204	1.0%	\$ 10,201,853	0.55%	\$ 5,611,019
2015	969,551,901	0.65%	6,302,087	1.0%	9,695,519	0.55%	5,332,535
2014	903,503,189	0.65%	5,872,771	1.0%	9,035,032	0.55%	4,969,268

NOTE N: RISK MANAGEMENT

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

Workers' Compensation. Beginning in 1989, the District moved from a self-insured workers' compensation program administered by a third party to a self-insured program administered by the District. The District currently reports all of its risk management activities in its Internal Service Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The provision for reported claims and for claims incurred but not yet reported is determined by an actuary for the District management. The District has an agreement with a third party to contract directly with medical providers for their workers' compensation program and their injured employees. At June 30, 2016, the accrued liability for workers' compensation self-insurance of \$9.6 million includes incurred but not reported claims.

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

estimate based on available information and management's estimate of administration costs necessary to provide future claims management.

Changes in the reported liability resulted from the following:

Fiscal Year	Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at End of Year
2015 - 2016	\$ 9,925,530	\$ 3,777,663	\$ (4,128,525)	\$ 9,574,668
2014 - 2015	\$ 10,805,401	\$ 3,366,855	\$ (4,246,726)	\$ 9,925,530

Health Insurance. The Board of Trustees approved the District's participation in the Teacher Retirement System (TRS) Active Care Health Insurance Program as sponsored by the Teacher Retirement System of Texas and administered by Blue Cross Blue Shield of Texas and Medco Health (pharmacy) effective January 1, 2004. This is a premium-based plan; payments are made on a monthly basis for all covered employees. Effective September 1, 2014, the TRS Active Care Health Insurance Program is administered by Aetna and Caremark (pharmacy). As of September 1, 2015, Dallas ISD employees may also participate in the Scott & White HMO plan, which is a TRS Active Care option in addition to the Aetna – administered options.

Medicare Part D. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2016 and 2015, these on-behalf payments were \$4,007,124 and \$2,840,080, respectively, and were recorded as equal revenues and expenditures in the General Fund.

NOTE O: LITIGATION, CONTINGENCIES AND COMMITMENTS

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

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

NOTE P: NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 72: Fair Value Measurement and Application. Statement 72 was issued in February 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This standard became effective for the District in fiscal year 2016. The impact of this implementation is discussed in Note B.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

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

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

GASB Statement No. 75: *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Statement 75 was issued in June 2015. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. This standard becomes effective for the District in fiscal year 2018. The District has not yet determined the impact of this statement.

GASB Statement No. 76: *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* Statement 76 was issued in June 2015. This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP Hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This standard became effective for the District in fiscal year 2016. The implementation had no significant effect on the District’s financial statements.

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

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

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

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

GASB Statement No. 78: *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. Statement 78 was issued in December 2015. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan. This statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This standard becomes effective for the District in fiscal year 2017. The District has not yet determined the impact of this statement.

GASB Statement No. 79: *Certain External Investment Pools and Pool Participants*. Statement 79 was issued in December 2015. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The requirements of this Statement were effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. The implementation had no significant effect on the District's financial statements.

GASB Statement No. 80: *Blending Requirements for Certain Component Units – on amendment of GASB Statement No. 14*. Statement 80 was issued in January 2016. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This standard becomes effective for the District in fiscal year 2017. The District has not yet determined the impact of this statement.

GASB Statement No. 81: *Irrevocable Split-Interest Agreements*. Statement 81 was issued in March 2016. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This standard becomes effective for the District in fiscal year 2018. The District has not yet determined the impact of this statement.

GASB Statement No. 82: *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. Statement 82 was issued in March 2016. This Statement addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This standard becomes effective for the District in fiscal year 2017. The District has not yet determined the impact of this statement.

**Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

NOTE Q: SUBSEQUENT EVENTS

On July 1, 2016, the District purchased the building at 9400 North Central Expressway for the purpose of serving as the new Dallas ISD administration headquarters. The building was purchased for \$46,500,000. The District plans to consolidate District employees from 16 current buildings over the next five years. The first phase of consolidation is estimated to begin during FY17.

REQUIRED SUPPLEMENTARY INFORMATION

Dallas Independent School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2016

		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and Intermediate Sources	\$ 948,894,338	\$ 959,014,857	\$ 949,123,310	\$ (9,891,547)
5800	State Program Revenues	382,345,802	400,235,879	412,296,381	12,060,502
5900	Federal Program Revenues	55,815,821	55,936,544	62,720,559	6,784,015
5020	Total Revenues	1,387,055,961	1,415,187,280	1,424,140,250	8,952,970
EXPENDITURES					
Current					
11	Instruction	778,036,239	808,462,775	809,725,636	(1,262,861)
12	Instructional Resources and Media Services	22,124,524	22,735,822	22,320,443	415,379
13	Curriculum and Instructional Staff Development	13,517,334	15,481,532	13,471,308	2,010,224
21	Instructional Leadership	39,077,043	33,572,624	29,329,933	4,242,691
23	School Leadership	85,317,083	92,248,631	95,245,639	(2,997,008)
31	Guidance, Counseling and Evaluation Services	55,809,701	57,978,321	57,495,405	482,916
32	Social Work Services	2,567,376	2,818,815	2,657,160	161,655
33	Health Services	18,666,060	19,595,577	19,352,720	242,857
34	Student (Pupil) Transportation	50,332,903	52,768,174	53,859,000	(1,090,826)
36	Cocurricular/Extracurricular Activities	29,006,283	32,739,331	32,101,589	637,742
41	General Administration	54,749,917	55,836,919	48,875,154	6,961,765
51	Facilities Maintenance and Operations	164,041,964	170,441,257	159,038,220	11,403,037
52	Security and Monitoring Services	22,346,809	24,551,458	22,113,612	2,437,846
53	Data Processing Services	33,751,791	37,554,228	33,731,123	3,823,105
61	Community Services	5,040,718	5,020,825	4,523,550	497,275
Debt Service					
71	Principal on Long Term Debt	-	6,880,000	6,880,000	-
72	Interest on Long Term Debt	8,748,637	8,748,637	7,864,062	884,575
73	Bond Fees and Charges	24,000	725,018	712,068	12,950
Capital Outlay					
81	Facilities Acquisition and Construction	-	20,561,362	19,269,267	1,292,095
Intergovernmental					
95	Payments to Juvenile Justice Alternative Ed. Prg.	100,000	100,000	5,622	94,378
99	Other Intergovernmental Charges	4,797,579	4,797,579	4,791,696	5,883
6030	Total Expenditures	1,388,055,961	1,473,618,885	1,443,363,207	30,255,678
1100	Excess (Deficiency) of Revenues Over Expenditures	(1,000,000)	(58,431,605)	(19,222,957)	39,208,648
OTHER FINANCING SOURCES (USES)					
7911	Capital Related Debt Issued	-	75,000,000	75,000,000	-
7912	Sale of Real and Personal Property	-	166,925	484,990	318,065
7915	Transfers In	1,000,000	44,000,000	44,032,774	32,774
8911	Transfers Out (Use)	-	(74,298,983)	(75,225,739)	(926,756)
7080	Total Other Financing Sources (Uses)	1,000,000	44,867,942	44,292,025	(575,917)
1200	Net Change in Fund Balances	-	(13,563,663)	25,069,068	38,632,731
0100	Fund Balance - Beginning	-	357,531,017	357,531,017	-
3000	Fund Balance - Ending	\$ -	\$ 343,967,354	\$ 382,600,085	\$ 38,632,731

See Notes of Required Supplementary Information.

**Dallas Independent School District
Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Required Supplementary Information
For the Year Ended June 30, 2016**

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

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

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

TEA requires the budgets for the governmental fund types to be filed with the TEA. The expenditure should not exceed the budget in any functional category under TEA requirements. For the year ended June 30, 2016, function 11 exceeded budget due to higher than expected payroll, health and life insurance costs, and an increase in teacher salaries resulting from the new Teacher Excellence Initiative (TEI) evaluation and incentive program. Function 23 exceeded budget due to TRS on behalf allocations being higher than expected, and function 34 exceeded budget due to transportation costs for contracted home-to-school bus services being greater than anticipated.

Dallas Independent School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Teacher Retirement System
For the Year Ended June 30, 2016

	2016	2015
District's Proportionate Share of Net Pension Liability (Asset)	\$ 427,149,463	\$ 248,867,951
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	521,628,830	418,542,854
Total	<u>\$ 948,778,293</u>	<u>\$ 667,410,805</u>
District's Proportion of the Net Pension Liability (Asset)	1.2083891%	0.9316925%
District's Covered-Employee Payroll	\$ 980,349,284	\$ 913,475,811
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	43.57%	27.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.43%	83.25%

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

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

**Dallas Independent School District
Schedule of District Contributions
Teacher Retirement System
For the Year Ended June 30, 2016**

	2016	2015
Contractually Required Contribution (Current Fiscal Year)	\$ 36,370,962	\$ 33,027,288
Contribution in Relation to the Contractually Required Contribution	(36,370,962)	(33,027,288)
Contribution Deficiency (Excess)	\$ -	\$ -
Total	<u>\$ (36,370,962)</u>	<u>\$ (33,027,288)</u>
District's Covered-Employee Payroll	\$ 1,020,185,302	\$ 969,551,901
Contributions as a Percentage of Covered-Employee Payroll	3.57%	3.41%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement dates ending August 31, 2014 for Fiscal Year 2015, and August 31, 2015 for Fiscal Year 2016.

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

**Dallas Independent School District
Notes to Teacher Retirement System Schedules
Required Supplementary Information
For the Year Ended June 30, 2016**

Changes of Benefit Terms

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

Changes of Assumptions

The following are changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period:

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The post-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore, these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustment to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

COMBINING AND OTHER STATEMENTS

Non-Major Governmental Funds

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

ESEA Title X, Part C Homeless (Fund 206) – These funds are to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide a variety of staff development and supplemental services, including in-service training, counseling, psychological services and tutoring. This program is authorized under P.L. 107-110, McKinney-Vento Homeless Education Assistance Improvement of 2001 as amended by NCLB Act of 2001, Title X, Part C.

ESEA Title I, Part A, D and SIP (Fund 211) – These funds are to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children. This program is authorized under P.L. 107-110.

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

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

IDEA – Part B, Visually Impaired (Fund 227) – This fund classification is used to account, on a project basis for funds granted to operate educational programs for children with disabilities. This fund classification includes capacity building and improvement (silver) deaf sub-grants. (84.027) (U.S. Department of Education).

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

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

ESEA II, Part A – Improving Teacher Quality (Fund 255) – These funds are used to provide financial assistance to LEAs to increase student academic achievement through improving teacher and principal quality and increasing the number highly qualified teachers in classrooms and highly qualified principals in schools, and hold LEAs accountable for improving student academic achievement. This program is authorized under P.L. 107-110.

Title III, Part A – English Language Acquisition (Fund 263) – These funds are used to account, on a project basis, for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet State academic content and student academic achievement standards. This program is authorized under P.L. 107-110.

Medicaid Administrative Claiming Program – MAC (Fund 272) – These funds are used to account, on a project basis, for funds allocated to local education agencies for reimbursement of eligible administrative costs for activities attributed to the implementation of the Medicaid state plan.

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

Other Federal Special Revenue Funds (Fund 289) – These funds are to be used to account, on a project basis, for federally funded special revenue funds that have not been previously mentioned. This fund includes the Indian Education; Refugee School Impact; Project M-NET; Farm to School; HRSA-Affordable Care Act; Home Instruction for Parents of Preschool Youngsters (HIPPY); Texas Grow Eat. These programs are designed to address the unique and culturally related needs of students.

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

SSA IDEA, Part B – Deaf (Fund 316) – IDEA-B Formula (Deaf) funds are used to provide all student with a free, appropriate public education that includes special education and related services to meet students' unique needs. These funds are used to fund payroll for teachers and diagnosticians, as well as other contracted services as needed. These funds are also used to purchase all necessary materials used in deaf ed classrooms to provide a high quality education for students.

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

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

Visually Impaired SSVI (Fund 385) – Supplemental State Visually Impaired grant supports the purchasing of needed devices, software and tools needed for students with visual impairments.

Texas Successful Schools Program (Fund 393) – This fund classification is used to account, on a project basis, for grant monies applied for by school districts after being notified by TEA of their eligibility based on Academic Excellence Indicator System (AEIS) criteria. (TEC 39.091)

Advanced Placement Incentives (Fund 397) – This fund classification is used to account, on a project basis, for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC.

State Instructional Materials (Fund 410) – This fund classification is used to account, on a project basis, for funds awarded to school districts under the textbook allotment (see 411 Technology Allotment). (TEC Chapter 31, Subchapter B).

Other State Special Revenue Funds (Fund 429) – These are state funded special revenue funds not otherwise listed. This fund includes the Educator Excellence Innovation Program. The goal of the Educator Excellence Innovation Program grant is to improve educator effectiveness in Texas public schools through the funding of innovative practices that target the entire timeline of a teacher's career. The program funded with the grant will improve student performance by fostering open, supportive and collaborative campus cultures that allow teachers to seek and attain growth within their field.

SSA Regional Day School - Deaf (Fund 435) – These funds are used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds allocated for staff and activities of the Regional Day School Program for the Deaf.

Campus Activity Funds (Fund 461) – This fund classification is used to account for transactions related to a principal's activity fund if the monies generated are not subject to recall by the school district's board of trustees into the General Fund. Gross revenues from sales are recorded in revenue object code 5755. The cost of goods sold is recorded in Function 36, using the appropriate expenditure object code.

Other Local Special Revenue Funds (Fund 499) – These are locally funded special revenue funds not otherwise listed. This fund includes More Time for Learning Initiative/Summer Camp; CRIS-Bill & Melinda Gates; NextGen-Personalized Learning. These programs are designed to address expanded learning time programs for poor city children, enhance college readiness through development of performance metrics, and the pursuance of personalized, rigorous, and relevant learning experiences.

Dallas Independent School District

**Dallas Independent School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016**

Data Control Codes	206 ESEA Title X, Pt. C Homeless	211 ESEA Title I Part A, D and SIP	224 IDEA - Part B Formula
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240 Receivables from Other Governments	120,973	15,713,101	4,611,340
1290 Other Receivables, Net	-	-	-
1300 Inventories	-	-	-
1000 Total Assets	<u>120,973</u>	<u>15,713,101</u>	<u>4,611,340</u>
LIABILITIES			
2110 Accounts Payable	14,114	1,252,566	178,301
2150 Payroll Deductions and Withholdings Payable	1,136	1,101,032	398,733
2160 Accrued Wages and Benefits Payable	10,055	7,107,430	2,545,870
2170 Due to Other Funds	89,713	5,965,491	1,397,978
2180 Due to Other Governments	-	9,931	7,067
2200 Accrued Expenditures	5,955	276,651	83,391
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>120,973</u>	<u>15,713,101</u>	<u>4,611,340</u>
FUND BALANCES			
Nonspendable Fund Balance			
3410 Inventories	-	-	-
Restricted Fund Balance			
3450 Federal or State Funds Grant Restriction	-	-	-
3490 Other Restricted Fund Balance	-	-	-
Assigned Fund Balance			
3590 Other Assigned Fund Balance	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 120,973</u>	<u>\$ 15,713,101</u>	<u>\$ 4,611,340</u>

EXHIBIT H-1

225 IDEA - Part B Preschool	227 IDEA - Part B Visually Impaired	240 Food Services Program	244 Career and Technical - Basic Grant	255 ESEA II, A Improving Teacher Qual.
\$ -	\$ -	\$ 18,568,808	\$ -	\$ -
43,104	-	1,553,325	173,346	1,403,452
-	-	-	-	-
-	-	6,770,618	-	-
43,104	-	26,892,751	173,346	1,403,452
1,539	-	3,460,087	55,114	319,543
1,865	-	236,329	18	72,386
13,202	-	1,515,352	155	458,638
26,430	-	15,502	74,213	498,963
-	-	-	-	3,163
68	-	2,149	43,846	50,759
-	-	72,507	-	-
43,104	-	5,301,926	173,346	1,403,452
-	-	6,770,618	-	-
-	-	14,820,207	-	-
-	-	-	-	-
-	-	-	-	-
-	-	21,590,825	-	-
\$ 43,104	\$ -	\$ 26,892,751	\$ 173,346	\$ 1,403,452

Dallas Independent School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

Data Control Codes	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC	276 Title I - Tex Priority School Grant
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ 1,740,991	\$ -
1240 Receivables from Other Governments	932,497	-	-
1290 Other Receivables, Net	-	-	-
1300 Inventories	-	-	-
1000 Total Assets	<u>932,497</u>	<u>1,740,991</u>	<u>-</u>
LIABILITIES			
2110 Accounts Payable	57,295	4,357	-
2150 Payroll Deductions and Withholdings Payable	19,169	2,664	-
2160 Accrued Wages and Benefits Payable	152,118	15,043	-
2170 Due to Other Funds	685,407	158	-
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	18,508	225	-
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>932,497</u>	<u>22,447</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance			
3410 Inventories	-	-	-
Restricted Fund Balance			
3450 Federal or State Funds Grant Restriction	-	1,718,544	-
3490 Other Restricted Fund Balance	-	-	-
Assigned Fund Balance			
3590 Other Assigned Fund Balance	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>1,718,544</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 932,497</u>	<u>\$ 1,740,991</u>	<u>\$ -</u>

EXHIBIT H-1 (Cont'd)

289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary Deaf	316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired SSVI
\$ 1,924	\$ -	\$ -	\$ -	\$ -	\$ -
617,079	93,620	20,777	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
619,003	93,620	20,777	-	-	-
-	154	-	-	-	-
3,654	4,780	2,220	-	-	-
26,937	26,020	11,605	-	-	-
586,488	62,636	6,952	-	-	-
-	-	-	-	-	-
-	30	-	-	-	-
1,924	-	-	-	-	-
619,003	93,620	20,777	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 619,003	\$ 93,620	\$ 20,777	\$ -	\$ -	\$ -

**Dallas Independent School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016**

Data Control Codes	393 Texas Successful Schools Prog.	397 Advanced Placement Incentives	410 State Instructional Materials
ASSETS			
1110 Cash and Cash Equivalents	\$ 26,682	\$ 143,693	\$ -
1240 Receivables from Other Governments	-	-	4,702,349
1290 Other Receivables, Net	-	-	-
1300 Inventories	-	-	-
1000 Total Assets	<u>26,682</u>	<u>143,693</u>	<u>4,702,349</u>
LIABILITIES			
2110 Accounts Payable	-	1,400	990,782
2150 Payroll Deductions and Withholdings Payable	-	-	-
2160 Accrued Wages and Benefits Payable	-	-	-
2170 Due to Other Funds	-	-	2,120,208
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	-	4,993	1,591,359
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>-</u>	<u>6,393</u>	<u>4,702,349</u>
FUND BALANCES			
Nonspendable Fund Balance			
3410 Inventories	-	-	-
Restricted Fund Balance			
3450 Federal or State Funds Grant Restriction	26,682	137,300	-
3490 Other Restricted Fund Balance	-	-	-
Assigned Fund Balance			
3590 Other Assigned Fund Balance	-	-	-
3000 Total Fund Balances	<u>26,682</u>	<u>137,300</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 26,682</u>	<u>\$ 143,693</u>	<u>\$ 4,702,349</u>

EXHIBIT H-1 (Cont'd)

429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Non-Major Governmental Funds
\$ 29,468	\$ 255,482	\$ 4,356,596	\$ 4,232,220	\$ 29,355,864
89,797	1,195,438	-	133,403	31,403,601
-	-	-	95,097	95,097
-	-	-	-	6,770,618
119,265	1,450,920	4,356,596	4,460,720	67,625,180
5,268	23	81,674	64,618	6,486,835
-	82,595	-	22,896	1,949,477
-	506,577	-	183,081	12,572,083
89,297	816,790	402,960	207,564	13,046,750
-	-	-	-	20,161
261	44,935	95,517	46,067	2,264,714
14,681	-	-	1,373,291	1,462,403
109,507	1,450,920	580,151	1,897,517	37,802,423
-	-	-	-	6,770,618
671	-	-	-	16,703,404
-	-	-	2,254,115	2,254,115
9,087	-	3,776,445	309,088	4,094,620
9,758	-	3,776,445	2,563,203	29,822,757
\$ 119,265	\$ 1,450,920	\$ 4,356,596	\$ 4,460,720	\$ 67,625,180

Dallas Independent School District
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2016

Data Control Codes	206 ESEA Title X, Pt. C Homeless	211 ESEA Title I Part A, D and SIP	224 IDEA - Part B Formula
REVENUES			
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	211,942	78,862,476	23,396,286
5020 Total Revenues	211,942	78,862,476	23,396,286
EXPENDITURES			
Current			
11 Instruction	114,286	32,341,482	13,739,330
12 Instructional Resources and Media Services	-	82,436	-
13 Curriculum and Instructional Staff Development	-	33,360,017	579,131
21 Instructional Leadership	-	832,760	2,346,093
23 School Leadership	-	289,329	-
31 Guidance, Counseling and Evaluation Services	-	3,854,088	6,265,315
32 Social Work Services	-	296,128	309,907
33 Health Services	-	445	7,332
34 Student (Pupil) Transportation	-	37,603	-
35 Food Services	-	-	-
36 Cocurricular/Extracurricular Activities	-	-	-
41 General Administration	-	1,411,181	35,689
51 Facilities Maintenance and Operations	-	-	-
52 Security and Monitoring Services	-	122,594	-
53 Data Processing Services	-	-	106,256
61 Community Services	97,656	6,234,413	7,233
6030 Total Expenditures	211,942	78,862,476	23,396,286
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
7915 Transfers In	-	-	-
8911 Transfers Out (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - Beginning	-	-	-
3000 Fund Balance - Ending	\$ -	\$ -	\$ -

EXHIBIT H-2

225	227	240	244	255
IDEA - Part B Preschool	IDEA - Part B Visually Impaired	Food Services Program	Career and Technical - Basic Grant	ESEA II, A Improving Teacher Qual.
\$ -	\$ -	\$ 2,031,821	\$ -	\$ -
-	-	570,705	-	-
298,715	12,500	108,455,717	2,215,087	8,585,318
298,715	12,500	111,058,243	2,215,087	8,585,318
123,504	12,500	-	1,480,885	2,288,895
-	-	-	-	-
11,891	-	-	163,313	4,045,800
162,011	-	-	530,889	375,033
-	-	-	-	111,422
-	-	-	40,000	86,252
-	-	-	-	-
-	-	-	-	-
-	-	111,651,849	-	-
-	-	-	-	-
-	-	-	-	1,676,661
-	-	2,119,342	-	-
-	-	-	-	-
-	-	-	-	-
1,309	-	-	-	1,255
298,715	12,500	113,771,191	2,215,087	8,585,318
-	-	(2,712,948)	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(2,712,948)	-	-
-	-	24,303,773	-	-
\$ -	\$ -	\$ 21,590,825	\$ -	\$ -

Dallas Independent School District
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2016

Data Control Codes	255 ESEA II, A Improving Teacher Qual.	263 Title III, A English Lang. Acquisition	272 Medicaid Admin. Claim MAC
REVENUES			
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	8,585,318	7,873,674	1,011,639
5020 Total Revenues	8,585,318	7,873,674	1,011,639
EXPENDITURES			
Current			
11 Instruction	2,288,895	3,989,200	-
12 Instructional Resources and Media Services	-	-	-
13 Curriculum and Instructional Staff Development	4,045,800	3,073,348	-
21 Instructional Leadership	375,033	2,109	-
23 School Leadership	111,422	16,152	-
31 Guidance, Counseling and Evaluation Services	86,252	2,500	-
32 Social Work Services	-	-	-
33 Health Services	-	-	275,410
34 Student (Pupil) Transportation	-	-	-
35 Food Services	-	-	-
36 Cocurricular/Extracurricular Activities	-	-	-
41 General Administration	1,676,661	20,237	-
51 Facilities Maintenance and Operations	-	6,293	-
52 Security and Monitoring Services	-	1,659	-
53 Data Processing Services	-	-	-
61 Community Services	1,255	762,176	-
6030 Total Expenditures	8,585,318	7,873,674	275,410
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	736,229
OTHER FINANCING SOURCES (USES)			
7915 Transfers In	-	-	-
8911 Transfers Out (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-
1200 Net Change in Fund Balance	-	-	736,229
0100 Fund Balance - Beginning	-	-	982,315
3000 Fund Balance - Ending	\$ -	\$ -	\$ 1,718,544

EXHIBIT H-2 (Cont'd)

276 Title I - Tex Priority School Grant	289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary Deaf	316 SSA IDEA, Part B Deaf	317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
49,716	910,518	385,080	155,706	38,408	4,229
49,716	910,518	385,080	155,706	38,408	4,229
21,927	69,168	385,080	155,541	38,408	4,229
-	-	-	-	-	-
25,474	8,901	-	-	-	-
-	186,034	-	-	-	-
-	-	-	-	-	-
2,315	3,794	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	21,067	-	-	-	-
-	-	-	-	-	-
-	4,000	-	-	-	-
-	458,233	-	-	-	-
-	-	-	-	-	-
-	869	-	-	-	-
-	158,452	-	165	-	-
49,716	910,518	385,080	155,706	38,408	4,229
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Dallas Independent School District
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2016

Data Control Codes	385 Visually Impaired SSVI	393 Texas Successful Schools Prog.	397 Advanced Placement Incentives
REVENUES			
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	17,457	-	6,750
5900 Federal Program Revenues	-	-	-
5020 Total Revenues	17,457	-	6,750
EXPENDITURES			
Current			
11 Instruction	17,457	-	-
12 Instructional Resources and Media Services	-	-	-
13 Curriculum and Instructional Staff Development	-	-	62,773
21 Instructional Leadership	-	-	-
23 School Leadership	-	-	-
31 Guidance, Counseling and Evaluation Services	-	-	-
32 Social Work Services	-	-	-
33 Health Services	-	-	-
34 Student (Pupil) Transportation	-	-	-
35 Food Services	-	-	-
36 Cocurricular/Extracurricular Activities	-	-	-
41 General Administration	-	-	-
51 Facilities Maintenance and Operations	-	-	-
52 Security and Monitoring Services	-	-	-
53 Data Processing Services	-	-	-
61 Community Services	-	-	-
6030 Total Expenditures	17,457	-	62,773
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	(56,023)
OTHER FINANCING SOURCES (USES)			
7915 Transfers In	-	-	-
8911 Transfers Out (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-
1200 Net Change in Fund Balance	-	-	(56,023)
0100 Fund Balance - Beginning	-	26,682	193,323
3000 Fund Balance - Ending	\$ -	\$ 26,682	\$ 137,300

EXHIBIT H-2 (Cont'd)

410 State Instructional Materials	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 3,556,417	\$ 3,943,770	\$ 9,532,008
20,915,222	711,002	4,506,362	-	-	26,727,498
-	-	-	-	330,218	241,382,547
20,915,222	711,002	4,506,362	3,556,417	4,273,988	277,642,053
20,915,222	21,125	4,747,919	1,045,017	2,034,234	83,545,409
-	2,851	-	277,362	112,282	474,931
-	13,527	-	58,199	939,267	42,341,641
-	4,339	120,574	1,490	685,359	5,246,691
-	-	-	1,092,581	19,207	1,528,691
-	-	-	1,693	1,847	10,257,804
-	-	-	-	-	606,035
-	-	-	179	3,280	286,646
-	-	-	27,450	-	65,053
-	-	-	-	-	111,672,916
-	-	-	253,545	375,867	629,412
-	663,059	-	-	5,390	3,816,217
-	-	-	2,809	54,417	2,641,094
-	-	-	5,647	12,682	142,582
-	-	-	-	-	107,125
-	-	-	63,752	514,454	7,840,865
20,915,222	704,901	4,868,493	2,829,724	4,758,286	271,203,112
-	6,101	(362,131)	726,693	(484,298)	(2,146,377)
-	133	-	-	-	-
-	-	-	(32,774)	(1,000,000)	(1,032,774)
-	133	-	(32,774)	(1,000,000)	(1,032,641)
-	6,234	(362,131)	693,919	(1,484,298)	(3,179,018)
-	3,524	362,131	3,082,526	4,047,501	33,001,775
\$ -	\$ 9,758	\$ -	\$ 3,776,445	\$ 2,563,203	\$ 29,822,757

Dallas Independent School District

Internal Service Funds

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

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

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

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

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

Technology Services - This fund is used to account for technology products furnished throughout the District by the Technology Services Division.

**Dallas Independent School District
Combining Statement of Net Position
Internal Service Funds
June 30, 2016**

Data Control Codes		752 Graphics Shop	753 Risk Management
ASSETS			
	Current Assets		
1110	Cash and Cash Equivalents	\$ 395,539	\$ 22,432,553
1260	Due from Other Funds	-	1,417,487
1290	Other Receivables, Net	-	31,587
	Total Current Assets	395,539	23,881,627
	Noncurrent Assets		
	Capital Assets		
1530	Furniture and Equipment, Net	216,760	14,966
	Total Noncurrent Assets	216,760	14,966
	Total Assets	612,299	23,896,593
LIABILITIES			
	Current Liabilities		
2110	Accounts Payable	119,312	158,812
2120	Accrued Liabilities - Short Term	-	2,679,966
2150	Payroll Deductions and Withholdings Payable	1,230	13
2160	Accrued Wages and Benefits Payable	48,284	14,557
2170	Due to Other Funds	369	-
2200	Accrued Expenses	38,835	38,226
	Total Current Liabilities	208,030	2,891,574
	Noncurrent Liabilities		
2590	Accrued Liabilities - Long Term	-	6,894,702
	Total Noncurrent Liabilities	-	6,894,702
	Total Liabilities	208,030	9,786,276
NET POSITION			
3200	Net Investment in Capital Assets	216,760	14,966
3900	Unrestricted Net Position	187,509	14,095,351
	Total Net Position	\$ 404,269	\$ 14,110,317

EXHIBIT H-3

773 Program Evaluation	774 Deferred Maintenance	775 Technology Services	Total Internal Service Funds
\$ 30,357	\$ 16,657,937	\$ 6,471,869	\$ 45,988,255
-	-	-	1,417,487
-	-	-	31,587
30,357	16,657,937	6,471,869	47,437,329
-	-	-	231,726
-	-	-	231,726
30,357	16,657,937	6,471,869	47,669,055
2,011	2,766,128	-	3,046,263
-	-	-	2,679,966
(125)	-	-	1,118
28,484	-	-	91,325
(13)	-	-	356
-	121,435	-	198,496
30,357	2,887,563	-	6,017,524
-	-	-	6,894,702
-	-	-	6,894,702
30,357	2,887,563	-	12,912,226
-	-	-	231,726
-	13,770,374	6,471,869	34,525,103
\$ -	\$ 13,770,374	\$ 6,471,869	\$ 34,756,829

Dallas Independent School District
Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2016

	752 Graphics Shop	753 Risk Management
OPERATING REVENUES		
Charges for Services	\$ 2,866,092	\$ 11,217,522
Total Operating Revenues	<u>2,866,092</u>	<u>11,217,522</u>
OPERATING EXPENSES		
Personnel Services	1,216,084	5,738,308
Contractual Services	860,059	749,938
Supplies	691,707	275,412
Other Operating Expenses	95,221	60,706
Depreciation Expense	29,992	1,663
Total Operating Expenses	<u>2,893,063</u>	<u>6,826,027</u>
Operating Income (Loss)	<u>(26,971)</u>	<u>4,391,495</u>
NON-OPERATING REVENUES		
Transfers In	26,971	-
Total Non-Operating Revenues	<u>26,971</u>	<u>-</u>
Change in Net Position	-	4,391,495
Total Net Position - Beginning	404,269	9,718,822
Total Net Position - Ending	<u>\$ 404,269</u>	<u>\$ 14,110,317</u>

773 Program Evaluation	774 Deferred Maintenance	775 Technology Services	Total Internal Service Funds
\$ 789,900	\$ 14,632,720	\$ 10,000,000	\$ 39,506,234
789,900	14,632,720	10,000,000	39,506,234
1,683,655	255,710	-	8,893,757
180	10,852,628	13,228,273	25,691,078
3,944	4,060,506	-	5,031,569
1,774	-	-	157,701
-	-	-	31,655
1,689,553	15,168,844	13,228,273	39,805,760
(899,653)	(536,124)	(3,228,273)	(299,526)
899,653	-	-	926,624
899,653	-	-	926,624
-	(536,124)	(3,228,273)	627,098
-	14,306,498	9,700,142	34,129,731
\$ -	\$ 13,770,374	\$ 6,471,869	\$ 34,756,829

**Dallas Independent School District
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016**

	752 Graphics Shop	753 Risk Management
Cash Flows from Operating Activities		
Cash Received from User Charges	\$ 2,866,092	\$ 11,203,486
Cash Payments to Employees for Services	(1,212,941)	(1,962,815)
Cash Payments for Insurance Claims	-	(4,128,525)
Cash Payments for Suppliers	(1,551,539)	(1,199,755)
Net Cash Used for Operating Activities	<u>101,612</u>	<u>3,912,391</u>
Cash Flows from Non-Capital Financing Activities		
Transfers In	<u>26,971</u>	<u>-</u>
Cash Flows from Capital & Related Financing Activities		
Acquisition of Capital Assets	<u>-</u>	<u>(16,629)</u>
Net Increase in Cash and Cash Equivalents	128,583	3,895,762
Cash and Cash Equivalents at Beginning of Year	<u>266,956</u>	<u>18,536,791</u>
Cash on Balance Sheet	<u>\$ 395,539</u>	<u>\$ 22,432,553</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities		
Operating Income (Loss)	<u>(26,971)</u>	<u>4,391,495</u>
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities		
Depreciation	29,992	1,663
Effect of Increases and Decreases in Current Assets and Liabilities		
Decrease (increase) in Due from Other Funds	-	(14,036)
Increase (decrease) in Accounts Payable	75,783	(148,952)
Increase (decrease) in Payroll Deductions	143	13
Increase (decrease) in Accrued Wages Payable	2,957	(2,183)
Increase (decrease) in Due to Other Funds	43	-
Increase (decrease) in Accrued Liabilities Short-Term	-	(71,643)
Increase (decrease) in Accrued Liabilities Long Term	19,665	-
Increase (decrease) in Accrued Expenses	<u>-</u>	<u>(243,966)</u>
Net Cash Used for Operating Activities	<u>\$ 101,612</u>	<u>\$ 3,912,391</u>

773 Program Evaluation	774 Deferred Maintenance	775 Technology Services	Total Internal Service Funds
\$ 789,900	\$ 14,632,720	\$ 10,000,000	\$ 39,492,198
(1,673,162)	(256,482)	-	(5,105,400)
-	-	-	(4,128,525)
(4,218)	(14,544,861)	(13,246,298)	(30,546,671)
(887,480)	(168,623)	(3,246,298)	(288,398)
899,653	-	-	926,624
-	-	-	(16,629)
12,173	(168,623)	(3,246,298)	621,597
18,184	16,826,560	9,718,167	45,366,658
\$ 30,357	\$ 16,657,937	\$ 6,471,869	\$ 45,988,255
(899,653)	(536,124)	(3,228,273)	(299,526)
-	-	-	31,655
-	-	-	(14,036)
2,011	442,586	(18,025)	353,403
(125)	-	-	31
10,631	(773)	-	10,632
(13)	-	-	30
-	-	-	(71,643)
(331)	(74,312)	-	(54,978)
-	-	-	(243,966)
\$ (887,480)	\$ (168,623)	\$ (3,246,298)	\$ (288,398)

Agency Funds

Agency Funds are established to account for assets received and held by the District in the capacity of trustee, agent, or custodian. Expenditures are made only in accordance with the purpose for which assets are received.

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

Dallas Independent School District
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2016

	BALANCE JULY 1 2015	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2016
STUDENT ACTIVITY FUND				
ASSETS				
Cash and Cash Equivalents	\$ 4,159,607	\$ 35,501,389	\$ 34,708,570	\$ 4,952,426
LIABILITIES				
Accounts Payable	49,190	201,727,895	201,625,779	151,306
Due to Other Funds	566,147	4,733,995	4,309,998	990,144
Due to Other Governments	-	20,380	20,380	-
Due to Student Groups	3,481,423	108,242,762	108,102,322	3,621,863
Accrued Expenses	62,847	2,144,605	2,018,339	189,113
Total Liabilities	\$ 4,159,607	\$ 316,869,637	\$ 316,076,818	\$ 4,952,426

**TEXAS EDUCATION AGENCY
REQUIRED SCHEDULES**

**DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2016**

Exhibit J-1

	1	2	3	10	20	31	32	40	50
	Tax Rates								
Fiscal year (1)	Maintenance	Debt Service	Net Assessed/ Appraised Value for School Tax Purposes	Beginning Balance	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance
2007	(2) 0.8911 - 1.33005	0.0824 - 0.17259	247,187,038,921	14,290,836	-	523,272	53,413	(1,529,923)	12,184,228
2008	1.040050	0.159593	76,757,349,728	2,389,307	-	155,665	23,887	(109,491)	2,100,264
2009	1.040050	0.143352	82,176,569,792	3,110,376	-	246,861	34,025	(136,755)	2,692,735
2010	1.040050	0.231293	79,628,192,590	3,723,437	-	378,414	84,154	(90,816)	3,170,053
2011	1.040050	0.197761	75,985,949,045	5,315,725	-	630,286	119,847	(1,208,311)	3,357,281
2012	1.040050	0.250297	74,661,069,947	5,757,424	-	821,037	197,590	148,102	4,886,899
2013	1.040050	0.250297	76,274,060,956	6,376,079	-	1,021,593	245,855	27,570	5,136,201
2014	1.040050	0.242035	80,040,860,095	8,441,963	-	1,347,313	313,540	426,795	7,207,905
2015	1.040050	0.242035	85,633,556,319	17,825,250	-	780,432	181,617	(7,569,328)	9,293,873
2016	1.040050	0.242035	91,173,609,390	-	1,141,622,891	904,300,588	210,444,099	(7,680,046)	19,198,158
Wilmer Hutchins (1)				1,114,787	-	69,332		(97,207)	948,248
1000 Totals				<u>\$ 68,345,184</u>	<u>\$ 1,141,622,891</u>	<u>\$ 910,274,793</u>	<u>\$ 211,698,027</u>	<u>\$ (17,819,410)</u>	<u>\$ 70,175,845</u>

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

(2) Highest and lowest level for 10 years (1997-2007)

Dallas Independent School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Food Services Program
For the Year Ended June 30, 2016

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and Intermediate Sources	\$ 3,473,693	\$ 3,473,693	\$ 2,031,821	\$ (1,441,872)
5800	State Program Revenues	610,050	610,050	570,705	(39,345)
5900	Federal Program Revenues	113,658,427	113,658,427	108,455,717	(5,202,710)
5020	Total Revenues	117,742,170	117,742,170	111,058,243	(6,683,927)
EXPENDITURES					
Current					
6035	Food Services	117,047,170	115,058,594	111,651,849	3,406,745
6041	General Administration	65,000	65,000	-	65,000
6051	Facilities Maintenance and Operations	360,000	2,618,576	2,119,342	499,234
6030	Total Expenditures	117,472,170	117,742,170	113,771,191	3,970,979
1200	Net Change in Fund Balances	-	-	(2,712,948)	(2,712,948)
0100	Fund Balance - Beginning	-	24,303,773	24,303,773	-
3000	Fund Balance - Ending	\$ -	\$ 24,303,773	\$ 21,590,825	\$ (2,712,948)

Dallas Independent School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Debt Service Fund
For the Year Ended June 30, 2016

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance with Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and Intermediate Sources	\$ 211,614,162	\$ 211,614,162	\$ 213,793,616	\$ 2,179,454
5800	State Program Revenues	-	3,512,092	3,512,092	-
5020	Total Revenues	211,614,162	215,126,254	217,305,708	2,179,454
EXPENDITURES					
Debt Service					
71	Principal on Long Term Debt	90,385,000	97,110,000	97,110,000	-
72	Interest on Long Term Debt	121,199,162	121,242,128	121,074,002	168,126
73	Bond Fees and Charges	30,000	36,000	34,200	1,800
6030	Total Expenditures	211,614,162	218,388,128	218,218,202	169,926
1100	Excess (Deficiency) of Revenues Over Expenditures	-	(3,261,874)	(912,494)	2,349,380
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	-	-	55,186	55,186
7080	Total Other Financing Sources (Uses)	-	-	55,186	55,186
1200	Net Change in Fund Balances	-	(3,261,874)	(857,308)	2,404,566
0100	Fund Balance - Beginning	-	135,296,606	135,296,606	-
3000	Fund Balance - Ending	\$ -	\$ 132,034,732	\$ 134,439,298	\$ 2,404,566

Dallas Independent School District

Dallas Independent School District

Index for Statistical Section

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

Contents	Page
Financial Trends Information – These schedules contain trend information intended to help the reader understand how the District's financial position has changed over time.	
S-1 Government-wide Changes in Net Position	104
S-2 Government-wide Net Position by Component	106
S-3 All Governmental Funds - Changes in Fund Balances	108
S-4 All Governmental Funds - Revenues as a Percentage of Total Revenue and Expenditures as a Percentage of Total Expenditures	110
S-5 All Governmental Funds - Fund Balances	112
Revenue Capacity Information – These schedules contain information intended to help the reader assess the District's most significant revenue source, tax collections.	
S-6 Property Tax Levies and Collections	113
S-7 Schedule of Tax Rate Distribution Per \$100 Valuation	114
S-8 Assessed and Actual Value of Taxable Property	115
S-9 Property Tax Rates – Direct and Overlapping Governments	116
S-10 Principal Property Tax Payers	118
Debt Capacity Information – These schedules contain information intended to assist users in understanding and assessing the District's current levels of outstanding debt and the ability to issue additional debt.	
S-11 Computation of Direct and Overlapping Debt	119
S-12 Ratio of Net Bonded Debt to Taxable Assessed Valuation and Net Bonded Debt Per Capita	120
S-13 Legal Debt Margin Information	122
S-14 Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total Expenditures	124
Demographic and Economic Information – These schedules provide demographic and economic indicators intended to help the reader understand the socioeconomic environment within which the District's financial activities take place.	
S-15 Per Student Calculations (General Fund Only) Based on Revenues and Expenditures	125
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S-17 North Texas Principal Employers	128
Operating Information – These schedules provide contextual information about the District's operations and resources intended to assist readers in using financial statement information to understand and assess the District's economic condition.	
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Dallas Independent School District

Dallas Independent School District

Dallas Independent School District

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

Fiscal Year Ended June 30:	2016	2015	2014	2013
Expenses				
Governmental Activities:				
Instruction	\$ 998,278,934	\$ 918,378,917	\$ 838,734,964	\$ 837,619,961
Instructional Resources and Media Services	25,176,186	24,268,027	23,293,647	23,618,126
Curriculum and Staff Development	58,250,759	50,396,457	48,023,182	36,333,128
Instructional Leadership	36,526,926	31,039,518	26,485,116	21,583,374
School Leadership	107,487,393	94,868,296	86,999,537	82,180,544
Guidance, Counseling and Evaluation Services	73,248,880	66,733,501	58,852,078	59,251,653
Social Work Services	3,313,751	2,965,574	2,775,531	2,485,963
Health Services	21,511,094	20,099,689	17,948,403	18,162,354
Student (Pupil) Transportation	53,830,113	46,322,785	35,812,881	25,497,358
Food Services	118,626,758	107,517,917	101,484,589	93,529,323
Cocurricular/Extracurricular Activities	36,421,282	30,184,490	28,452,778	23,425,259
General Administration	53,243,020	48,175,732	39,655,687	34,292,907
Facilities Maintenance and Operation	166,498,335	145,367,996	142,000,753	147,466,378
Security and Monitoring Services	21,386,056	23,283,265	19,989,832	19,098,721
Data Processing Services	46,293,855	44,278,942	38,590,780	41,618,908
Community Services	13,166,512	12,067,736	9,614,304	8,371,779
Debt Service - Interest and Fees on Long-Term Debt	199,431,914	27,515,111	124,428,173	128,536,048
Debt Service - Bond Issuance Cost and Fees	4,410,076	4,427,183	1,259,936	-
Facilities Acquisition and Construction	1,336,580	33,668	2,145,951	5,047,018
Chapter 41 payments	-	-	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	5,622	6,762	2,736	10,488
Payments to Tax Increment Fund	-	-	69,898	3,749,780
Other Intergovernmental Charges	4,791,696	4,578,190	4,410,880	3,835,557
Total Primary Government Program Expenses	2,043,235,742	1,702,509,756	1,651,031,636	1,615,714,627
Program Revenues				
Governmental Activities:				
Charges for Service:				
Instruction	309,722	172,766	233,006	261,509
Curriculum and Staff Development	629,792	1,611,367	1,817,454	1,278,066
Instructional Leadership	69,977	179,041	201,939	127,807
Food Services	1,600,005	2,821,535	3,801,181	5,558,516
Cocurricular/Extracurricular Activities	946,391	1,152,755	1,160,349	1,167,991
Facilities Maintenance and Operations	2,026,208	1,917,887	1,413,139	6,482,941
Operating Grants and Contributions	361,222,410	356,499,886	293,878,890	286,311,657
Total Primary Government Program Revenues	366,804,505	364,355,237	302,505,958	301,188,487
Net (Expense)/Revenue				
Total Primary Government Expenses	(1,676,431,237)	(1,338,154,519)	(1,348,525,678)	(1,314,526,140)
General Revenues				
Governmental Activities				
Taxes				
Property Taxes Levied for General Purposes	910,501,189	854,963,342	801,098,678	767,724,171
Property Taxes Levied for Debt Services	211,887,005	198,979,050	186,427,489	184,313,028
State Aid not Restricted to Specific Purpose	345,639,301	346,230,033	334,227,912	337,558,928
Grants, Contributions and Other Revenue not Restricted	81,703,893	87,298,011	53,752,263	41,041,051
Investment Earnings	8,457,518	3,084,819	2,478,190	2,439,424
Gain (loss) on Sale of Equipment	-	-	-	-
Miscellaneous	36,477,865	25,615,604	19,352,649	10,052,203
Total Primary Government	1,594,666,771	1,516,170,859	1,397,337,181	1,343,128,805
Change in Net Position				
Total primary government	\$ (81,764,466)	\$ 178,016,340	\$ 48,811,503	\$ 28,602,665

Source: Statement of Activities for the Dallas Independent School District

Dallas Independent School District

S-1

2012	2011	2010	2009	2008	2007
\$ 842,891,794	\$ 918,670,306	\$ 914,472,120	\$ 929,388,824	\$ 947,516,694	\$ 842,211,888
22,736,721	24,732,131	23,935,081	24,826,612	25,681,473	28,009,317
38,062,123	45,017,015	44,632,038	37,138,971	44,295,242	43,644,222
21,705,813	28,885,789	24,822,153	23,795,617	24,228,778	23,917,179
79,358,915	84,065,159	79,490,680	84,301,765	86,231,024	81,421,654
54,901,981	63,488,723	59,630,524	60,939,150	59,463,862	54,186,061
2,745,665	2,844,122	2,299,973	1,926,948	1,479,906	2,254,864
17,813,557	18,252,622	17,363,982	16,722,030	19,176,368	15,916,986
22,738,339	24,350,694	22,027,097	27,209,587	19,367,604	18,480,368
90,910,150	84,684,667	75,750,540	72,934,030	73,587,637	69,187,401
21,786,201	20,002,925	16,439,635	11,895,625	12,614,693	11,723,203
40,363,776	53,147,300	52,742,750	42,583,250	44,792,325	36,497,765
148,301,564	155,963,647	154,143,299	152,910,877	168,887,599	161,001,052
18,912,935	21,348,002	20,346,170	16,825,756	17,843,175	17,472,481
41,579,518	40,833,190	29,336,406	20,235,055	23,343,511	22,551,939
7,341,491	8,833,215	13,559,717	16,882,388	18,747,992	23,868,348
136,081,451	112,597,583	85,075,051	80,960,896	68,332,722	76,165,858
-	-	-	-	-	-
2,242,121	231,271	1,057,517	220,411	4,859,998	10,159,043
-	-	-	13,675,440	-	-
302,328	709,194	700,744	730,787	634,959	629,987
3,327,159	3,610,740	4,029,110	5,337,315	4,355,716	2,954,107
3,738,645	3,916,117	3,760,526	4,036,656	-	-
<u>1,617,842,247</u>	<u>1,716,184,412</u>	<u>1,645,615,113</u>	<u>1,645,477,990</u>	<u>1,665,441,278</u>	<u>1,542,253,723</u>
2,870	272,629	277,928	268,842	271,726	231,002
-	-	-	-	-	-
-	-	-	-	-	-
6,391,706	6,321,941	7,150,852	7,957,319	7,737,771	7,676,736
727,573	676,784	674,914	719,035	765,089	787,321
1,297,529	1,279,344	1,168,255	1,164,667	1,046,092	792,687
256,242,350	364,591,060	351,454,735	280,834,205	266,954,979	258,011,697
<u>264,662,028</u>	<u>373,141,758</u>	<u>360,726,684</u>	<u>290,944,068</u>	<u>276,775,657</u>	<u>267,499,443</u>
<u>(1,353,180,219)</u>	<u>(1,343,042,654)</u>	<u>(1,284,888,429)</u>	<u>(1,354,533,922)</u>	<u>(1,388,665,621)</u>	<u>(1,274,754,280)</u>
752,839,796	753,628,541	779,573,697	815,695,229	769,724,223	884,553,125
180,706,403	143,306,604	174,821,183	111,843,729	117,985,197	114,419,519
416,548,421	417,317,962	391,146,276	392,602,696	424,377,425	264,854,432
56,229,252	35,162,278	40,952,513	20,359,723	11,738,655	5,457,848
3,995,586	3,125,832	3,079,368	8,844,949	16,470,476	25,200,633
549,733	-	(276,118)	(8,731,415)	-	-
3,845,898	636,479	(124,796)	(1,313,479)	-	9,482,500
<u>1,414,715,089</u>	<u>1,353,177,696</u>	<u>1,389,172,123</u>	<u>1,339,301,432</u>	<u>1,340,295,976</u>	<u>1,303,968,057</u>
\$ 61,534,870	\$ 10,135,042	\$ 104,283,694	\$ (15,232,490)	\$ (48,369,645)	\$ 29,213,777

Dallas Independent School District

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

Fiscal Year Ended June 30:	2016	2015	2014	2013
Governmental Activities:				
Net Investment in Capital Assets	\$ 19,321,452	\$ 222,450,356	\$ 169,438,211	\$ 226,638,835
Restricted	254,277,208	154,385,740	76,265,991	84,729,743
Unrestricted	201,813,604	180,340,634	419,545,825	326,193,821
Total Governmental Activities Net Position	<u><u>\$ 475,412,264</u></u>	<u><u>\$ 557,176,730</u></u>	<u><u>\$ 665,250,027</u></u>	<u><u>\$ 637,562,399</u></u>

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

Dallas Independent School District

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2012	2011	2010	2009	2008	2007
\$ 285,655,589	\$ 301,973,476	\$ 309,032,133	\$ 270,352,975	\$ 278,483,300	\$ 255,968,628
75,926,853	66,518,906	66,830,947	57,251,335	68,587,086	81,405,397
247,377,292	178,932,482	161,426,742	105,401,818	101,168,232	159,234,239
<u>\$ 608,959,734</u>	<u>\$ 547,424,864</u>	<u>\$ 537,289,822</u>	<u>\$ 433,006,128</u>	<u>\$ 448,238,618</u>	<u>\$ 496,608,264</u>

Dallas Independent School District

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

Fiscal Year Ended June 30:	2016	2015	2014	2013
Revenues				
Local Sources:				
Property Taxes	\$ 1,131,070,782	\$ 1,063,513,416	\$ 993,116,637	\$ 953,024,424
Interest	8,457,520	3,084,819	2,490,870	2,439,424
Other	35,340,417	27,919,560	23,424,643	26,212,625
State Sources	442,535,971	451,066,685	393,745,055	395,145,649
Federal Sources	295,517,788	314,513,874	287,146,679	260,503,088
Total Revenue	<u>1,912,922,478</u>	<u>1,860,098,354</u>	<u>1,699,923,884</u>	<u>1,637,325,210</u>
Expenditures				
Instruction	893,271,045	853,166,619	767,476,755	763,008,812
Instructional Resources and Media Services	22,795,374	22,882,147	21,771,417	22,064,026
Curriculum and Staff Development	55,812,949	50,784,870	47,505,300	35,686,203
Instructional Leadership	34,576,624	30,866,857	26,110,168	21,138,257
School Leadership	96,774,330	88,767,725	80,506,607	75,202,435
Guidance, Counseling, and Evaluation Services	67,753,209	64,816,543	56,672,484	56,862,691
Social Work Services	3,263,195	2,924,614	2,731,254	2,442,091
Health Services	19,639,366	19,164,696	16,943,543	17,033,913
Student Transportation	53,924,053	46,315,857	35,805,953	25,528,534
Food Services	111,672,916	101,308,709	95,659,982	89,271,199
Co-Curricular/Extra-Curricular Activities	32,731,001	27,157,237	25,677,557	20,414,477
General Administration	52,691,371	50,648,623	40,191,375	33,884,965
Plant Maintenance and Operations	161,679,314	143,121,525	136,554,325	141,159,026
Security and Monitoring Services	22,256,194	23,542,452	19,823,365	18,871,512
Data Processing Services	33,838,248	36,450,445	31,179,276	30,837,025
Community Services	12,364,415	11,643,071	9,135,120	7,813,628
Debt Service				
Principal	103,990,000	50,515,000	62,595,000	54,095,000
Interest	133,348,140	142,354,189	133,689,215	134,757,695
Facilities Acquisition & Construction	153,844,110	95,996,507	80,870,347	278,132,001
Intergovernmental Charges	4,797,318	4,584,952	4,483,514	7,595,825
Total Expenditures	<u>2,071,023,172</u>	<u>1,867,012,638</u>	<u>1,695,382,557</u>	<u>1,835,799,315</u>
Other Financing Sources (uses)				
Proceeds from Bonds and Notes	647,230,000	590,875,000	143,340,000	-
Proceeds from Refunding Bonds	-	-	-	437,060,000
Transfers In /Out	(926,624)	(351,439)	(25,719,847)	(234,982)
Premium on Bonds	76,488,994	85,253,985	-	64,753,841
Sale of Real & Personal Property	484,990	1,402,794	413,206	31,942
Loan Proceeds	-	-	-	-
Legal Settlements	-	-	-	-
Payments to Refunded Bond Escrow Agent	-	(671,684,268)	-	(498,445,267)
Other Resources	-	-	-	-
Total Other Financing Sources (uses)	<u>723,277,360</u>	<u>5,496,072</u>	<u>118,033,359</u>	<u>3,165,534</u>
Prior Period Adjustment	-	-	-	-
Net Changes in Fund Balances	<u>\$ 565,176,666</u>	<u>\$ (1,418,212)</u>	<u>\$ 122,574,686</u>	<u>\$ (195,308,571)</u>
Debt service as a percentage of noncapital expenditures (1)	11.46%	10.33%	12.22%	12.21%

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

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

Dallas Independent School District

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2012	2011	2010	2009	2008	2007
\$ 935,396,723	\$ 909,373,008	\$ 970,051,877	\$ 916,363,076	\$ 887,709,420	\$ 998,972,644
3,995,586	3,125,832	3,079,367	8,844,951	17,035,873	25,753,425
23,244,360	24,982,675	43,114,429	25,144,485	23,490,585	36,729,979
448,804,079	446,899,911	423,877,886	437,511,002	467,141,793	302,445,507
256,263,965	358,718,768	325,196,043	233,286,410	219,830,921	217,970,674
1,667,704,713	1,743,100,194	1,765,319,602	1,621,149,924	1,615,208,592	1,581,872,229
790,166,496	881,493,362	881,629,395	896,214,975	908,920,219	809,718,706
21,611,547	23,922,133	23,268,657	23,108,097	23,656,319	26,264,447
37,498,502	45,312,833	44,614,128	37,374,301	44,316,564	43,525,537
21,278,216	28,781,240	24,692,621	24,061,737	24,258,649	23,915,760
74,572,714	80,601,956	76,645,839	83,140,482	84,824,718	80,169,922
53,261,191	62,515,390	58,624,587	59,918,862	59,382,793	54,183,245
2,694,685	2,833,886	2,287,349	1,948,498	1,481,390	2,254,260
17,042,684	17,716,810	16,934,542	16,776,445	19,027,335	15,763,565
22,718,745	24,352,369	22,023,914	27,504,105	18,941,778	18,430,883
86,553,720	82,325,328	72,319,312	70,265,117	69,550,687	64,984,662
19,355,947	18,268,645	15,277,626	10,061,404	11,045,708	10,319,123
39,910,323	52,663,314	52,392,310	41,665,642	45,425,492	36,440,097
144,858,033	151,471,848	149,763,876	152,655,240	164,580,285	158,817,740
18,551,089	21,161,663	20,246,825	16,581,630	18,830,513	18,857,708
32,175,475	39,253,756	27,522,856	26,898,652	26,231,463	20,337,416
6,936,427	8,553,002	13,323,523	17,095,424	18,821,066	23,882,683
54,351,003	39,936,273	86,692,253	46,323,865	52,798,930	47,995,933
153,717,458	98,944,160	94,701,833	75,235,694	72,344,574	72,978,302
374,511,644	420,924,235	138,711,972	25,670,160	105,248,542	179,348,546
7,368,132	8,236,051	8,490,380	23,780,198	4,990,675	3,584,094
1,979,134,031	2,109,268,254	1,830,163,798	1,676,280,528	1,774,677,700	1,711,772,629
-	950,300,000	-	413,325,000	-	-
197,935,000	226,810,000	100,760,000	-	-	-
(509,141)	(126,134)	(862,881)	-	-	-
29,856,060	46,505,823	5,397,999	10,827,157	-	-
619,397	636,479	28,704	622,649	-	-
-	-	-	3,611,421	-	-
-	-	(153,500)	(1,936,127)	-	-
(226,330,345)	(259,446,830)	(107,896,372)	-	-	-
-	-	-	-	-	-
1,570,971	964,679,338	(2,726,050)	426,450,100	-	-
-	-	-	-	-	(31,293,214)
\$ (309,858,347)	\$ 598,511,278	\$ (67,570,246)	\$ 371,319,496	\$ (159,469,108)	\$ (161,193,614)
13.04%	8.31%	10.80%	7.44%	7.55%	7.89%

Dallas Independent School District

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

Fiscal Year Ended June 30:	2016	2015	2014	2013
Revenues				
Local Sources:				
Property Taxes	59.1%	57.2%	58.4%	58.2%
Interest	0.4%	0.2%	0.1%	0.1%
Other	1.8%	1.5%	1.4%	1.6%
State Sources	23.1%	24.2%	23.2%	24.1%
Federal Sources	15.4%	16.9%	16.9%	15.9%
Total Revenue	100%	100%	100%	100%
Expenditures				
Instruction	43.1%	45.7%	45.3%	41.6%
Instructional Resources and Media Services	1.1%	1.2%	1.3%	1.2%
Curriculum and Staff Development	2.7%	2.7%	2.8%	1.9%
Instructional Leadership	1.7%	1.7%	1.5%	1.2%
School leadership	4.7%	4.8%	4.7%	4.1%
Guidance, Counseling, and Evaluation Services	3.3%	3.5%	3.3%	3.1%
Social Work Services	0.2%	0.2%	0.2%	0.1%
Health Services	0.9%	1.0%	1.0%	0.9%
Student Transportation	2.6%	2.5%	2.1%	1.4%
Food Services	5.4%	5.4%	5.6%	4.9%
Co-Curricular/Extra-Curricular Activities	1.6%	1.5%	1.5%	1.1%
General Administration	2.5%	2.7%	2.4%	1.8%
Plant Maintenance and Operations	7.8%	7.7%	8.1%	7.7%
Security and Monitoring Services	1.1%	1.3%	1.2%	1.0%
Data Processing Services	1.6%	2.0%	1.8%	1.7%
Community Services	0.6%	0.6%	0.5%	0.4%
Debt Service				
Principal	5.0%	2.7%	3.7%	2.9%
Interest	6.4%	7.6%	7.9%	7.3%
Facilities Acquisition & Construction	7.4%	5.1%	4.8%	15.2%
Intergovernmental Charges	0.2%	0.2%	0.3%	0.4%
Total expenditures	100%	100%	100%	100%

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

Dallas Independent School District

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2012	2011	2010	2009	2008	2007
56.1%	52.2%	55.0%	56.5%	55.0%	63.2%
0.2%	0.2%	0.2%	0.5%	1.1%	1.6%
1.4%	1.4%	2.4%	1.6%	1.5%	2.3%
26.9%	25.6%	24.0%	27.0%	28.9%	19.1%
15.4%	20.6%	18.4%	14.4%	13.6%	13.8%
100%	100%	100%	100%	100%	100%
39.9%	41.8%	48.2%	53.5%	51.2%	47.3%
1.1%	1.1%	1.3%	1.4%	1.3%	1.5%
1.9%	2.1%	2.4%	2.2%	2.5%	2.5%
1.1%	1.4%	1.3%	1.4%	1.4%	1.4%
3.8%	3.8%	4.2%	5.0%	4.8%	4.7%
2.7%	3.0%	3.2%	3.6%	3.3%	3.2%
0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
0.9%	0.8%	0.9%	1.0%	1.1%	0.9%
1.1%	1.2%	1.2%	1.6%	1.1%	1.1%
4.4%	3.9%	4.0%	4.2%	3.9%	3.8%
1.0%	0.9%	0.8%	0.6%	0.6%	0.6%
2.0%	2.5%	2.9%	2.5%	2.6%	2.1%
7.3%	7.2%	8.2%	9.1%	9.3%	9.3%
0.9%	1.0%	1.1%	1.0%	1.1%	1.1%
1.6%	1.9%	1.5%	1.6%	1.5%	1.2%
0.4%	0.4%	0.7%	1.0%	1.1%	1.4%
2.7%	1.9%	4.7%	2.8%	3.0%	2.8%
7.8%	4.7%	5.2%	4.5%	4.1%	4.3%
18.9%	20.0%	7.6%	1.5%	5.9%	10.5%
0.4%	0.4%	0.5%	1.4%	0.3%	0.2%
100%	100%	100%	100%	100%	100%

Dallas Independent School District

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

Fiscal Year Ended June 30:	2016	2015	2014	2013
General Fund:				
Non-Spendable	\$ 8,394,857	\$ 7,699,359	\$ 8,230,314	\$ 11,499,868
Assigned	275,845,332	186,647,485	175,667,574	6,009,210
Unassigned	98,359,896	163,184,173	158,942,100	263,644,498
Total General Fund	382,600,085	357,531,017	342,839,988	281,153,576
Non-spendable:				
Non-major	6,770,618	4,061,426	4,970,382	3,592,519
Restricted:				
Debt Service	134,439,298	135,296,606	112,388,437	117,974,957
Capital Projects	803,033,746	258,889,822	305,824,929	244,003,261
Federal or State Funds (1)	16,703,404	21,809,316	13,329,755	13,862,032
Local Special Revenue Funds	2,254,115	2,635,520	2,843,937	2,626,439
Assigned - Other	4,094,620	4,495,513	3,940,004	349,962
Total All Governmental Funds	\$ 1,349,895,886	\$ 784,719,220	\$ 786,137,432	\$ 663,562,746
Fiscal Year Ended June 30:	2012	2011		
General Fund:				
Non-Spendable	\$ 6,219,819	\$ 6,757,739		
Assigned	7,197,978	6,633,164		
Unassigned	187,702,582	121,707,356		
Total General Fund	201,120,379	135,098,259		
Non-spendable:				
Capital Projects	-	34,056		
Non-major	3,743,344	2,146,651		
Restricted:				
Debt Service	112,510,850	100,210,068		
Capital Projects	519,356,980	889,997,668		
Food Service	11,945,805	18,044,165		
Grants and Donations	5,014,837	6,219,675		
Assigned - Other	-	11,800,000		
Total All Governmental Funds	\$ 853,692,195	\$ 1,163,550,542		
Fiscal Year Ended June 30:	2010	2009	2008	2007
General Fund:				
Reserved	\$ 17,987,491	\$ 8,392,093	\$ 16,588,957	\$ 14,373,736
Unreserved	82,111,760	29,275,989	43,623,687	105,750,898
Total General Fund	100,099,251	37,668,082	60,212,644	120,124,634
All Other Governmental Funds:				
Reserved:				
Debt Service	\$ 74,280,273	\$ 76,288,266	\$ 76,896,518	\$ 78,991,204
Capital Projects	356,643,856	491,011,154	101,736,405	199,888,096
Food Service	23,439,317	17,287,051	13,394,122	12,244,325
Other	1,670,892	2,479,394	2,291,299	3,785,498
Unreserved, reported in:				
Non-major funds	8,905,675	7,875,563	6,759,026	5,725,365
Total All Governmental Funds	\$ 565,039,264	\$ 632,609,510	\$ 261,290,014	\$ 420,759,122

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

Beginning with 2011, Fund Balance Categories are reported as required by GASB Statement No. 54

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

Dallas Independent School District

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Property Tax Levies and Collections Last Ten Fiscal Years (Unaudited)

Tax Levy Year	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections and Adjustments in Subsequent years (3)	Total Collections and Adjustments to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2015	1,133,942,847	1,114,744,687	98.3%	-	1,114,744,687	98.3%
2014	1,065,053,360	1,047,228,110	98.3%	8,531,377	1,055,759,487	99.1%
2013	996,169,367	978,736,529	98.3%	8,990,875	987,727,404	99.2%
2012	955,292,606	936,816,774	98.1%	9,335,129	946,151,903	99.0%
2011	934,510,637	915,380,068	98.0%	9,853,035	925,233,103	99.0%
2010	906,603,690	884,253,126	97.5%	14,861,463	899,114,589	99.2%
2009	973,456,881	944,623,970	97.0%	21,698,511	966,322,481	99.3%
2008	936,822,412	902,680,977	96.4%	29,498,539	932,179,516	99.5%
2007	883,009,750	857,460,126	97.1%	22,421,752	879,881,878	99.6%
2006	997,819,375	967,686,598	97.0%	26,926,344	994,612,942	99.7%
2005	1,016,398,514	981,765,629	96.6%	31,988,071	1,013,753,700	99.7%

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

(2) Current year maintenance and debt service collections.

(3) Delinquent collections plus delinquent adjustments.

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

Dallas Independent School District

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

Fiscal Year Ended June 30:	Tax Rates			Tax Levies		
	Maintenance	Debt Service	Total	General Fund	Debt Service Fund	Total
2016	1.040050	0.242035	1.282085	926,105,038	215,517,853	1,141,622,891
2015	1.040050	0.242035	1.282085	870,471,272	202,571,082	1,073,042,354
2014	1.040050	0.242035	1.282085	815,541,387	189,788,528	1,005,329,915
2013	1.040050	0.250297	1.290347	773,504,617	186,150,551	959,655,168
2012	1.040050	0.250297	1.290347	754,543,597	181,587,418	936,131,015
2011	1.040050	0.197760	1.237810	766,530,717	145,752,801	912,283,518
2010	1.040050	0.231293	1.271343	801,477,032	178,237,507	979,714,539
2009	1.040050	0.143352	1.183402	829,408,399	114,324,352	943,732,751
2008	1.040050	0.159593	1.199643	773,689,887	118,720,988	892,410,875
2007	1.330050	0.172590	1.502640	886,021,154	114,974,343	1,000,995,497

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

Dallas Independent School District

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Assessed and Actual Value of Taxable Property Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	Real Property			Net Taxable Assessed Value	Total Direct Tax Rate
	Residential	Commercial Property	Personal Property		
2016	38,743,465,578	40,529,662,355	13,166,711,763	92,439,839,696	1.282085
2015	36,107,563,490	36,598,495,511	12,927,497,318	85,633,556,319	1.282085
2014	33,952,512,664	33,210,609,987	12,877,737,444	80,040,860,095	1.282085
2013	33,327,472,247	30,636,514,329	12,310,074,380	76,274,060,956	1.290347
2012	33,665,394,542	28,337,566,510	11,838,691,761	73,841,652,813	1.290347
2011	34,456,380,302	29,760,504,666	11,769,064,077	75,985,949,045	1.237810
2010	35,188,256,719	32,048,564,901	12,391,370,970	79,628,192,590	1.271343
2009	35,258,395,611	34,604,451,630	12,313,722,551	82,176,569,792	1.183402
2008	32,790,675,633	32,307,944,667	11,658,729,428	76,757,349,728	1.199643
2007	29,853,971,879	27,557,816,999	11,228,797,287	68,640,586,165	1.502640

Source: Dallas Central Appraisal District and Dallas ISD records

Dallas Independent School District

Property Tax Rates - Direct and Overlapping Governments Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	Town of Addison	City of Balch Springs	City of Carrollton	City of Cockrell Hill	City of Dallas	City of DeSoto	City of Duncanville	City of Farmers Branch	City of Garland
2016	0.57915	0.80300	0.61288	1.13244	0.79700	0.74990	0.75845	0.60227	0.70460
2015	0.56180	0.80300	0.61538	0.81166	0.79700	0.75740	0.75845	0.60227	0.70460
2014	0.57180	0.77000	0.61788	0.81191	0.79700	0.75740	0.75845	0.55310	0.70460
2013	0.58000	0.80300	0.61788	0.82315	0.79700	0.75740	0.73769	0.52950	0.70460
2012	0.58000	0.78000	0.61788	0.81109	0.79700	0.75740	0.73769	0.52950	0.70460
2011	0.53000	0.76000	0.61788	0.81109	0.79700	0.73512	0.73769	0.52950	0.70460
2010	0.49600	0.76000	0.61788	0.78811	0.74790	0.69973	0.69600	0.51950	0.70460
2009	0.45350	0.62000	0.61788	0.78811	0.74790	0.69973	0.69600	0.49450	0.69960
2008	0.43370	0.62098	0.61788	0.78811	0.74790	0.70973	0.69600	0.49450	0.68860
2007	0.46400	0.57728	0.63288	0.76853	0.72920	0.69835	0.69600	0.49450	0.67860

Source: Dallas Central Appraisal District and Dallas ISD records

Dallas Independent School District

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City of Glenn Heights	City of Hutchins	City of Lancaster	City of Mesquite	City of Seagoville	Dallas County and School Equalization	Dallas County Hospital	Dallas County Community College	Dallas Independent School District
0.79340	0.68246	0.86750	0.64000	0.71380	0.25310	0.28600	0.12365	1.28209
0.79500	0.71091	0.86750	0.64000	0.71380	0.25310	0.28600	0.12478	1.28209
0.79500	0.69091	0.86750	0.64000	0.71379	0.25310	0.27600	0.12470	1.28209
0.79500	0.66091	0.86750	0.64000	0.69085	0.25304	0.27100	0.11938	1.29035
0.79500	0.60672	0.86750	0.64000	0.69085	0.25310	0.27100	0.09967	1.29035
0.79500	0.58100	0.86750	0.64000	0.66500	0.25310	0.27100	0.09923	1.23781
0.73932	0.56300	0.77750	0.64000	0.65000	0.23331	0.27400	0.09490	1.27134
0.69436	0.52810	0.77750	0.64000	0.63500	0.23303	0.25400	0.08940	1.18340
0.68404	0.53755	0.73750	0.64000	0.63500	0.23281	0.25400	0.08040	1.19964
0.69617	0.54109	0.67170	0.62000	0.63500	0.21893	0.25400	0.08100	1.50264

Dallas Independent School District

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

	2016			2007		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Principal Taxpayers						
Oncor Electric Delivery	\$ 681,968,780	1	0.74%			
Crescent Real Estate Group	646,538,270	2	0.70%	\$ 309,504,400	5	0.45%
Northpark Partners LP	643,717,270	3	0.70%	348,502,980	4	0.51%
AT&T Corp	596,361,300	4	0.65%	622,768,270	1	0.91%
Southwest Airlines	552,374,098	5	0.60%	505,151,864	3	0.74%
PC Village Apartments Dallas	475,466,750	6	0.51%			
Post Properties Inc	463,846,200	7	0.50%			
Galleria Mall Investors LP	441,587,690	8	0.48%	292,933,480	6	0.43%
Walmart	358,663,987	9	0.39%			
Behringer Harvard	274,523,820	10	0.30%			
Southwestern Bell/Cingular				284,257,460	7	0.41%
Texas Utilities Electric Company				573,079,330	2	0.83%
Post Apartment Homes				283,744,710	8	0.41%
70 Washington Street LP				270,945,030	9	0.39%
Teachers Insurance				255,844,950	10	0.37%
Total Ten Principal Taxpayers	\$ 5,135,048,165		5.57%	\$ 3,746,732,474		5.45%
Total Taxable Assessed Value	\$ 92,439,839,696			\$ 68,640,586,165		

Source: Dallas Central Appraisal District and Dallas ISD records

Dallas Independent School District

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Computation of Direct and Overlapping Debt (Unaudited)

Taxing Jurisdiction	Net Bonded Debt	Overlapping	
		Percent (1)	Amount
Addison, Town of	\$ 98,030,000	91.30%	\$ 89,501,390
Balch Springs, City of	12,710,000	29.36%	3,731,656
Carrollton, City of	178,995,000	9.78%	17,505,711
Cockrell Hill, City of	5,265,000	98.12%	5,166,018
Dallas County	73,655,000	50.89%	37,483,030
Dallas County CCD	294,050,000	50.89%	149,642,045
Dallas Co Hosp Dist	728,005,000	50.89%	370,481,745
Dallas County Schools	50,405,000	50.89%	25,651,105
Dallas, City of	1,775,105,086	79.37%	1,408,900,907
DeSoto, City of	71,820,000	21.72%	15,599,304
Duncanville, City of	-	0.26%	-
Farmers Branch, City of	39,165,000	38.10%	14,921,865
Garland, City of	482,860,000	1.70%	8,208,620
Glenn Heights, City of	4,130,000	69.16%	2,856,308
Grand Prairie, City of	229,195,000	**	-
Hutchins, City of	6,124,000	84.90%	5,199,276
Irving, City of	369,860,000	100.00%	369,860,000
Lancaster, City of	82,410,000	1.88%	1,549,308
Mesquite, City of	154,285,000	1.84%	2,838,844
Seagoville, City of	8,395,000	87.22%	7,322,119
Wilmer, City of	1,241,000	99.13%	1,230,203
Total Estimated Overlapping Debt			<u>2,537,649,452</u>
 Dallas ISD			 <u>3,057,490,000</u>
Total Direct and Overlapping Bonded Debt			<u><u>\$ 5,595,139,452</u></u>

**Less than 0.01%

Source: Texas Municipal Reports (TMR)

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

Dallas Independent School District

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

Fiscal Year Ended June 30:	Estimated Population	Taxable Assessed Value	Gross Bonded Debt Outstanding at Year End	Amounts Available for Retirement of Bonds
2016	1,281,031	92,439,839,696	3,057,490,000	134,439,298
2015	1,257,676	85,633,556,319	2,604,313,196	135,296,606
2014	1,241,162	80,040,860,095	2,573,747,354	112,388,437
2013	1,223,378	76,274,060,956	2,492,731,000	117,974,957
2012	1,207,420	73,841,652,813	2,567,329,111	112,510,850
2011	1,200,530	75,985,949,045	2,626,924,745	112,010,068
2010	1,316,350	79,628,192,590	1,727,296,756	74,280,273
2009	1,306,350	82,176,569,792	1,816,824,454	76,288,266
2008	1,279,910	76,757,349,728	1,442,755,001	76,896,518
2007	1,280,500	68,640,586,165	1,495,314,569	78,991,204

Fiscal year 2016 Gross Bonded Debt Outstanding at Year End amount includes bonds premium.

Source: Dallas Economic Development Profile 2016 and Dallas ISD Records

Dallas Independent School District

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Net Bonded Debt Outstanding at Year End	Ratio Net Bonded Debt to Taxable Assessed Valuation	Net Bonded Debt Per Capita	Taxable Assessed Valuation Per Capita	Per Capita Personal Income	Net Bonded Debt To Personal Income
2,923,050,702	3.16%	2,282	\$ 72,161	28,771	7.93%
2,469,016,590	2.88%	1,963	\$ 68,089	28,522	6.88%
2,461,358,917	3.08%	1,983	\$ 64,489	26,032	7.62%
2,374,756,043	3.11%	1,941	\$ 62,347	25,757	7.54%
2,454,818,261	3.32%	2,033	\$ 61,157	25,449	7.99%
2,514,914,677	3.31%	2,095	\$ 63,294	25,024	8.37%
1,653,016,483	2.08%	1,256	\$ 60,492	26,189	4.79%
1,740,536,188	2.12%	1,332	\$ 62,905	25,298	5.27%
1,365,858,483	1.78%	1,067	\$ 59,971	25,904	4.12%
1,416,323,365	2.06%	1,106	\$ 53,605	24,691	4.48%

Dallas Independent School District

Legal Debt Margin Information Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	2016	2015	2014	2013
Debt Limit - 10% of Assessed Valuation	\$ 9,243,983,970	\$ 8,563,355,632	\$ 8,004,086,010	\$ 7,627,406,096
Amount of Debt Applicable to Debt Limit:				
Gross Bonded Debt	3,057,490,000	2,604,313,196	2,573,747,354	2,492,731,000
Less - Fund Balance of Debt Service Fund	134,439,298	135,296,606	112,388,437	117,974,957
Total Net Debt Applicable to Debt Limit	<u>2,923,050,702</u>	<u>2,469,016,590</u>	<u>2,461,358,917</u>	<u>2,374,756,043</u>
Legal Debt Margin:	<u>\$ 6,320,933,268</u>	<u>\$ 6,094,339,042</u>	<u>\$ 5,542,727,093</u>	<u>\$ 5,252,650,053</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	31.62%	28.83%	30.75%	31.13%

Source: Dallas ISD Records

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2012	2011	2010	2009	2008	2007
\$ 7,466,106,995	\$ 7,598,594,905	\$ 7,962,819,259	\$ 8,217,656,979	\$ 7,675,734,973	\$ 6,864,058,617
2,567,329,111	2,626,924,745	1,727,296,756	1,816,824,454	1,442,755,001	1,495,314,569
112,510,850	112,010,068	74,280,273	76,288,266	76,896,518	78,991,204
<u>2,454,818,261</u>	<u>2,514,914,677</u>	<u>1,653,016,483</u>	<u>1,740,536,188</u>	<u>1,365,858,483</u>	<u>1,416,323,365</u>
<u>\$ 5,011,288,734</u>	<u>\$ 5,083,680,228</u>	<u>\$ 6,309,802,776</u>	<u>\$ 6,477,120,791</u>	<u>\$ 6,309,876,490</u>	<u>\$ 5,447,735,252</u>
32.88%	33.10%	20.76%	21.18%	17.79%	20.63%

Dallas Independent School District

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

Fiscal Year Ended June 30:	Principal	Interest and Other Charges	Total Bonded Debt Expenditures	Total Expenditures	Ratio of Total Bonded Debt Expenditures To Total Expenditures
2016	97,110,000	121,108,202	218,218,202	2,071,023,172	10.54%
2015	48,430,000	129,690,635	178,120,635	1,867,012,638	9.54%
2014	60,610,000	132,223,879	192,833,879	1,695,382,557	11.37%
2013	50,625,000	134,326,218	184,951,218	1,835,799,315	10.07%
2012	49,515,000	152,570,482	202,085,482	1,979,134,031	10.21%
2011	35,445,000	85,720,357	121,165,357	2,109,268,254	5.74%
2010	82,385,000	93,302,153	175,687,153	1,830,163,798	9.60%
2009	41,634,515	70,236,331	111,870,846	1,676,280,528	6.67%
2008	49,819,100	72,226,330	122,045,430	1,774,677,700	6.88%
2007	44,317,894	72,637,458	116,955,352	1,711,772,629	6.83%

Source: Dallas ISD Records

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

	2016	Fiscal Year Ended June 30 2015	2014	2013	2012
Beginning Fund Equity	\$ 357,531,017	\$ 342,839,988	\$ 281,153,576	\$ 201,120,379	\$ 135,098,259
Revenues:					
From Ad Valorem Taxes	917,799,922	917,799,922	805,979,174	768,615,460	754,675,022
% of Total Revenue	64.45%	65.02%	64.01%	64.23%	62.86%
From State and Federal Funds	475,016,940	476,929,073	441,735,901	412,443,512	431,237,558
% of Total Revenue	33.35%	33.79%	35.08%	34.47%	35.92%
From Other Local Sources	31,323,388	16,833,635	11,468,136	15,629,494	14,702,113
% of Total Revenue	2.20%	1.19%	0.91%	1.31%	1.22%
Total Revenues	1,424,140,250	1,411,562,630	1,259,183,211	1,196,688,466	1,200,614,693
Total Expenditures	1,443,363,207	1,300,116,661	1,170,463,117	1,121,631,351	1,134,702,829
Total Other Financing Sources	44,292,025	(41,948,645)	(27,033,682)	4,976,082	110,256
Ending Fund Equity	\$ 382,600,085	\$ 412,337,312	\$ 342,839,988	\$ 281,153,576	\$ 201,120,379

Per Student Calculations:

Assessed Value Per Student	\$ 634,479	\$ 579,937	\$ 544,585	\$ 521,693	\$ 515,135
Ad Valorem Tax Revenue Per Student	\$ 6,300	\$ 6,216	\$ 5,484	\$ 5,257	\$ 5,207
State and Federal Funds Per Student	3,260	3,230	3,005	2,821	2,975
Other Local Sources Per Student	215	114	78	107	101
Total Revenue Per Student	\$ 9,775	\$ 9,560	\$ 8,567	\$ 8,185	\$ 8,283
Total Expenditures Per Student	\$ 9,907	\$ 8,805	\$ 7,964	\$ 7,672	\$ 7,829
Average Daily Attendance	145,694	147,660	146,976	146,205	144,935
Wealth per Average Daily Attendance	\$ 407,895	\$ 533,092	\$ 511,155	\$ 503,354	\$ 513,227

Source: Dallas ISD Records

Dallas Independent School District

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

Fiscal Year Ended June 30: Year	Estimated Population (1)	Enrollment (2)	Average Daily Attendance (2)	District Employees (2)
2016	1,281,031	158,604	145,694	21,714
2015	1,257,676	160,253	147,660	21,715
2014	1,241,162	159,713	146,976	20,793
2013	1,223,378	158,932	146,205	19,838
2012	1,207,420	157,421	144,935	18,470
2011	1,200,530	157,162	141,900	20,194
2010	1,316,350	156,728	143,704	20,076
2009	1,306,350	157,174	144,347	20,387
2008	1,279,910	157,605	144,833	21,289
2007	1,280,500	158,814	145,749	20,077

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

(2) Information was obtained from Dallas ISD records.

Median Household Income (1)	Per Capita Personal Income (1)	Unemployment Rate (1)
43,003	28,771	3.8%
41,978	28,522	4.0%
58,190	26,032	5.0%
40,585	25,757	7.3%
43,640	25,449	7.9%
42,911	25,024	8.7%
39,813	26,189	8.7%
40,473	25,298	7.4%
42,670	25,904	4.9%
38,276	24,691	4.7%

Dallas Independent School District

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

Principal Employers	2016			2007		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wal-mart Stores, Inc.	34,000	1	3.01%	31,700	1	1.31%
American Airlines Group, Inc.	27,000	2	2.39%	22,265	2	0.92%
Texas Health Resources	22,296	3	1.97%	13,582	6	0.56%
Dallas Independent School District	21,714	4	1.92%	20,000	3	
Baylor Scott & White Health	16,860	5	1.97%	15,065	5	0.62%
Bank of America	14,465	6	1.28%	7,000		0.29%
Lockheed Martin Aeronautics Co.	13,700	7	1.12%	15,085	4	0.62%
City of Dallas	13,000	8	1.15%	13,203	9	0.55%
Texas Instruments, Inc.	13,000	9	1.15%	10,400		0.43%
JPMorgan Chase Bank N.A.	12,600	10	1.21%	9,026		0.37%
Verizon Communications				13,500	7	0.56%
AT&T Inc.				13,300	8	0.55%
Kroger Food Stores				11,500	10	0.48%
Total	188,635		17.17%	195,626		7.26%

Estimated Total Employed Workforce in 2016 1.13 million

Source: Dallas Business Journal Book of Lists, Dallas Economic Development Profile,
Dallas County Financial Records, Dallas City Hall
Dallas ISD Records as of April 6, 2016

Dallas Independent School District

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

Fiscal Year Ended June 30:	Expenditures (1)	Average Daily Attendance (2)	Per Student Costs	General Fund Expenditures	General Fund Per Student Costs	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
2016	\$ 1,714,566,319	145,694	11,768	\$ 1,443,363,207	9,907	14.29	88%
2015	1,593,910,048	147,660	10,794	1,300,116,661	8,805	14.43	86%
2014	1,421,678,331	146,976	9,673	1,170,463,469	7,964	15.40	89%
2013	1,372,716,096	146,205	9,389	1,121,631,784	7,672	15.72	89%
2012	1,402,536,905	144,935	9,677	1,134,703,136	7,829	15.67	88%
2011	1,553,446,290	141,900	10,947	1,177,896,503	8,301	14.47	87%
2010	1,558,413,699	143,704	10,845	1,160,098,821	8,073	14.42	87%
2009	1,520,028,100	144,347	10,530	1,236,434,518	8,566	14.13	85%
2008	1,560,292,156	144,833	10,773	1,273,271,044	8,791	13.64	84%
2007	1,422,075,733	145,749	9,757	1,156,027,976	7,932	14.83	83%

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

(2) Data obtained from PEIMS

Source: Dallas ISD Records

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

Fiscal Year	Beginning Teacher Salary	Average Teacher Salary	Number of Teachers
2016	47,382	54,903	11,099
2015	47,382	53,135	11,103
2014	46,002	52,254	10,372
2013	45,100	51,485	10,112
2012	45,100	52,028	9,494
2011	45,350	53,940	10,864
2010	45,350	53,880	10,872
2009	44,350	53,457	11,122
2008	43,500	51,746	11,551
2007	42,000	50,121	10,712

Source: Dallas ISD Records

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

Fiscal Year Ended June 30:	2016	2015	2014	2013
FTE				
Instruction	13,129.0	13,168.7	12,688.1	12,476.3
Instructional Resources and Media Services	320.0	320.5	316.0	316.0
Curriculum and Staff Development	608.4	624.2	567.8	362.1
Instructional Leadership	339.2	321.3	291.7	245.9
School leadership	1,460.0	1,428.0	1,368.0	1,329.5
Guidance, Counseling, and Evaluation Services	774.1	757.0	666.6	656.9
Social Work Services	45.0	48.0	43.0	38.0
Health Services	315.6	314.0	304.0	294.9
Student Transportation	3.0	3.0	3.0	3.0
Food Services	1,783.0	1,771.0	1,770.0	1,461.0
Co-Curricular/Extra-Curricular Activities	72.0	73.0	71.4	45.4
General Administration	457.9	457.2	373.6	300.3
Plant Maintenance and Operations	1,541.7	1,545.5	1,547.1	1,535.0
Security and Monitoring Services	407.0	400.0	391.0	403.0
Data Processing Services	226.5	210.5	223.6	221.6
Community Services	186.8	189.1	147.6	128.6
Facilities Acquisition & Construction	26.0	21.0	20.5	20.5
Total FTE	21,695	21,652	20,793	19,838

Source: Dallas ISD Records as of June 30, 2016

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2012	2011	2010	2009	2008	2007
11,035.8	12,174.2	12,098.8	12,361.2	12,524.1	11,336.1
315.5	336.0	336.0	353.0	358.4	372.4
343.0	352.6	408.3	315.5	371.6	450.2
232.0	322.9	290.4	288.9	421.5	296.0
1,314.9	1,361.4	1,319.3	1,402.2	1,512.1	1,549.0
669.9	745.9	751.5	803.4	897.5	821.2
39.0	44.5	34.5	27.5	27.0	40.0
302.9	299.7	306.3	299.5	337.1	312.0
9.0	9.0	9.0	9.0	9.0	7.0
1,461.0	1,439.0	1,438.0	1,458.0	1,425.1	1,521.4
39.0	39.0	39.0	41.0	17.0	18.0
302.3	400.7	390.0	344.5	443.7	335.6
1,656.6	1,815.5	1,830.0	1,819.8	2,007.5	2,068.8
392.0	432.0	427.0	428.0	433.0	419.0
219.1	261.7	176.2	181.2	190.3	181.3
117.2	141.4	203.7	237.2	297.8	329.5
20.9	18.6	18.0	17.0	16.5	19.5
18,470	20,194	20,076	20,387	21,289	20,077

Dallas Independent School District

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

Fiscal Year Ended June 30:	2016	2015	2014	2013
PIC				
11 Basic Education Services	\$ 552,343,411	\$ 507,152,802	\$ 474,927,651	\$ 466,713,547
21 Gifted and Talented	10,503,846	9,668,344	8,940,356	9,534,610
22 Career and Technology	28,955,755	25,098,566	24,693,065	23,442,817
23 Special Education	115,118,770	100,677,065	89,554,017	76,488,103
24 Accelerated Education	10,145,059	5,275,144	4,044,321	3,903,140
25 Bilingual Education	30,904,073	28,095,535	23,388,823	15,464,944
26 AEP Services	3,374,453	2,674,268	2,488,846	2,243,646
28 DAEP Basic	3,428,375	3,395,527	3,249,212	2,796,025
29 DAEP Supplemental	13,095	1,059	9,247	9,570
30 Title I Part A	49,123,522	53,237,260	49,324,415	45,442,486
31 High School Allotment	18,347,667	18,076,718	14,770,151	9,633,184
32 Pre-Kindergarten Regular Education	6,446,065	5,130,282	7,369,459	31,822,829
33 PK Special Education	-	-	2	-
34 PK Comp Education	27,750,176	25,638,961	21,236,766	-
35 PK Bilingual Education	9,590,777	8,223,025	6,301,771	-
91 Athletics and Related	17,322,180	15,625,414	14,768,601	12,796,532
99 Undistributed	559,995,982	492,146,690	425,396,766	421,340,351
Total	\$ 1,443,363,207	\$ 1,300,116,661	\$ 1,170,463,469	\$ 1,121,631,784

Source: Dallas ISD Records

Dallas Independent School District

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2012	2011	2010	2009	2008	2007
\$ 475,117,717	\$ 474,813,369	\$ 498,873,951	\$ 661,308,819	\$ 722,500,711	\$ 637,321,100
10,236,525	13,835,271	14,656,086	17,242,122	18,022,100	16,604,194
24,939,809	23,478,532	23,687,421	22,522,845	24,794,231	23,258,995
77,907,703	77,874,757	77,272,008	78,661,218	79,217,609	74,596,688
7,335,276	6,118,923	6,747,043	5,714,022	9,171,168	10,572,004
16,192,928	21,058,126	30,990,858	33,701,959	33,920,465	32,219,524
2,628,247	5,410,241	5,099,839	5,689,375	6,156,237	5,959,070
4,685,662	6,019,248	5,413,632	6,719,006	6,842,471	6,188,658
2,379	-	1,300	-	36	1,582
48,641,916	63,955,875	64,476,116	82,504,816	44,790,063	43,099,689
10,046,397	9,404,846	9,401,812	-	-	-
25,785,069	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,252,095	11,301,633	11,342,665	7,964,742	8,837,589	8,210,751
418,931,413	464,625,682	412,136,090	314,405,594	319,018,364	297,995,721
<u>\$ 1,134,703,136</u>	<u>\$ 1,177,896,503</u>	<u>\$ 1,160,098,821</u>	<u>\$ 1,236,434,518</u>	<u>\$ 1,273,271,044</u>	<u>\$ 1,156,027,976</u>

Dallas Independent School District

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

Campus Level	2015-2016			2014-2015			2013-2014			2012-2013			2011-2012		
	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio
High	39,386	2,366.3	16.6	38,791	2,151.7	18.0	37,914	2,003.3	18.9	38,372	2,041.6	18.8	38,018	2,102.7	18.1
Middle	31,535	1,874.0	16.8	32,374	1,846.0	17.5	32,595	1,641.9	19.9	32,067	1,722.8	18.6	31,479	1,616.1	19.5
Elementary	87,683	5,674.1	15.5	89,088	5,511.1	16.2	89,204	5,087.1	17.5	88,493	5,108.8	17.3	88,078	5,492.6	16.0
District	158,604	9,914.4	16.0	160,253	9,508.8	16.9	159,713	8,732.3	18.3	158,932	8,873.2	17.9	157,575	9,211.3	17.1

Note: Does not include Special Education Teachers

*Data includes all Funds.

Dallas Independent School District

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2010-2011			2009-2010			2008-2009			2007-2008			2006-2007		
Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio
37,972	2,341.3	16.2	38,117	2,342.2	16.3	37,911	2,374.5	16.0	38,432	2,426.0	15.8	38,692	2,199.5	17.6
31,136	1,802.2	17.3	31,059	1,868.1	16.6	31,283	1,939.1	16.1	31,304	2,077.0	15.1	32,300	1,674.4	19.3
88,054	5,431.8	16.2	87,935	5,285.8	16.6	88,158	5,399.1	16.3	88,068	5,638.9	15.6	88,152	5,564.2	15.8
157,162	9,575.2	16.4	157,111	9,496.2	16.5	157,352	9,712.6	16.2	157,804	10,141.9	15.6	159,144	9,438.2	16.9

Dallas Independent School District

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Dallas ISD Enrollment Trend Last Ten Fiscal Years (Unaudited)

	Total Enrollment	Change	% Change	FTE's	Change	% Change
2015-2016	158,604	(1,649)	-1.03%	9,914	406	4.27%
2014-2015	160,253	540	0.34%	9,509	777	8.89%
2013-2014	159,713	781	0.49%	8,732	(141)	-1.59%
2012-2013	158,932	1,357	0.86%	8,873	(338)	-3.67%
2011-2012	157,575	413	0.26%	9,211	(364)	-3.80%
2010-2011	157,162	51	0.03%	9,575	79	0.83%
2009-2010	157,111	(241)	-0.15%	9,496	(216)	-2.23%
2008-2009	157,352	(452)	-0.29%	9,713	(429)	-4.23%
2007-2008	157,804	(1,340)	-0.84%	10,142	704	7.46%
2006-2007	159,144	-	-	9,438	-	-

Source: PEIMS Data

Dallas Independent School District

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

Board of Trustees
Dallas Independent School District
Dallas, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dallas Independent School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 17, 2016.

Internal Control Over Financial Reporting

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

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

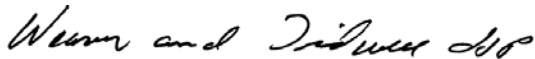
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

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

Purpose of this Report

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



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 17, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Trustees
Dallas Independent School District
Dallas, Texas

Report on Compliance for Each Major Federal Program

We have audited Dallas Independent School District's (the District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

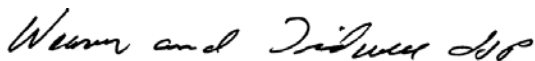
Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies [2016-001 and 2016-002].

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



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 17, 2016

**Dallas Independent School District
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2016**

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Passed Through University of North Texas			
Texas HIPPO - AmeriCorps	94.006	GF4271-2	22,147
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			\$ 22,147
U.S. DEPARTMENT OF DEFENSE			
Direct Program			
JROTC	12.357	N/A	2,046,535
TOTAL U.S. DEPARTMENT OF DEFENSE			\$ 2,046,535
U.S. DEPARTMENT OF EDUCATION			
Direct Programs			
Title VII - Indian Educational Formula Grant	84.060A	S060A140194	241
Title VII - Indian Educational Formula Grant	84.060A	S060A150194	124,143
Total Direct Programs			\$ 124,384
Passed Through Ohio State University			
Project M-Net: Mobilizing National Educator Talent	84.350C	60031733	31,074
Project M-Net: Mobilizing National Educator Talent	84.350C	60031733	82,890
Total Passed through Ohio State University			\$ 113,964
Passed Through IDRA			
Teachers For Today and Tomorrow	84.350B	U350B110002	7,000
Total Passed through IDRA			\$ 7,000
Passed Through Region 10 ESC			
ESEA, Title X, Part C - Homeless Children	84.196A	15-011	9,610
ESEA, Title X, Part C - Homeless Children	84.196A	16-063	205,946
Total Passed through Region 10 ESC			\$ 215,556
Passed Through Texas Education Agency			
ESEA, Title I, Part A, Part D and SIP	84.010A	15610101057905	2,587,100
ESEA, Title I, Part A, Part D and SIP	84.010A	16610101057905	78,203,705
Total Title I, Part A, Part D and SIP Cluster			\$ 80,790,805
IDEA - Part B Formula	84.027A	156600010579056600	333,446
IDEA - Part B Formula	84.027A	166600010579056000	23,062,840
SSA - IDEA - Part B Discretionary - Deaf	84.027A	156600110579056673	30,168
SSA - IDEA - Part B Discretionary - Deaf	84.027A	166600110579056673	354,913
SSA - IDEA - Part B Deaf	84.027A	156600010579056601	208
SSA - IDEA - Part B Deaf	84.027A	166600010579056601	155,498
IDEA - Part B Visually Impaired - Through ESC 10	84.027A	166002271110	12,500
Total CFDA Number 84.027A			\$ 23,949,573
IDEA - Part B Preschool	84.173A	156610010579056610	(2,943)
IDEA - Part B Preschool	84.173A	166610010579056610	301,659
SSA - IDEA - Part B Preschool (Deaf)	84.173A	166610010579056611	38,408
Total CFDA Number 84.173A			\$ 337,124
Total Special Education Cluster (IDEA)			\$ 24,286,697
SSA - IDEA - Part C - Early Intervention (Deaf)	84.181A	163911010579053911	4,229
Career and Technical - Basic Grant (Perkins IV)	84.048A	16420006057905	2,254,807
Total CFDA Number 84.048A			\$ 2,254,807
Title III, Part A - English Language Acquisition	84.365A	15671001057905	330,003
Title III, Part A - English Language Acquisition	84.365A	16671001057905	7,305,147
Title III, Part A - Immigrant	84.365A	16671003057905	395,405
Total CFDA Number 84.365A			\$ 8,030,555
ESEA, Title II, Part A, Improving Teacher Quality	84.367A	15694501057905	11,576
ESEA, Title II, Part A, Improving Teacher Quality	84.367A	16694501057905	8,805,436
Total CFDA Number 84.367A			\$ 8,817,012

Texas Title I Priority School Grant	84.377A	S377A100044	52,010
Summer School LEP	84.369A	69551502	31,469
Title III, Part A - English Language Acquisition	84.365B	156711037110013	74,726
Total Passed through Texas Education Agency			\$ 124,342,311
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 124,803,215
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Health and Human Services Commission			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00269	2,372,000
HIPPY - Texas Home Visiting	93.505	529-12-0029-00004D	32,221
HIPPY - Texas Home Visiting	93.505	529-12-0029-0004E	297,997
Total Passed through Health and Human Services Commission			\$ 2,702,218
Passed Through Health Resources and Services Administration			
Affordable Care Act	93.501	C12CS25544	458,233
Total Passed through Health & Human Services Commission			\$ 458,233
Passed Through Texas Department Of Health			
Refugee School Impact Program	93.576	529-15-0073-00001	17,196
Refugee School Impact Program	93.576	529-15-0073-00001A	101,348
Total Passed through Texas Department Of Health			\$ 118,544
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 3,278,995
U.S. DEPARTMENT OF AGRICULTURE			
Direct Programs			
Farm to School	10.575	CN-F2S-IMPL-15-TX	34,218
NSLP Equipment Grants	10.574	TA04-2010	100,698
Community Garden	10.902	68-7442-15-531	2,330
Total Direct Programs			\$ 137,246
Passed Through Texas Department of Agriculture			
School Breakfast Program	10.553	00276	31,825,516
National School Lunch Program - Cash Assistance	10.555	00276	61,019,581
National School Lunch Program - Non - Cash Assistance	10.555	00276	8,355,989
Total CFDA Number 10.555			\$ 69,375,570
Summer Feeding Program-Cash Assistance	10.559	00276	1,246,604
Total Child Nutrition Cluster			\$ 102,447,690
Child and Adult Care Food Program - Cash Assistance	10.558	00276	4,335,964
Fresh Fruit and Vegetable Program	10.582	00276	1,571,366
Total Passed through Texas Department of Agriculture			\$ 108,355,021
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 108,492,266
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 238,643,158

All amounts include indirect cost allocation.

DALLAS INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED June 30, 2016

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

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

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

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

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

2. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extends 30 days beyond the federal project period ending date, in accordance with provisions in Section H: Period of Availability of Federal Funds, Part 3, *OMB Circular A-133 Compliance Supplement*.
3. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at June 30, 2016, may be impaired. The District has not elected to use the 10% de minimis indirect cost rate.
4. The Schedule of Federal Awards includes funds received for Medicaid and ROTC recorded in general fund for \$3,406,896. The Schedule of Federal Awards also includes indirect costs in the amount of \$2,439,031.

**DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

I. Summary of the Auditor's Results:

Financial Statements

a. An unmodified opinion was issued on the financial statements.

b. Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered a material weakness? ☐ Yes ☒ None reported

c. Noncompliance material to financial statements noted. ☐ Yes ☒ No

Federal Awards

d. Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered a material weakness? ☒ Yes ☐ None reported

e. An unmodified opinion was issued on compliance for major federal programs.

f. Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a). ☐ Yes ☒ No

g. Identification of major programs:

Title I, Part A	84.010A
Title III, Part A	84.365A
Title II, Part A	84.367A

h. The dollar threshold used to distinguish between Type A and Type B programs. \$3,000,000

i. Auditee qualified as a low-risk auditee. ☒ Yes ☐ No

**DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

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

NONE

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

Finding 2016-001

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

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

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

Condition — As a result of significant deficiencies that were identified in prior year audits related to the Title I In-School Tutoring program, the District revised their internal controls to require that the District perform a series of procedures on all in-school tutoring vendor billings, including the matching of vendor invoices to campus liaison sign-in sheets to confirm that tutoring occurred. However, during our testing there were instances where the internal controls failed.

Questioned Costs — None

Context — During our review of 40 invoices and the corresponding campus liaison sign-in sheets which detailed 18,356 tutoring sessions provided, we noted 78 instances of missing daily student signatures on the weekly campus liaison sign-in sheets provided.

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

**DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

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

Cause — Department management responsible for reviewing and approving vendor invoices revised the review and approval procedures for Title I SES invoices in prior years and these controls were carried forward to the Title I In-School Tutoring program. Additionally, during the fiscal year, the District hired additional temporary staff to review every invoice and the corresponding campus liaison sign-in sheets to confirm student signatures prior to payment to ensure that services were received. However, instances of no student sign-ins on the campus liaison sign-in sheets to support billed services were detected during the audit.

Repeat Finding — Repeat finding of 2015-001

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

View of Responsible Officials — See corrective action plan

Finding 2016-002

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

Special Tests and Provisions- Annual Report Card, High School Graduation Rate — Significant Deficiency in Controls over Compliance

Criteria — According to the June 2016 OMB Compliance Supplement, the District must report graduation rate data for all high schools at the District using the 4-year adjusted cohort rate under 34 CFR section 200.19(b)(1)(i)-(iv)). To remove a student from the cohort, the District must confirm, in writing, that the student transferred out, emigrated to another country, or is deceased. To confirm that a student transferred out, the District must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma.

Condition — During our special tests and provisions testing, we identified an instance where the District failed to retain proper written documentation confirming a student's change to their cohort status.

Questioned Costs — None

Context — During our review of 5 students with changes to their cohort status during the 2015-2016 fiscal year, we noted 1 instance of missing written documentation to support the withdrawal of the student from the District.

**DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

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

Effect — Failure to properly provide the appropriate documentation to support changes in cohort statuses can lead to the potential for the District to improperly calculate annual report card information and graduation rates.

Cause — Upon further investigation by the District, it appears that the student has dropped out of school. Therefore the student should not have been removed from the cohort.

Recommendation — Continue to ensure that District personnel are adequately trained and understand the importance of written documentation to confirm the removal of a student from the cohort.

View of Responsible Officials — See corrective action plan

VI. Correction Action Plan

Finding 2016-001 Allowable Costs and Cost Principles

Responsible Party — Sequetta Marks

Management Response — Management acknowledges finding

Corrective Action — The Special Revenue Funds Management Department will continue to provide training to the vendors, campus and central personnel on maintaining appropriate documentation related to in-school tutoring services. Continuous support will be provided to vendors and campuses on detailed compliance instructions. Special Revenue Funds Management will also work with School Leadership to ensure that all compliance requirements are consistently followed. School Leadership will meet with the appropriate supervisor for follow up and disciplinary action as needed.

Expected Completion Date — June 30, 2017

Finding 2016-002 Special Tests and Provisions- Annual Report Card, High School Graduation Rate

Responsible Party — Sam Iliya

Management Response — Management acknowledges finding

**DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

VI. Correction Action Plan- Continued

Corrective Action — IT-School Administration Services will work with School Leadership and PEIMS to continue to provide training to school data staff, school administrators and School Leadership on withdrawal procedures and Leaver documentation. Training is provided for all new data staff and reviewed at the Beginning of Year data staff meetings with follow up campus visits as needed. Beginning this year, new data staff and staff identified by IT-Student Administration Services as needing additional training had a mandatory Leaver “Boot Camp” conducted by the PEIMS department to review procedures and documentation. IT-School Administration Services staff also conducts a yearly compliance review of schools, which includes a review of Leaver procedures and documentation. Any deficiencies are reported to the school Principals and the School Leadership Executive Directors for further action.

Expected Completion Date — June 30, 2017

**DALLAS INDEPENDENT SCHOOL DISTRICT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2016**

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

2015-001 Allowable Costs and Cost Principles

Responsible Party — Sequetta Marks

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

Status — See Finding 2016-001.