

**Dallas Independent School District
Dallas, Texas**



Comprehensive Annual Financial Report

**For The Ten Months Ended
June 30, 2003**

**Prepared by
Business Services**

**Dr. Larry Groppel
Deputy Superintendent, Business Services**

**Karen Wilson
Associate Superintendent, Financial Services**

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Dallas Independent School District
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For The Ten Months Ended June 30, 2003

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* This schedule is not a Major Fund

Certificate of the Board

Dallas Independent School District
Name of School District

Dallas
County

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

We, the undersigned, certify that the attached auditors' report of the above named school district was reviewed and approved ✓ disapproved _____ for the ten months ended June 30, 2003, at a meeting of the board of school trustees of such school district on the 20th day of November, 2003.

Peggy Smith
Signature of Division Manager, Board Services

William Graham
Signature of Board President

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Board of Trustees 2003-2004

Dallas
Independent
School
District



Hollis Brashear
President
District 6
Southwest Dallas



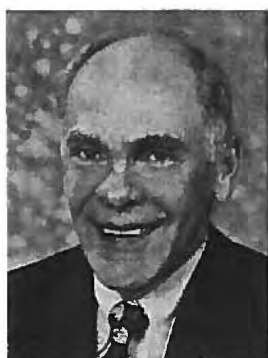
Lois Parrott
1st Vice President
District 3
Northeast Dallas



Joe May
2nd Vice President
District 8
Love Field,
Northwest Dallas
and Central Dallas



Ron Price
Secretary
District 9
South Dallas,
Downtown



Kenneth Zornes
District 1
Northwest Dallas



Jack Lowe
District 2
North and
Near East Dallas



George Williams
District 4
Southeast Dallas,
Seagoville



Lew Blackburn
District 5
East Oak Cliff,
West Dallas



Rafael Anchía
District 7
North Central Oak
Cliff, West Dallas



Mike Moses, Ed.D.
General Superintendent

The Dallas Independent School District does not discriminate on the basis of sex, disability, race, religion, color, age, gender, sexual orientation, and/or national origin in educational programs or activities that it operates, and it is required by Title IX, Section 504, and Title VII not to discriminate in such a manner. For information about rights or grievance procedures, contact Luis Tamez at (972) 925-4270. For information about Title VII and Title IX, contact Mary McCants at (972) 925-3250.

3700 Ross Avenue • Dallas, TX 75204-5491 •
(972) 925-3700 • www.dallasisd.org

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**Dallas Independent School District
Principal Officials
For The Ten Months Ended June 30, 2003**

Mike Moses	General Superintendent
Carol Francois	Chief of Staff
Lorenzo Garcia	Deputy Superintendent- Instructional Services
Larry Groppel.....	Deputy Superintendent- Business Services
Mary Rodriquez Roberts.....	Deputy Superintendent - Employee and Safety Sevices
Jim Scales	Deputy Superintendent - Administrative Services
Karen Wilson	Associate Superintendent - Financial Services
Peggy Smith	Division Manager - Board Services

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Dallas Independent School District

October 17, 2003

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Dallas Independent School District (the district) for the ten months ended June 30, 2003, is submitted herewith. The report, which includes an opinion from our independent auditors, provides valuable management information. Copies will be made available to the Chamber of Commerce, major taxpayers, and the public libraries in our district, the Texas Education Agency, financial rating services, and other interested parties. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management.

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

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

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

Texas School Performance Review

In 2003, the Texas Comptroller's office performed a review of the Dallas Independent School District implementation of their 2001 school improvement report. The report included 193 recommendations with projected saving of \$69.9 million over a five-year period, while reinvesting more than \$16.1 million to improve educational services and other operations. The Texas Comptroller's office estimated net savings to reach more than \$53.8 million.

Mike Moses • General Superintendent

3700 Ross Avenue • Dallas, Texas 75204-5491 • Telephone (972) 925-3700

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REPORTING ENTITY

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

FINANCIAL INFORMATION

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

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

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

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

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

As required by OMB A-133, the independent auditors' tests are designed to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as, to determine that the district has complied with applicable laws and regulations. The results of the district's audit for the ten months ended June 30, 2003, disclosed instances of reportable conditions in the internal control structure. Each of these items is outlined in the Schedule of Findings and Questioned Costs along with Management's response to each item. As indicated by the responses, Management has already taken actions to eliminate the deficiencies. Action plans have also been formulated and communicated to the Board.

INDEPENDENT AUDIT

The laws of the State of Texas require an annual audit to be made of the books of account, financial records, and transactions of all budgeted funds of the school district by a certified public accountant selected by the Board of Trustees of the School District. We have complied with this requirement. The report of our independent certified public accountants, KPMG LLP appears on page 1 of this report. Their audit of the basic financial statements was performed in accordance with generally accepted auditing standards.

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The district complies with the requirements of the Single Audit Act of 1996 and OMB Circular A-133 for which separate reports are issued, and are included in this report.

FINANCIAL REPORTING AWARD

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

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Dallas Independent School District for its comprehensive annual financial report for the fiscal year ended August 31, 2002. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ASBO CERTIFICATE OF EXCELLENCE

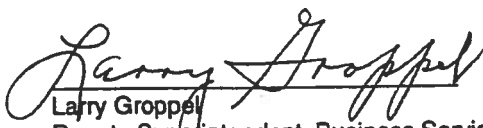
The Dallas Independent School District received the Association of School Business Officials International Certificate of Excellence in Financial Reporting for the fiscal year ended August 31, 2002. This award certifies that the Comprehensive Annual Financial Report for the fiscal year ended August 31, 2002, substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials of the United States and Canada. The award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. Management believes that the Comprehensive Annual Financial Report for the ten months ended June 30, 2003, which will be submitted to ASBO for review, also conforms to their principles and standards.

ACKNOWLEDGMENTS

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



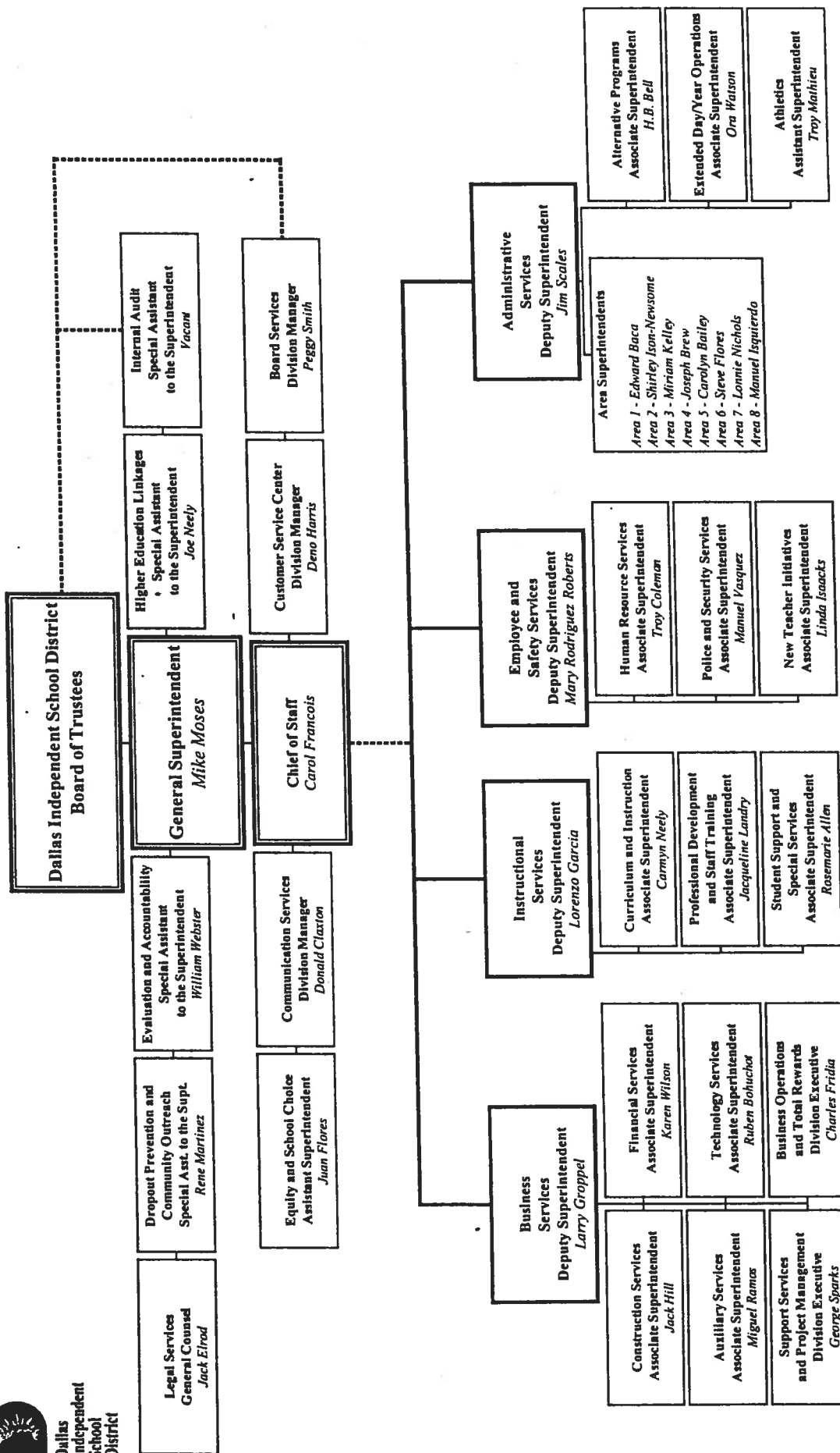
Mike Moses
General Superintendent



Larry Gropper
Deputy Superintendent, Business Services



Dallas
Independent
School
District



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
August 31, 2002

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



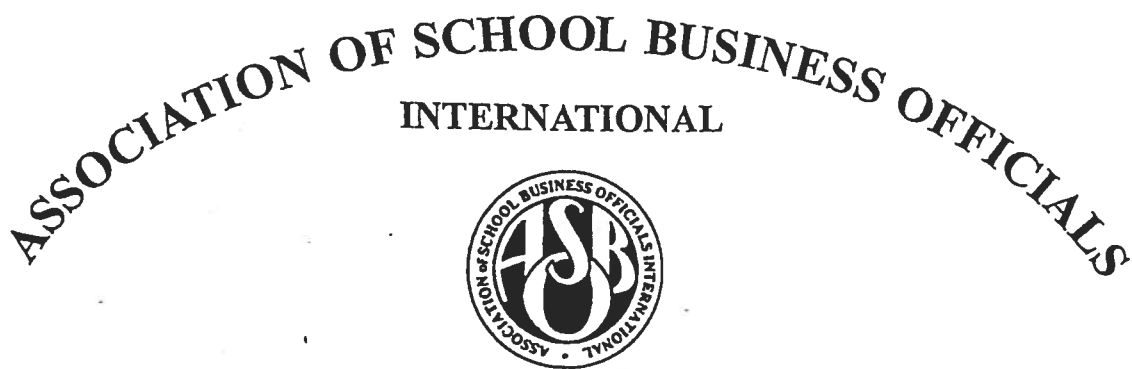
A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

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This Certificate of Excellence in Financial Reporting is presented to

DALLAS INDEPENDENT SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended August 31, 2002

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


President


Executive Director

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

Independent Auditors' Report

The Board of Trustees
Dallas Independent School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dallas Independent School District (the District) as of and for the ten month period ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Dallas Independent School District, as of June 30, 2003, and the changes in financial position thereof for the ten month period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 17, 2003 on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 – 12 and the budgetary comparison schedule for the General Fund on pages 45 and 46 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Supplementary Information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information and Schedule of Expenditures of Federal Awards, except for that portion marked unaudited on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financials statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

October 17, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Dallas Independent School District's (the district's) annual financial report presents our discussion and analysis of the district's financial performance for the ten months ended June 30, 2003. Please read it in conjunction with the district's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

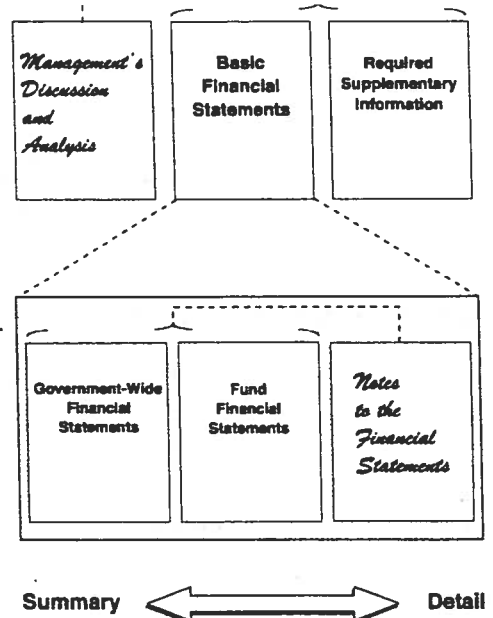
- The district's total net assets were \$234.8 million at June 30, 2003.
- During the year, the district's expenses were \$56.5 million less than the \$1.3 billion generated in taxes and other revenues for governmental activities. Total expenditures totaled \$1.0 billion after charges for services and operating grants revenue.
- The general fund reported a fund balance this year of \$126.2 million.
- The district issued approximately \$156.7 million in bonds during fiscal year 2003, which included a refunding totaling approximately \$104.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

Figure A-2 summarizes the major features of the district's financial statements, including the portion of the district government they cover and the types of information they contain. The remainder of this overview section explains the structure and contents of each of the statements.

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

<i>Type of Statement</i>	Government-wide	Government Funds	Fiduciary Funds
<i>Scope</i>	Entire district's government (except fiduciary funds)	The activities of the district that are not propriety or fiduciary	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, & changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary assets and liabilities
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting 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 short-term and long-term.
<i>Type of inflow/outflow information</i>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues in the period when use of the resources is required or first permitted by time requirements, or at the same time as the assets if the district has not established time requirements. Resources received or recognized as receivable before the time requirements are met are reported as deferred revenues.	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

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

The district has two kinds of funds:

- *Governmental funds*—All of the district's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine the availability of financial resources to finance the district's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them. These include debt financing and capital projects.
- *Fiduciary funds*—The district is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The district is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the district's fiduciary activities are reported in a separate statement of fiduciary net assets. We excluded these activities from the district's government-wide financial statements because the district cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The district's net assets were approximately \$234.8 million at June 30, 2003. (See Table A-1).

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

	For the Ten Months Ended June 30, 2003	Fiscal Year Ended August 31, 2002
Current and Other Assets	\$ 938.5	\$ 592.2
Capital and Non-Current Assets	386.8	392.8
Total Assets	1,325.3	985.0
Current Liabilities	383.1	146.7
Long Term Liabilities	707.4	660.0
Total Liabilities	1,090.5	806.7
Net Assets		
Invested in Capital Assets net of related debt	20.5	17.8
Restricted	93.6	33.5
Unrestricted	120.7	127.0
Total Net Assets	\$ 234.8	\$ 178.3

The district spent \$13.6 million in building improvements and equipment, resulting in an increase in capital and non-current assets in 2003.

Figure A-3 District
Sources of revenue for Fiscal Year 2003



Changes in net assets. The district's total revenues were \$1.3 billion. A significant portion, 71 percent, of the district's revenue comes from taxes. Twelve percent comes from state aid formula grants, while 16% is related to other operating grants, with the remaining 1% from miscellaneous revenue sources. (See Figure A-3.)

The total cost of all programs and services was \$1.2 billion; 70.0% of these costs are for instructional and student services. Five percent of all programs and services cost was for school leadership and 8.5% was for plant maintenance and operations.

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

	For the Ten Months Ended June 30, 2003	Fiscal Year Ended August 31, 2002
Revenues		
Program Revenues:		
Charges for Services	\$ 7.5	\$ 12.9
Operating Grants and Contributions	203.8	162.7
General Revenues:		
Property Taxes	914.1	847.6
State aid – formula	150.6	151.8
Investment earnings	12.3	7.3
Other	-	21.9
Total Revenues	\$ 1,288.3	\$ 1,204.2
Expenses		
Instruction and instructional related	717.5	658.0
Instructional resources and media related	18.8	19.3
Curriculum and staff development	31.3	37.1
Instructional leadership	20.6	24.3
School leadership	61.1	60.8
Guidance, counseling, and evaluation services	41.0	38.9
Social work services	2.2	2.3
Health services	11.0	11.2
Student transportation	18.4	16.9
Food services	53.6	53.7
Extracurricular activities	9.5	9.8
General administration	37.6	37.5
Plant maintenance and operations	104.3	118.5
Security and monitoring services	8.7	8.8
Data processing services	25.8	32.3
Community services	19.6	20.4
Debt service	34.7	20.9
Facilities acquisition and construction	11.1	0.2
Payments to fiscal agent/member districts - shared services	5.0	9.3
Total Expenses	\$ 1,231.8	\$ 1,180.2
Increase in Net Assets	56.5	24.0
Beginning Net Assets	178.3	154.3
Ending Net Assets	\$ 234.8	\$ 178.3

The district's net assets increased approximately \$54.0 million due primarily to an increase of \$56 million in other government funds. Table A-3 presents the cost of the district's largest functions as well as each function's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded directly by state revenues as well as local tax dollars.

- The net cost of all *governmental* activities this year was \$1.0 billion.
- The district taxpayer provided \$914.1 million for these activities through property taxes.
- Some of the cost was paid by those who directly benefit from the programs (\$7.5 million), and by grants and contributions (\$203.8 million).

Table A-3

Net Cost of Selected District Functions
(in millions of dollars)

Total Cost of Services		Net Cost of Services	
For Ten Months Ended	Fiscal Year Ended	For Ten Months Ended	Fiscal Year Ended
June 30, 2003	August 31, 2002	June 30, 2003	August 31, 2002
\$ 717.5	\$ 658.0	\$ 619.8	\$ 593.7
61.1	60.8	59.8	60.7
53.6	53.7	0.7	-0.5
104.3	118.5	100.7	116.0

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$1.3 billion, an increase of 6% over the preceding year. The increase in local revenues is a result of state legislation that has shifted state funds away from school districts similar to the district and caused districts to increase local revenues each year. The increase in federal revenues is primarily due to an increase in federal program revenue distributed through other agencies.

At the end of the current fiscal year, the district's governmental funds reported ending fund balances of \$558,750,956. Of this amount, \$102,256,217 constitutes unreserved fund balance available for use in the general fund activities at the district's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to bond projects, debt service and other obligations of the district.

The general fund is the chief operating fund of the district. At the end of the current fiscal year, unreserved fund balance of the general fund was \$102,256,217. As a measure of the general fund's liquidity, it may be useful to compare both unreserved and total fund balance to the total fund expenditures. Unreserved fund balance represents 10.9% of the total general fund expenditures, while total fund balance represents 13.4% of that same amount, up from 9.2% and 10% the previous year.

The district recognized \$31.7 million in additional general fund balance as a result of current year operations, and a 10-month fiscal year. The capital projects fund has a total fund balance of \$355,139,475. This is primarily due to the bond sales in June 2003 and the Spring of 2002.

General Fund Budgetary Highlights (see Exhibit G-1)

The major reason for the decrease between the original and final amended budget is due to the fiscal year change from August 31 to June 30.

Over the course of the year, the district revised its budget several times. These adjustments, coupled with the change in fiscal year capturing ten months of activity, resulted in actual expenditures \$35.0 million below final amended budget.

A positive variance of \$9.5 million in state revenue is related to prior year adjustments, due to changes in property value and corrections for special populations.

An unfavorable variance in federal program revenue of \$3.9 is related to lower than anticipated reimbursements from Medicaid.

A positive variance of \$1.9 million in instructional resources and media services is lower than anticipated salary costs due to the retirement of more experienced library and media services staff.

A positive variance of \$1.6 million in curriculum development and instructional staff development is due to enhanced staff development opportunities by Special Revenue, primarily No Child Left Behind funds.

A positive variance of \$3.5 million in guidance, counseling, evaluation and social work services are related to lower than anticipated salary costs.

A positive variance of \$1.2 million in facilities acquisition and construction is due to reduced activity for building and renovation of portables.

A positive variance in payments to juvenile justice system of \$.4 million is related to fewer students being served through the juvenile justice alternative education program.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2003, the district had invested \$1.103 billion in a broad range of capital assets, including land, equipment, buildings, and vehicles. This amount represents a net increase (including additions and deductions) of \$11.1 million or 1 percent over last year. (See Table A-4.)

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

	For Ten Months Ended June 30, 2003	Fiscal Year Ended August 31, 2002
Land	\$ 47.3	\$ 47.1
Buildings and improvements	958.2	953.5
Vehicles	29.1	29.1
Equipment	64.3	62.2
Other	4.4	0.3
Totals at historical cost	<u>\$ 1,103.3</u>	<u>\$ 1,092.2</u>
Total accumulated depreciation	<u>(716.5)</u>	<u>(699.4)</u>
Net capital assets	<u><u>\$ 386.8</u></u>	<u><u>\$ 392.8</u></u>

The district's fiscal year 2003 capital spending totaled \$13.6 million in buildings & improvements and capital equipment.

Long-Term Debt

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

	Governmental Activities	
	For the Ten	Fiscal Year
	Months	Ended
	Ended	Ended
	June 30, 2003	August 31, 2002
Leases Payable	\$ 18.9	\$ 22.7
Bonds payable	693.7	641.9
Workers Compensation	14.4	11.9
Health Insurance	10.7	-
Loans Payable	6.7	8.7
Total bonds and notes payable	<u>\$ 744.4</u>	<u>\$ 685.20</u>

Bond Ratings

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

At year-end, the district had \$744.4 million in long-term debt outstanding as shown in Table A-5.

Economic Factors and Next Year's Budgets and Rates

The taxable levy values for the 2002-2003 school year were \$58.5 billion up 3 percent from the previous year. The values for the upcoming school year are \$58.3 billion, a decrease of .3 percent.

Funding from the state is based on Average Daily Attendance (ADA). ADA for 2002-2003 was 149,597, which is 1,144 students less than the previous year. For 2003-2004, the district projected an increase of approximately 2.6% for an ADA of 153,500.

General fund costs per student enrolled typically increase due to inflation factors such as teacher salary increases. Cost per student based on student enrollment for 2002-2003 was \$5,793, for a ten-month period, a decrease of 3.5% while cost per student for 2003-2004 is budgeted at \$6,284 representing an increase of 8.5% for a twelve-month period.

These assumptions were utilized in preparing the district's 2003-2004 budget. The district recognized \$32.3 million in additional general fund balance as a result of current year operations, and a 10-month fiscal year, generating a total fund balance of 13% of current expenditures. However, these funds will be used to pay for expenses until next year's taxes are collected. General fund revenues and other sources are projected to increase 5.8%, while projected expenditures reflect an increase of 9%.

The decrease in taxable values is offset by an increase in the general fund tax rate from \$1.47803 to \$1.50. The Legislature provided an increase in State funding which should yield approximately \$22 million. The district decreased staffing formulas at secondary schools to further control costs during the budget process. As a result of these events the district does not anticipate any usage of fund balance in the upcoming year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Dallas Independent School District
Government-wide Statement of Net Assets
June 30, 2003

Exhibit A-1

Data Control Codes		<u>Governmental Activities</u>
	ASSETS	
1110	Cash and cash equivalents	\$ 254,670
1120	Investments	563,605,408
1225	Property taxes receivables (net)	64,446,431
1240	Due from other governments	116,805,964
1250	Accrued interest	4,118,172
1290	Other receivables (net)	175,448,866
1300	Inventories	10,782,177
1490	Other current assets	1,094,025
1420	Bond issuance cost (net)	1,999,094
	Capital assets:	
1510	Land	47,298,759
1525	Building, furniture and equipment, net	335,090,205
1580	Construction in progress	4,385,319
1000	Total assets	<u>\$ 1,325,329,090</u>
	LIABILITIES	
	Current liabilities:	
2110	Accounts payable	\$ 188,383,534
2150	Payroll deductions and withholdings	4,693,089
2160	Accrued wages payable	106,920,809
2180	Due to other governments	2,346,940
2191	Due to student groups	240
2200	Accrued liabilities	1,846,470
2300	Deferred revenue	6,206,878
2400	Other payables	4,778,897
2430	Interest payable	11,467,272
	Long-term debt-due within one year	
2120	Workers compensation	4,382,000
2121	Bonds and notes payable	45,686,000
2122	Loans payable	2,327,000
2131	Lease purchases payable	4,108,000
	Noncurrent liabilities:	
	Long-term debt-due beyond one year	
2210	Workers compensation	14,451,160
2210	Health Insurance	10,718,000
2510	Bonds and notes payable	648,009,145
2511	Gain/Loss on refunding of bonds	1,454,462
2512	Premium on bonds	13,637,589
2521	Loans payables	4,371,000
2531	Lease purchases payable	14,768,000
2000	Total liabilities	<u>\$ 1,090,556,485</u>
	NET ASSETS	
3200	Invested in capital assets, net of related debt	\$ 20,489,231
3800	Restricted	93,601,174
3900	Unrestricted	120,682,200
3000	Total net assets	<u>\$ 234,772,605</u>

The accompanying notes are an integral part of this statement.

**Dallas Independent School District
Government-wide Statement of Activities
For the Ten Months Ended June 30, 2003**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Governmental activities:					
11 Instruction	717,479,558	\$ 705,026	97,017,024	\$	(619,757,508)
12 Instructional resources and media services	18,836,667	-	1,793,130		(17,043,537)
13 Curriculum and staff development	31,303,411	-	21,291,819		(10,011,592)
21 Instructional leadership	20,612,925	-	8,265,171		(12,347,754)
23 School leadership	61,082,797	-	1,276,155		(59,806,642)
31 Guidance, counseling, and evaluation services	41,007,861	-	6,092,691		(34,915,170)
32 Social work services	2,176,802	-	28,330		(2,148,472)
33 Health services	11,029,193	-	1,365,307		(9,663,886)
34 Student transportation	18,444,181	-	743,049		(17,701,132)
35 Food services	53,559,421	5,653,162	47,212,099		(694,160)
36 Cocurricular/extracurricular activities	9,489,533	706,858	605,507		(8,177,168)
41 General administration	37,633,240	-	1,002,859		(36,630,381)
51 Plant maintenance and operations	104,300,326	401,842	3,152,524		(100,745,960)
52 Security and monitoring services	8,744,934	-	269,918		(8,475,016)
53 Data processing services	25,808,191	-	348,445		(25,459,746)
61 Community services	19,566,322	-	13,310,145		(6,256,177)
71 Interest on long-term debt	34,705,368	-	-		(34,705,368)
81 Facilities acquisition & construction	11,105,668	-	1,151		(11,104,517)
95 Payments to juvenile justice AE	365,024	-	-		(365,024)
97 Payments to tax increment fund	4,551,449	-	-		(4,551,449)
Total governmental activities	\$ 1,231,802,871	\$ 7,466,888	\$ 203,775,324	\$	(1,020,560,659)
Total	\$ 1,231,802,871	\$ 7,466,888	\$ 203,775,324	\$	(1,020,560,659)
General revenues:					
Taxes:					
Property taxes, levied and collected for general purposes				\$	849,858,791
Property taxes, levied and collected for debt service					64,221,808
State aid-formula grants					150,640,924
Investment earnings					12,341,249
Miscellaneous					10,703
Total general revenues and special items					1,077,073,475
Change in net assets					56,512,816
Net assets—beginning					178,259,789
Net assets—ending				\$	234,772,605

The accompanying notes are an integral part of this statement.

**Dallas Independent School District
Balance Sheet
Governmental Funds
June 30, 2003**

Exhibit C-1

Data Control Codes		General	Debt Service	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
1110-50	Cash and cash equivalents	\$ 254,670	\$ -	\$ -	\$ -	\$ 254,670
1170	Investments	191,659,058	60,138,042	311,227,348	580,960	563,605,408
1210-30	Receivables, net	60,078,964	4,367,467	-	-	64,446,431
1250	Accrued interest	328,800	-	3,789,372	-	4,118,172
1260	Due from other funds	53,411,403	-	-	-	53,411,403
1240	Receivables from other governments	53,188,437	-	-	63,617,527	116,805,964
1290	Other receivables	1,298,154	111,815,618	54,579,313	7,755,781	175,448,866
1300	Inventories	7,131,468	-	-	3,650,709	10,782,177
1490	Prepaid	1,093,380	-	-	645	1,094,025
	Total assets	\$ 368,444,334	\$ 176,321,127	\$ 369,596,033	\$ 75,605,622	\$ 989,967,116
LIABILITIES AND FUND BALANCES						
Liabilities:						
2110	Accounts payable	\$ 73,608,379	\$ 111,499,492	\$ 292,026	\$ 2,983,637	\$ 188,383,534
2140	Bond interest payable	-	318,361	-	-	318,361
2150	Payroll deductions & withholdings	4,693,089	-	-	-	4,693,089
2160	Accrued wages payable	98,402,864	-	-	8,517,945	106,920,809
2170	Due to other funds	-	130,307	14,164,532	39,116,564	53,411,403
2180	Payable to other governments	2,155,324	-	-	191,616	2,346,940
2190	Due to students	240	-	-	-	240
2200	Accrued liabilities	4,603,633	-	-	1,624,837	6,228,470
2300	Deferred revenue	54,037,267	3,890,272	-	6,206,878	64,134,417
2400	Other payables	4,761,141	-	-	17,756	4,778,897
	Total liabilities	\$ 242,261,937	\$ 115,838,432	\$ 14,456,558	\$ 58,659,233	\$ 431,216,160
Fund balances:						
Reserved for:						
3410	Inventories	7,131,468	-	-	\$ 3,650,709	\$ 10,782,177
3430	Prepaid	1,093,380	-	-	645	1,094,025
3440	Encumbrances	9,677,198	-	-	15,048	9,692,246
3420	Debt service	-	60,482,695	-	-	60,482,695
3470	Capital projects funds	-	-	355,139,475	-	355,139,475
3450	Food services	-	-	-	10,578,224	10,578,224
Unreserved:						
3540	Designated for self insurance	4,250,783	-	-	-	4,250,783
3590	Designated for campus activity	-	-	-	2,811,775	2,811,775
3600	Unreserved, undesignated	-	-	-	(110,012)	(110,012)
3600	Unreserved, undesignated	104,029,568	-	-	-	104,029,568
	Total fund balances	\$ 126,182,397	\$ 60,482,695	\$ 355,139,475	\$ 16,946,389	\$ 558,750,956
	Total liabilities and fund balances	\$ 368,444,334	\$ 176,321,127	\$ 369,596,033	\$ 75,605,622	\$ 989,967,116

The accompanying notes are an integral part of this statement.

Dallas Independent School District
Reconciliation of the Governmental Funds Balance Sheet to the
Government-wide Statement of Net Assets
June 30, 2003

Exhibit C-1R

Total fund balances—governmental funds (from C-1) \$ 558,750,956

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital Assets, beginning of year	\$ 1,092,249,484	
Additions	13,637,011	
Transfers		
Removals	(2,631,849)	
Accumulated Depreciation	<u>(716,480,363)</u>	
Capital Assets, end of year		386,774,283

Some liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds. (Note F) (689,154,061)

Interest payable beginning balance (2,568,853)

Reversal of prior year deferred revenue collected in current fiscal year 30,048,987

Health insurance expenditures accrued under full accrual method (10,718,000)

Workers compensation adjustment under the full accrual method (2,535,160)

Bond issuance cost amortization 34,371

Accounting loss on refunding of bonds (8,047,389)

Unamortized cost of issuance (141,012)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Prepayment on bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In addition other related bond expense such accrued interest and bond issuance expense is not found at the fund level (Note F) (55,550,069)

Change deferred revenues due to conversion to full accrual method for current fiscal year (Note G) 27,878,552

Total net assets—governmental activities (see A-1) \$ 234,772,605

The accompanying notes are an integral part of this statement.

Dallas Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Ten Months Ended June 30, 2003

Exhibit C-2

	General Fund	Debt Service	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
5700 Local and intermediate sources	\$ 826,639,860	\$ 60,139,879	\$ 9,417,275	\$ 12,577,575	\$ 908,774,589
5800 State program revenues	150,640,924	9,134,647	-	49,124,733	208,900,304
5900 Federal program revenues	4,462,976	-	-	147,806,730	152,269,706
Total revenues	<u>\$ 981,743,760</u>	<u>\$ 69,274,526</u>	<u>\$ 9,417,275</u>	<u>\$ 209,509,038</u>	<u>\$ 1,269,944,599</u>
EXPENDITURES					
Current:					
11 Instruction	\$ 602,171,873	\$ -	\$ -	\$ 97,017,024	\$ 699,188,897
12 Instructional resources and media services	17,051,925	-	-	1,793,130	18,845,055
13 Curriculum and staff development	9,206,924	-	-	21,291,819	30,498,743
21 Instructional leadership	11,833,880	-	-	8,265,171	20,099,051
23 School leadership	58,212,894	-	-	1,276,155	59,489,049
31 Guidance, counseling, and evaluation services	33,852,134	-	-	6,092,691	39,944,825
32 Social work services	2,091,655	-	-	28,330	2,119,985
33 Health services	9,376,051	-	-	1,365,307	10,741,358
34 Student transportation	16,653,401	-	-	743,049	17,396,450
35 Food Services	-	-	-	53,325,715	53,325,715
36 Extracurricular activities	8,996,380	-	-	605,507	9,601,887
41 General administration	35,773,837	-	137,079	1,002,859	36,913,775
51 Plant maintenance and operations	94,387,813	-	4,702,353	3,152,524	102,242,690
52 Security and monitoring services	8,206,961	-	-	269,918	8,476,879
53 Data processing services	17,316,511	-	9,117,752	348,445	26,782,708
61 Community services	5,869,806	-	-	13,310,145	19,179,951
Debt service					
71 Principal on long-term debt	6,441,302	4,055,000	-	-	10,496,302
171 Interest on long-term debt	1,868,553	23,550,703	-	-	25,419,256
Capital outlay					
81 Facilities acquisition and construction	3,078,960	-	16,343,297	1,151	19,423,408
Intergovernmental charges					
95 Payments juvenile justice AE	365,024	-	-	-	365,024
97 Payments to tax increment fund	4,551,449	-	-	-	4,551,449
Total expenditures	<u>\$ 947,307,333</u>	<u>\$ 27,605,703</u>	<u>\$ 30,300,481</u>	<u>\$ 209,888,940</u>	<u>\$ 1,215,102,457</u>
Deficiency of revenues over expenditures	<u>\$ 34,436,427</u>	<u>\$ 41,668,823</u>	<u>\$ (20,883,206)</u>	<u>\$ (379,902)</u>	<u>\$ 54,842,142</u>
OTHER FINANCING SOURCES (USES)					
7911 Proceeds from bonds	\$ -	\$ -	\$ 53,170,000	\$ -	\$ 53,170,000
7911 Proceeds of refunding bonds	-	104,615,000	-	-	104,615,000
7916 Premium on Bonds	-	7,568,964	2,529,313	-	10,098,277
7900 Transfers in (out)	(2,727,650)	-	-	2,727,650	-
8940 Payment to refunded bond escrow agent	-	(111,157,389)	-	-	(111,157,389)
Total other financing sources and uses	<u>\$ (2,727,650)</u>	<u>\$ 1,026,575</u>	<u>\$ 55,699,313</u>	<u>\$ 2,727,650</u>	<u>\$ 56,725,888</u>
Net change in fund balances	\$ 31,708,777	\$ 42,695,398	\$ 34,816,107	\$ 2,347,748	\$ 111,568,030
Fund balances—beginning	94,473,620	17,787,297	320,323,368	14,598,641	447,182,926
Fund balances—ending	<u>\$ 126,182,397</u>	<u>\$ 60,482,695</u>	<u>\$ 355,139,475</u>	<u>\$ 16,946,389</u>	<u>\$ 558,750,956</u>

The accompanying notes are an integral part of this statement.

**Dallas Independent School District
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Ten Months Ended June 30, 2003**

Exhibit C-3

Net change in fund balances—total governmental funds (from C-2)	\$ 111,568,030
Amounts reported for <i>governmental activities</i> in the statement of activities (B-1) are different because:	
Governmental funds reports capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. (This is the amount by which net capital outlays (\$13,637,011) were exceeded by depreciation (\$18,294,455) in the current period.	(4,657,444)
Recognition of accretion on capital appreciation bonds and bond interest.	(1,767,000)
Reversal of bond principal payments made at the fund level.	10,496,302
Recognition of accrued interest expense at the government wide level	(8,580,058)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	
Bond Proceeds (including \$10,098,277 premium)	167,883,277
Payment to Refunded Escrow Agent	(111,157,389)
Deferred Bond Issuance Cost	(1,026,575)
	(55,699,313)
Workers compensation accrual expense not on fund statements	(2,535,160)
Health insurance expenditure not recognized at fund level	(10,718,000)
Accounting loss on refunding of bonds	(8,047,389)
Unamortized cost of issuance	(141,012)
Recognize deferred revenue through June 30, 2003 (Note G)	27,878,552
Loss on disposal of assets	(1,319,067)
Bond issuance expense not recognized at the fund level	34,375
Change in net assets of governmental activities (B-1)	<u>\$ 56,512,816</u>

The accompanying notes are an integral part of this statement.

**Dallas Independent School District
Statement of Fiduciary Net Assets and Liabilities
Fiduciary Funds
For the Ten Months Ended June 30, 2003**

Exhibit E-1

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 3,250,040</u>
Total assets	<u><u>\$ 3,250,040</u></u>
 LIABILITIES	
Due to student groups	<u>3,250,040</u>
Total liabilities	<u><u>\$ 3,250,040</u></u>

The accompanying notes are an integral part of this statement.

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

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**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

A. Reporting Entity

The Board of Trustees (the "Board"), a nine-member group constituting an on-going entity, is the level of government, which has governance responsibilities over all activities, related to public elementary and secondary school education within the jurisdiction of the district. The Board receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, issued by GASB, since Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

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

B. Fiscal Year Change

House Bill 98 enacted by the seventy-sixth legislature of the State of Texas allowed Texas School Districts to change their fiscal year from August 31st to June 30th beginning with the 2001/2002 school year. The district changed its fiscal year from September 1st through August 31st to July 1st through June 30th, thereby capturing ten months of activity for the ten-month period ended June 30, 2003. The change was made to better align the fiscal year with the school year.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net assets and the statement of activities. These statements report information on all of the non-fiduciary activities of the district. The effect of the interfund activity has been removed from these statements. Governmental activities are supported by tax revenues and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. All capital asset depreciation is reported as a direct expense of the functional program that benefits from the use of the capital assets. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

D. Basis of Accounting/Measurement Focus

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This measurement focus means that only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present resources (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets. Revenues are recognized, when they are susceptible to accrual, as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the district considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, compensated absences, arbitrage, and claims and judgments, are recorded only when matured and payment is due shortly after year-end. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Property tax revenues and revenues received from the State of Texas and investment earnings are considered to be susceptible to accrual and so have been recognized as revenues in the current period. Property taxes collected within 60 days of year-end and included in revenue were \$6,619,389 and \$477,195, for the General Fund and Debt Service Fund, respectively.

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

In order to properly match revenues and expenditures for the fiscal year, the district has accrued Foundation School Program revenues of approximately \$30.7 million to reflect cash that will be received in fiscal year 2004 which was generated by attendance and related expenditures in fiscal year 2003.

The district reports the following major governmental funds:

The general fund is the district's primary operating fund. It accounts for all financial resources of the district, except those to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund, a budgeted fund, accounts for the use of ad valorem taxes and other revenues collected for the purposes of retiring bond principal and paying interest when due.

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

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

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

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

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

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

E. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition.

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

Interfund Receivables and Payables

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

Property Taxes

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

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

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

Inventories and Prepaid Items

Supplies and materials are recorded as expenditures when requisitioned. Inventories of supplies and materials on the governmental fund balance sheet are generally recorded at cost, net of an allowance for obsolescence of approximately \$90,000. However, inventories of food commodities are recorded at market values on the date received as supplied by the Texas Department of Human Resources, although they are received at no cost. Inventory items are recorded as expenditures when they are consumed on the first-in, first-out basis. Supplies and materials are used for almost all functions of activity, and recorded as expenditures when consumed on a weighted average basis. Commodities, used only in the food services program, are recorded as inventory and revenue when received. When requisitioned, inventory is relieved and expenditures are recognized for an equal amount. Inventory reported in the General Fund is offset in the fund level financial statements by a fund balance reserve that indicates that it is not available spendable resources.

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

Restricted Net Assets Government-Wide

Restricted for Construction – the component of net assets that reports the difference between assets and liabilities of the Capital Projects Fund that consists of assets with constraints placed on their use by the bond contracts and covenants contained therein.

Restricted for Contractual Obligations – the component of net assets that reports the difference between assets and liabilities of the capital acquisition program that consists of assets with constraints placed on their use by the bond contracts and covenants contained therein.

Restricted for Debt Service – the component of net assets that reports the difference between assets and liabilities of the Debt Service Fund that consists of assets with constraints placed on their use by the bond covenants.

Restricted for Food Service – the component of net assets that reports the difference between assets and liabilities of the Food Services Fund that consists of assets with constraints placed on their use by the Department of Agriculture.

Reserved Governmental Funds

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

Food Services	\$ 10,578,224
Debt Service	60,482,695
Capital Projects	355,139,475
Encumbrance	9,692,246
Inventories and Prepaids	<u>11,876,202</u>
Total Reserved Governmental Funds	<u>\$447,768,842</u>

Net assets set aside for the debt service and capital projects are restricted by bond covenant for use in capital and debt activities financed through the sale of bonds.

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

Capital Assets

Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one

year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets of the district are depreciated using the straight-line method over the following estimated useful lives:

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

Compensated Absences

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

District employees earn a total of ten sick and personal business days per year. Each employee is allowed to accumulate up to 90 days of these non-vesting compensated absences and receives compensation only when the absences are utilized. Since the employee's accumulating rights to receive compensation for future absences are contingent upon the absences being used and such use cannot be reasonably estimated, a liability for accrued compensated absences has not been provided. District employees forfeit any vacation days unused at the end of the fiscal year. Therefore, no liability has been accrued for these compensated absences.

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

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.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The negative \$110,012 in the Technology Fund balance is due to prior year excess payroll costs.

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.

Data Control Codes

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

F. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and Government-Wide Statement of Net Assets

Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net assets, governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains:

Reversal of payments on bond principal made at fund level	\$ 10,496,302
New bond debt	(53,555,000)
New note payable	(1,120,000)
Premium on bonds	(10,098,277)
Gain/Loss on refunding of bonds	8,047,389
Bond issuance cost	1,026,575
Bond interest and Accretion	(1,767,000)
Accrued interest payable	(8,580,058)
Bond related expense at the government wide level	<u>(55,550,069)</u>

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at beginning of year consist of:

Bonds/notes payable	\$ (641,845,447)
Lease purchase payable	(22,743,000)
Workers compensation	(11,916,000)
Loans payable	(8,735,003)
Premium on bonds	(3,725,591)
Gain/Loss on refunding of bonds	(1,250,905)
Bond issuance cost	<u>1,061,882</u>
Total long-term liabilities not reported as liabilities in the funds	<u>\$ (689,154,061)</u>

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation states revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The details of this \$27,878,552 are as follows:

Property Tax Revenue – General Fund	\$ 23,796,623
Property Tax Revenue – Debt Service	4,081,929
Total increase in revenue not reported at the fund level	\$ 27,878,552

H. Deposits and Investments

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

At June 30, 2003, cash with a total carrying value of \$254,670 was on deposit with the contracted depository bank. Total district funds on deposit were secured at the balance sheet date by FDIC coverage of \$200,000 and by pledged United States government securities with a fair value of \$65,029,151 at June 30, 2003, held by the Federal Reserve Bank of Dallas. Because the Federal Reserve Bank of Dallas holds the pledged securities in trust on behalf of the district, the deposits were deemed collateralized under Texas law. In addition to these district funds, a total of \$3,250,040, agency fund, in cash was on deposit with the contracted depository. The Activity Funds are in separate bank accounts in the name of the schools, and as such, have FDIC insurance of \$100,000 per bank account. Effective August 1, 2004, activity fund accounts will be centralized at the administrative offices and all accounts will be on deposit with the contracted depository.

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 May 5, 2003, with combined cash and certificates of deposit balance of \$62,293,619.
- c. On May 5, 2003, the amount of bonds, securities pledged, and FDIC coverage was \$72,756,495.
- d. The FDIC coverage portion of the collateral listed above was \$200,000
- e. The district on four occasions during the year, was under collateralized in which the pledged collateral requirement was less than the collateral requirement.

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

The cash deposits held at financial institutions are categorized according to three levels of risk per GASB Statement No. 3. They are:

Category 1 - Deposits that are insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 - Deposits are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 - Deposits which are not collateralized.

Based on these three levels of risk, the cash deposits are classified as Category 1.

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

- obligations of the United States or its agencies and instrumentalities;
- obligations of the State of Texas or its agencies;
- other obligations guaranteed by the United States or the State of Texas or their agencies and instrumentalities;
- public funds investment pools;
- no load money market funds with a weighted average maturity of 90 days or less;
- fully collateralized repurchase agreements;
- obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality not less than an "A", or its equivalent, by a nationally recognized investment rating firm;
- guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds;
- guaranteed or secured certificates of deposit, issued by state and national banks domiciled in Texas, and insured by federal depository insurance or secured by the obligations mentioned above; and
- bonds issued, assumed or guaranteed by the State of Israel was added by H.B. 3009, and was effective September 1, 1999.

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

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

The following table reflects the district's investments at June 30, 2003.

	Category 1	Carrying Account	Fair Value
Certificates of Deposit	\$ 60,000,000	\$ 60,000,000	60,000,000
Commercial Paper	61,002,322	61,002,322	61,002,322
Repurchase Agreement/Other	616,837	616,837	616,837
	<u>\$ 121,619,159</u>	<u>\$ 121,619,159</u>	<u>\$ 121,619,159</u>
Investments not categorized as they are not represented by securities that exist in physical form:			
Money Markets		42,217,980	42,217,980
Investment Pools		116,875,175	116,875,175
Guaranteed Investment Contract		<u>282,893,094</u>	<u>282,893,094</u>
		<u>\$ 563,605,408</u>	<u>\$ 563,605,408</u>

At June 30, 2003, the district had funds invested for the operating needs of the General Fund in the Local Government Investment Cooperative ("LOGIC"), the Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), Texas Local Government Investment Pool ("TexPool"), and the Lone Star Investment Pool (LSIP). Each investment pool the district participates in operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, to the extent such rule is applicable to its operations. Accordingly, the investment pools use the amortized cost method permitted by SEC Rule 2a-7 to report net assets and share prices since that amount approximates fair value. Regulatory oversight in the external investment pools is performed by a Board of Directors comprised of local government officers, including participants of the investment pools. The Texas State Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate Texpool. In addition, all investment pool's policies require a rating of AA or better from a nationally recognized rating agency.

The district invests the Capital Project Fund proceeds from the bond issues in a Guaranteed Investment Contract (GIC) with Morgan Stanley. The district is guaranteed a set interest rate of 3.65% and the maturities on the securities that are invested on the district's behalf by Morgan Stanley are "laddered" to cover the funding of the construction program. Morgan Stanley is required to secure the investment with U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds.

The one security not matured at June 30, 2003, was marked-to-market in accordance with GASB Statement No. 31, with a year-end increase of \$2,322. The security's maturity date is July 22, 2003.

Line Of Credit

The district has established a \$20 million line of credit with Bank of America N.A., which is available for seasonal borrowing needs from November 1 to January 31 of each year. Interest on amounts owed is assessed at the Bank of America, N.A. prime rate. The district has not utilized this line of credit during the last five fiscal years.

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

I. Local Revenues

Local revenues are comprised of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Non Major Funds</u>	<u>Total</u>
Property Taxes	\$ 803,863,603	\$ 59,640,952	\$ -	\$ -	\$ 863,504,555
Dallas CED	172,929	-	-	-	172,929
Food Services	-	-	-	-	-
Interest Income	2,425,047	498,927	-	5,671,714	5,671,714
Tuition, Fees	-	-	9,417,275	-	9,417,275
And	-	-	-	-	-
Cocurricular	3,803,874	-	-	-	3,803,874
Other	16,374,407	-	-	-	16,374,407
	<u>826,639,860</u>	<u>60,139,879</u>	<u>9,417,275</u>	<u>6,905,861</u>	<u>23,280,268</u>
Total	\$ 826,639,860	\$ 60,139,879	\$ 9,417,275	\$ 12,577,575	\$ 908,774,589

J. Property Taxes

The district's ad valorem property tax is levied each October 1 on the assessed value as of the prior January 1 for all real and business personal property located in the district. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the subsequent year. On January 1 of each year a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. The assessed value of the roll on January 1, 2002 after deductions of all exemptions and reductions provided by law and those granted by the district, upon which the levy for the 2003 fiscal year as based, was \$58,297,372,597.

The tax rates assessed for the year ended June 30, 2003, to finance General Fund operations and the payment of principal and interest on long-term debt were \$1.47803 and \$0.1095 per \$100, respectively, for a total of \$1.58753 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, 2003, were 96.0% of the tax levy.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The district has provided an allowance for estimated uncollectible property taxes within the General and Debt Service Funds of \$24,825,329 and \$1,839,328, respectively, based upon historical collection experience. The district is prohibited from writing off real property taxes without specific statutory authority from the Texas legislature.

At June 30, 2003, taxes receivable, net of estimated uncollectible taxes, aggregated \$60,078,964 and \$4,367,467 for the General Fund and Debt Service Fund, respectively. Effective September 1, 1991, the Texas state legislature established County Education Districts (CED) to redistribute property taxes from high-property value districts to low-property value districts. As of September 1, 1993, CED's were abolished by the enactment of Senate Bill 7 (S.B. 7). Residual collections of taxes assessed throughout the CED's prior to September 1, 1993, continued to be recognized as revenue when received through June 30, 2003. As part of this plan, the district recognized approximately \$172,929 as revenue in fiscal year 2003.

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

K. Receivables

Receivables as of June 30, 2003 for the district's major funds and nonmajor funds in the aggregate including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Activities</u>
Property Taxes	\$ 84,904,293	\$ 6,206,795	\$ -	\$ -	\$ 91,111,088
Due from other government	53,188,437	-	-	63,617,527	116,805,964
Accrued interest	328,800	-	3,789,372	-	4,118,172
Other receivables	1,298,154	-	-	7,755,781	9,053,935
Bond proceeds	-	111,815,618	54,579,313	-	166,394,931
Less: allowance for uncollectibles	(24,825,329)	(1,839,328)	-	-	(26,664,657)
	<u>\$ 114,894,355</u>	<u>\$ 116,183,085</u>	<u>\$ 58,368,685</u>	<u>\$ 71,373,308</u>	<u>\$ 360,819,433</u>

L. Deferred Revenue

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

At the end of fiscal year 2003, the various components of deferred revenue reported in the general fund and nonmajor governmental funds were as follows:

	<u>General Funds</u>	<u>Debt Service Funds</u>	<u>Nonmajor Funds</u>
Property Taxes	\$ 53,459,575	\$ 3,890,272	-
Grant Funds	-	-	6,206,878
Miscellaneous	577,692	-	-
Total	<u>\$ 54,037,267</u>	<u>\$ 3,890,272</u>	<u>\$ 6,206,878</u>

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

M. Interfund Receivables and Payables

Interfund balances occur when one fund pays or receives resources for another and at June 30, 2003, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
<u>General Fund -</u>		
Non-Major Governmental Funds	\$ 39,116,564	\$ -
Capital Projects Fund	14,164,532	-
Debt Services Fund	130,307	-
	<u>53,411,403</u>	<u>-</u>
<u>Non-Major Governmental Funds -</u>		
General Fund	-	39,116,564
Debt Service Fund -		
General Fund	-	130,307
Capital Projects Fund -		
General Fund	-	14,164,532
	<u>\$ 53,411,403</u>	<u>\$ 53,411,403</u>

The transfer between General Fund and Special Revenue Funds is because these funds are expenditure driven, reimbursement occurs after the expenditure. The transfer back occurs when the funds are received from the granting agency. The transfer between General Fund and Capital Projects occurs because cash payments are made from the General Fund operating account, transfers back occurs generally monthly, unless significantly large payments are noted.

The following is a summary of the district's operating transfers for the ten months ended June 30, 2003:

<u>Transfers Out</u>	<u>Transfers In</u>			
	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
General Fund	\$ -	\$ -	\$ 2,727,650	\$ 2,727,650
Total Transfers Out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,727,650</u>	<u>\$ 2,727,650</u>

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

N. Changes in Capital Assets

Capital asset activity for the year ended June 30, 2003 is as follows:

	Balance 8/31/2002	Additions	Deletions	Balance 06/30/03
Capital Assets, not being depreciated:				
Land	\$ 47,091,907	206,852		\$ 47,298,759
Construction in Progress	284,654	4,385,319	(284,654)	4,385,319
Total Capital Assets, not being depreciated	<u>47,376,561</u>	<u>4,592,171</u>	<u>(284,654)</u>	<u>51,684,078</u>
Capital Assets, being depreciated:				
Building	953,507,875	4,683,755	(20,000)	958,171,630
Furniture & equipment	91,365,048	4,361,084	(2,327,195)	93,398,937
Total Capital Assets, being depreciated	<u>1,044,872,923</u>	<u>9,044,839</u>	<u>(2,347,195)</u>	<u>1,051,570,567</u>
Less accumulated depreciation for:				
Buildings	629,996,898	12,120,851	-	642,117,749
Furniture & equipment	69,501,792	6,173,604	(1,312,782)	74,362,614
Total Accumulated depreciation	<u>699,498,690</u>	<u>18,294,455</u>	<u>(1,312,782)</u>	<u>716,480,363</u>
Total Capital Assets, being Depreciated, net	<u>345,374,233</u>	<u>(9,249,616)</u>	<u>(1,034,413)</u>	<u>335,090,204</u>
Capital Assets, Net	<u>\$ 392,750,794</u>	<u>(4,657,445)</u>	<u>(1,319,067)</u>	<u>\$ 386,774,282</u>

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

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

Instruction	\$ 10,675,440
Instructional Resources & Media Services	287,870
Curriculum and Staff Development	457,577
Instructional Leadership	306,391
School Leadership	907,817
Guidance, Counseling and Evaluation Services	609,174
Social Work Services	32,370
Health Services	164,003
Student Transportation	841,539
Food Services	443,517
Curriculum/Extracurricular Activities	147,460
General Administration	557,100
Plant Maintenance and Operations	2,001,775
Security and Monitoring Services	174,432
Data Processing Services	395,833
Community Services	<u>292,156</u>
Total	<u>\$ 18,294,455</u>

The district has active construction projects. These projects include new school construction and renovation of existing facilities. The total remaining for these construction commitments as of June 30, 2003 is \$136,906,371.

O. Capital Leases

As of June 30, 2003, the accompanying government-wide financial statements include property under capital leases totaling a principle balance due of \$19,092,380 with a net present value (NPV) of \$18,876,142. Capital leases principle amounts provide for the acquisition of equipment to improve the district's energy management systems \$14,806,666, student information systems and telephone system \$4,285,716. Capital lease expenditures for fiscal year 2002-2003 were \$5,332,920 representing principal and interest payments that have been reflected as debt service expenditures in the General Fund of the accompanying fund financial statements.

<u>Date of Issue</u>	<u>Purpose/Lawful Authority (Maturity)</u>	<u>Interest Rate</u>	<u>Net Present Value</u> (in thousands)
8/28/96	Energy Movement Systems/Johnson Controls, Inc. (10/15/06)	5.96%	\$ 2,323
8/27/96	Energy Management Systems Honeywell, Inc. - Phase I (09/01/06)	5.62%	2,281
4/14/97	Energy Management Systems Honeywell, Inc. - Phase IIA (03/01/08)	6.89%	5,204
4/14/97	Energy Management Systems/ Honeywell, Inc. - Phase IIB (03/01/08)	6.89%	5,204
11/03/97	Student Record Initiative/Unisys (08/15/02)*	4.63%	-
12/18/98	Telephone System/Fujitsu (9/15/05)*	4.44%	3,864
			<u>\$ 18,876</u>

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

* In conjunction with the Unisys capital lease and the Fujitsu capital lease, the district borrowed \$10.0 million for each lease from Bank of America. These funds were placed in two escrow accounts. The amounts placed in escrow were sufficient to cover 100% of the principal amount of the lease.

Pursuant to the terms of the capital lease agreements, the following schedule presents future minimum lease payments, including principle and interest, by year, as of June 30, 2003:

Year Ended June 30 (in thousands)	
2003-2004	\$ 5,133
2004-2005	5,147
2005-2006	5,174
2006-2007	3,772
2007-2008	2,417
Future minimum lease payments	<u>21,643</u>
Amount representing interest (1)	<u>2,767</u>
Total future minimum lease payments	<u>\$ 18,876</u>

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

P. Long-Term Obligations

Long-term debt includes par bonds, capital appreciation serial bonds, contractual obligations, capital leases, long-term loans, maintenance tax notes and provisions for Workers' Compensation and health insurance liability. Bond premiums are amortized using the effective interest method. At June 30, 2003, the district's debt limitation under local policies, which represents 10% of the district's total assessed property value for school tax purposes, is \$5,848,430,029 and the district's legal debt margin is \$5,215,217,411.

General Obligation Bonds

These bonds are secured by ad valorem taxes levied against all taxable property and are serviced, with the exception of the contractual obligation bonds, by the Debt Service Fund with an apportionment of the ad valorem tax levy. Interest rates on the bonds range from 1.75% to 5.8% and are due through 2027. At June 30, 2003, \$60,482,697 was available in the Debt Service Fund to service the appropriate bonds.

<u>Series</u>	<u>General Obligation Bonds Maturity or Mandatory Redemption Date</u>	<u>Interest Rates</u>	<u>Total Outstanding Principal Amount (in thousands)</u>
1993	Serially in varying amounts from August 15, 2003 payment remaining	4.75%-5.75%	\$ 19,030
1995	Serially in varying amounts from August 15, 2007 to August 15, 2014	5.3%-5.8%	46,775
1999	Serially in varying amounts from August 15, 2000 to August 15, 2014	3.70%-5.25%	162,405
2002	Serially in varying amounts from August 15, 2003 to February 15, 2022	4.0%-5.5%	284,315
2003	Serially in varying amounts from February 15, 2004 to February 15, 2027	1.75%-5.0%	156,665
			<u>\$ 669,190</u>

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

Capital Appreciation Bonds

Although the debt service requirements on Capital Appreciation Bonds are payable only upon maturity, the original principal amount of the Capital Appreciation Bonds, Series 1995, plus the premium of \$7,065,712 is recorded as a component of long-term obligations in the Statement of Net Assets. In addition, the original principal of the Capital Appreciation Bonds, Series 1999, plus the premium of \$8,300,033 is recorded in the Statement of Net Assets. Finally, the original principal amount of the Capital Appreciation Bonds, Series 2002, plus the premium of \$485,505 is recorded as a component of long-term obligations in the Statement of Net Assets. The Capital Appreciation Bond premium of \$485,505 matured at 2/15/2003.

<u>Series</u>	<u>Capital Appreciation Bonds Maturity or Mandatory Redemption Date</u>	<u>Interest Rates</u>	<u>Total Outstanding Principal Amount (in thousands)</u>
1995	August 15, 2007	6.4%	\$ 11,372
1999	August 15, 2005	4.05%	7,881
			<u>\$ 19,253</u>

Maintenance Tax Notes

On October 1, 2001, the district issued \$6,880,000 of Qualified Zone Academy Maintenance Tax Notes, Series 2001. An additional \$1,120,000 of Qualified Zone Academy Maintenance Tax Notes, Series 2002, was issued on September 1, 2002.

<u>Series</u>	<u>Maintenance Tax Notes Maturity or Mandatory Redemption Date</u>	<u>Interest Rates</u>	<u>Total Outstanding Principal Amount (in thousands)</u>
2001	Serially in varying amounts from May 1, 2002 to May 1, 2015	0%	\$ 4,132
2002	Principal due at maturity; interest due each February 15 and August 15 from February 15, 2003 to September 15, 2016	0%	1,120
			<u>\$ 5,252</u>

Long-Term Loan Contracts

The annual requirements to pay principal and interest on two long-term loan contracts, the Vehicle Acquisition Loan and the Software Acquisition Loan, at June 30, 2003 is as follows (in thousands):

<u>Year Ended August 31, 2003</u>	<u>Vehicle Acquisition Loan</u>		<u>Software Acquisition Loan</u>		<u>Total Requirements (in thousands)</u>	<u>Principal Outstanding (in thousands)</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2004	\$ 829	\$ 112	\$ 1,498	\$ 136	\$ 2,575	\$ 2,327
2005	866	75	1,561	73	2,575	2,427
2006	906	35	805	13	1,759	1,711
2007	233	3			236	233
Total	<u>\$ 2,834</u>	<u>\$ 225</u>	<u>\$ 3,864</u>	<u>\$ 222</u>	<u>\$ 7,145</u>	<u>\$ 6,698</u>

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

The following is a summary of the changes in the district's Long-Term Debt for the year ended June 30, 2003 (in thousands)

	Debt Outstanding September 1,	Additions And Interest		Debt Outstanding	Amounts Due Within One Year From
Description	2002	Accretion	Retired	June 30, 2003	June 30, 2003
General Obligation Bonds					
Series 1993	\$ 74,430	\$ -	\$ 55,400	\$ 19,030	\$ 19,030
Series 1995	46,775	-	-	46,775	-
Series 1999	162,405	-	-	162,405	990
Series 2002	332,025	-	47,710	284,315	12,390
Series 2003	-	156,665	-	156,665	12,055
Total General Obligation Bonds	615,635	156,665	103,110	669,190	44,465
Capital Appreciation Bonds					
Series 1995	10,491	881	-	11,372	587
Series 1999	7,444	437	-	7,881	290
Series	3,799	256	4,055	-	-
Total Capital Appreciation Bonds	21,734	1,574	4,055	19,253	877
Maintenance Tax Notes					
Series 2001-QZAB	4,476	-	344	4,132	344
Series 2002-QZAB	-	1,120	-	1,120	-
Total Maintenance Tax Notes	4,476	1,120	344	5,252	344
Capital Leases					
Johnson Controls	2,777	-	454	2,323	504
Honeywell - Phase I	2,776	-	495	2,281	524
Honeywell - Phase IIA	6,083	-	879	5,204	929
Honeywell - Phase IIB	6,083	-	879	5,204	929
Unisys	-	-	-	-	-
Fujitsu	5,024	-	1,160	3,864	1,222
Total Capital Leases	22,743	-	3,867	18,876	4,108
Loans Payable					
Vehicle Acquisition	3,432	-	598	2,834	829
Software Acquisition	5,303	-	1,439	3,864	1,498
Total Loans Payable	8,735	-	2,037	6,698	2,327
Workers Compensation Health Insurance					
Workers Compensation	15,193	3,640	-	18,833	4,382
Health Insurance	5,909	4,809	-	10,718	-
Total Long Term Debt	\$ 694,425	\$ 167,808	\$ 113,413	\$ 748,820	\$ 56,503

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

Debt Service Requirements

The annual requirements to pay principal and interest on the bond obligations outstanding as of June 30, 2003 are as follows (in thousands):

Year Ended <u>June 30</u>	General Obligation, Capital Appreciation Bonds and Maintenance Tax Notes		Total
	Principal	Interest	Requirements
2004	\$ 45,686	\$ 31,005	\$ 76,691
2005	50,712	30,216	80,928
2006	46,950	28,726	75,676
2007	44,649	26,289	70,938
2008	46,717	26,614	73,331
2009-2013	211,432	93,477	304,909
2014-2018	139,084	43,973	183,057
2019-2023	100,380	13,458	113,838
2024-2027	8,085	975	9,060
Total	\$ 693,695	\$ 294,733	\$ 988,428

In 1985, 1995, 1999, 2002 and 2003, 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. At June 30, 2003, the district had outstanding \$305,765,000 of general obligation and capital appreciation bonds, and maintenance tax notes.

2002-03 Debt Issuance

The following debt was issued during fiscal year 2002-2003:

Dallas Independent School District Qualified Zone Academy Bonds Maintenance Tax Note 74s, Series 2002: On September 1, 2002, the proceeds for the issuance of the "Dallas Independent School District Qualified Zone Academy Bonds Maintenance Tax Notes, Series 2002 (the "Notes") were received by the district. The Notes were dated September 1, 2002. The proceeds from the sale of the Notes will be used for the funding of approved Qualified Zone Academy Bond (QZAB) projects at district schools and to pay the costs of issuance associated with the Notes. The proceeds of the debt were \$1,120,000, with an original principal balance due of \$1,120,000. The repayment of the \$1,120,000 principal will be at maturity on September 16, 2016. Interim interest payments of approximately \$5,600 are due beginning August 15, 2003, and ending May August 15, 2016. Interest on the Notes is at 6.14%. Qualified Zone Academy Bonds are taxable and not subject to federal arbitrage regulations. The unused proceeds are maintained in the general fund.

The Unlimited Tax School Building and Refunding Bonds, Series 2003: On January 19, 2002, the voters of the district approved the issuance of construction obligations (the "New Construction Authorization") in the amount of \$1,366,295,000. On that same day, the voters approved also the issuance of refunding obligations (the Refunding Authorization) in the amount of \$38,760,000. On March 15, 2002, the first issuance of bonds under these authorizations occurred with the sale and delivery of the Unlimited Tax School Building and Refunding Bonds, Series 2002. On June 15, 2003, the second issuance of bonds under the New Construction Authorization occurred with the issuance of the Unlimited Tax School Building and Refunding Bonds, Series 2003.

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

These construction bonds were issued to acquire, construct and equip school buildings and purchase necessary sites for the construction of schools, and to pay issuance costs associated with the sale of the bonds (\$52,050,000). The refunding bonds were issued to legally defease the 'Unlimited Tax School Building & Refunding Bonds, Series 1993' (\$55,400,000) and the Unlimited Tax School Building and Refunding Bonds, Series 2002 (\$47,710,000). The aggregate difference in debt service between the refunded debt and the refunding debt (bonds issued) is \$10,239,278. This transaction resulted in an accounting loss of \$8,188,401, which has been recorded as a deferred loss in the government wide financial statements. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This transaction resulted in an economic gain of \$11,204,464. Premiums associated with the issue were \$10,098,277 and discounts totaled \$676,575.

The original principal amount of the debt was \$156,665,000, repayable at a variable interest rate ranging from 1.75% to 5.0%. Interest on the current interest bonds issued of \$41,681,637 accrues from June 15, 2003 and will be payable on February 15 and August 15 of each year, commencing on February 15, 2003 and ending on February 15, 2027. This debt is subject to federal arbitrage regulations. The proceeds from the sale of the bonds were received on July 15, 2003, and the unused construction proceeds are maintained in an investment pool maintained by MBIA. The investment pool accrues and then receives interest payments periodically on any unused balance of proceeds, earning a variable rate of interest based on market conditions.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the district is in compliance with all significant limitations and restrictions as of June 30, 2003.

The district has \$1,011,715,688 of authorized but unissued New Construction Authorization remaining to be issued.

Q. General Fund Federal Source Revenues

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

JROTC	\$	1,286,878
Medicaid		1,470,486
Indirect Cost		1,705,612
	\$	<u>4,462,976</u>

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

Indirect costs of \$1,705,612 have been credited to General Fund Federal Program Revenue in the accompanying fund financial statements for the year ended June 30, 2003. The detail projects are as follows:

Program or Source	Federal CFDA Number	Amount
Grant Programs -		
Indirect cost charged to federal programs -		
Smart-2	93.938	\$ 3,144
ESEA Title IV Safe and Drug Free School & Community	84.186A	33,006
Smart 1	93.938	3,549
Indian Education Formula	84.060A	1,643
Title III, LEP	84.365	13,543
McKinney Homeless Children	84.196	2,082
25% Library Supplement	84.999	18,984
IDEA-Part B Discretionary - Deaf Services	84.027	2,993
Title I, Part A	84.010A	823,078
Title I, Part D	84.010A	170
Title I, Part C	84.011	6,197
Federal Adult Education	84.002A	36,330
Adult Education Section 225 (Federal)	84.002	1,048
IDEA-B Formula	84.027	260,318
IDEA-B Preschool	84.173	4,619
Basic Grant Formula for Career & Technology	84.048a	13,845
Teaching American History	84.215X	9,057
ESEA, Title II Part D Teacher - Principal Training	84.340A	11,804
Read for Texas Local Reading Improvement	84.338A	18,517
Barbara Bush - Family Literacy	N/A	52
Texas Families: Together and Safe	84.278E	1,646
21st Century Learning Centers	84.287A	95,479
Project Kids - IDEA-B, ECI	84.181	9
Adult Basic Education (Sec 225)	84.002A	1,650
Javits - Speakers of Other Languages	84.206A	50
Title VII - Bilingual Systemwide Improvements	84.162A	4,842
IDEA-Part B, Discretionary	84.027	379
IDEA - Preschool Deaf	84.173	517
ESEA, Title II, Part A: Teacher and Principal Training & Recruiting	84.367A	249,126
Refugee Children School Impact Grant	93.576	1,085
Education and Well-being of Young People	N/A	1,081
Urban Systematic Program	47.076	16,330
Title I School Improvement Program	84.348A	40,866
Public Charter Schools	84.282A	2,120
Early Childhood Intervention	84.181	10,013
AIDS Health Education	93.938	2,719
Abstinence Education	93.235	2,416
Federal-TANF	93.558	5,799
Improving Teaching and Learning Mid-Project Report	84.332A	1,829
Asthma Grant	93.938	2,561
Adult Ed - English Literacy & Civic Education	84.002A	695
Investment Capital Fund	N/A	421
		<u>\$ 1,705,612</u>

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

R. Defined Benefit Pension Plan

Plan Description

All employees of the district employed for one-half or more of the standard workload and who are not exempted from membership under the Texas Government Code, Title 8, Subtitle C, Section 822.002, participate in the Teacher Retirement System of Texas (the System), a multiple-employer Public Employee Retirement System (PERS). It is a cost-sharing PERS with one exception; all risks and costs are not shared by the district, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 877-0123.

Funding Policy

By statute, plan members must contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.0% of the district's covered payroll. The district's employees' contributions to the System for the years ending August 31, 2001 and 2002, and June 30, 2003, were \$47,394,734, \$49,510,218 and \$43,161,679 respectively, equal to the required contributions for each year. Other contributions made from federal and private grants and from the district for salaries above the statutory minimum for the years ending August 31, 2001 and 2002 and June 30, 2003, were \$10,670,954, \$8,085,745 and \$11,214,562 respectively, equal to the required contributions for each year. The district has recorded, in the General Fund, approximately \$32.1 million in revenue and expenditures for fringe benefits and salaries paid on behalf of the district by the System.

S. 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. During fiscal year 2002, the district purchased commercial insurance to cover general liabilities. There were not significant reductions in insurance coverage from the prior year. There have been no claim settlements in excess of insurance coverage in the last three years.

Worker's Compensation

Beginning in 1989, the district moved from a self-insured worker's compensation program administered by a third party to a self-insured program administered by the district. The district currently reports all of its risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The provision for reported claims and for claims incurred but not yet reported is determined by district management.

At June 30, 2003, the accrued liability for worker's compensation self-insurance of \$18.834 million includes incurred but not reported claims. The short-term portion of that amount expected to be paid with expendable available resources of \$4.293 million, is recorded in accrued liabilities in the general fund and the long-term portion of \$14.451 million is recorded in long-term debt in the Statement of Net Assets.

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

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

Changes in the reported liability since August 31, 2001, resulted from the following:

Fiscal Year	Balance July 1	Current Year Claims and Changes In Estimates	Claims Payments	Balance June 30
2000-01	\$ 13,523,386	9,416,996	(9,580,456)	\$ 13,359,926
2001-02	\$ 13,359,926	11,703,219	(9,871,072)	\$ 15,192,073
2002-03	\$ 15,192,073	14,612,681	(10,971,220)	\$ 18,833,534

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. During fiscal year 2003, the district purchased commercial insurance to cover general liabilities. There were no significant reductions in insurance coverage from the prior year. There have been no claim settlements in excess of insurance coverage in the last three years.

Health Insurance

Effective January 1, 2002, the district maintains a self-insurance program for health insurance. The district contributes \$225 per month per employee to the plan and employees, at their option, authorized payroll withholding to pay contributions or premiums for dependents. Claims administration and consultant services are provided by a third party administrator. The district maintains both aggregate and individual stop loss coverages. Individual stop loss coverage is for catastrophic losses exceeding \$250,000 per claim.

The district is insured for covered medical paid and incurred during the plan year by CIGNA and pharmacy cost paid and incurred during the plan year by Caremark under an annual aggregate insurance contract. The coverage provides that the insurer will reimburse the district for such paid claims that exceed an annual aggregate attachment point that is determined by a monthly amount per covered employee based on the tier of coverage enrolled.

Changes in the Fund's claims liability were:

Fiscal Year	Balance September 1	Current Year Claims and Changes In Estimates	Claims Payments	Balance June 30
2002-03	\$ 5,909,075	59,188,471	54,379,546	\$ 10,718,000
2001-02	-0-	40,789,495	34,880,420	5,909,075

At June 30, 2003, the accrued liability for health insurance of \$10.718 million includes incurred but not reported claims, this amount is recorded in long-term debt in the Statement of Net Assets. This liability is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims to 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 was actuarially determined based on an estimate of the remaining liability on known claims and historical information. There were no significant reductions in insurance coverage from the prior year. There have been no claim settlements in excess of insurance coverage in the last two years.

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

T. Maintenance of Effort

The following disclosure pertains to group health insurance, as required by HB 3343, 77th Texas Legislature (Section 1.03 which adds Insurance Code Article 3.50 – 9 Section 2). The district provides health and life insurance at no cost to qualified employees at the rate of \$225 per participating employee per month. Employees have the option to purchase additional insurance for eligible family members. For the year 2003, the district's maintenance of effort was as follows:

Total Contributions for health care:	\$ 39,044,700
Less: Amounts Contributed for:	
Life Insurance	(194,894)
Retiree Expense	(58)
Employee Assistance Plan	(321,689)
	<hr/>
	\$ 38,528,059

U. Litigation, Contingencies and Commitments

The district is a defendant in various lawsuits arising principally in the normal course of operations. In the opinion of the district management, the potential losses, after insurance coverage, on all allegations, claims, and lawsuits will not have a material effect on the district's financial position or results of operations. The district has accrued a liability of approximately \$954,000 in the accompanying basic financial statements for such contingencies.

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

**Dallas Independent School District
Notes to the Financial Statements
For the Ten Months Ended June 30, 2003**

V. Subsequent Events

The following debt was issued subsequent to fiscal year 2002-2003:

On September 25, 2003, the Board of Education of the Dallas Independent School District did consider and approve an order authorizing the issuance and sale of the 'Dallas Independent School District Tax and Revenue Anticipation Note, Series 2003' in the aggregate principal amount of approximately \$100,000,000, providing for the security and payment thereof, approving the private placement letter, and enacting other provisions relating thereto. The tax and revenue anticipation note proceeds are needed to provide for the operating costs of the district that will be incurred in advance of the receipt of levied maintenance and operations ad valorem tax revenues

Terms and conditions of the 'Dallas Independent School District Tax and Revenue Anticipation Note, Series 2003'

Borrower:	Dallas Independent School District
Bank:	Bank of America, N. A.
Facility:	Tax Anticipation Note ("TAN")
Purpose:	To provide short-term funding for capital expenditures or working capital purposes of the Borrower.
Facility Amount:	\$100,000,000.00; to be drawn in \$50,000,000.00 increments on October 15, 2003 and November 15, 2003.
Facility Term:	2/27/2004
Interest Rate:	A tax-exempt rate equal to the sum of (a) 65% of the LIBOR Rate, plus (b) 52.5 basis points. The LIBOR Rate will be fixed daily or for 30, 60, 90 or 120 day periods to be selected by the sum of (a) 65% of the Prime minus (b) 86.0 basis points.
Repayment Terms:	Principal and interest due at maturity
Prepayment:	Subject to prepayment penalty if prepaid prior to the expiration of a LIBOR or fixed rate contract.
Security:	Pledge of ad valorem taxes of the borrower.

Dallas Independent School District
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Ten Months Ended June 30, 2003

Exhibit G-1

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Local Sources:	\$ 875,121,268	\$ 833,774,161	\$ 826,639,860	\$ (7,134,301)
State Sources:	141,098,511	141,098,511	150,640,924	9,542,413
Federal Sources:	8,408,923	8,408,923	4,462,976	(3,945,947)
TOTAL REVENUES	1,024,628,702	983,281,595	981,743,760	(1,537,836)
EXPENDITURES				
Current:				
11 Instruction	633,585,193	622,395,434	602,171,873	20,223,561
12 Instructional Resources and Media Services	18,454,083	18,979,518	17,051,925	1,927,593
13 Curriculum and Instructional Staff Development	18,519,461	10,799,226	9,206,924	1,592,302
21 Instructional Leadership	13,673,236	11,896,255	11,833,880	62,375
23 School Administration	60,842,047	59,853,975	58,212,894	1,641,081
31 Guidance and Counseling Services	36,694,892	36,953,640	33,852,134	3,101,506
32 Social Work Services	2,487,388	2,511,313	2,081,655	419,658
33 Health Services	9,805,341	9,558,604	9,376,051	182,553
34 Student (Pupil) Transportation	16,130,928	16,656,621	16,653,401	3,220
36 Co-Curricular Activities	9,765,355	9,089,731	8,996,380	93,351
41 General Administration	36,236,146	36,553,827	35,773,837	779,990
51 Plant Maintenance and Operations	110,490,837	98,348,522	94,387,813	3,958,709
52 Security & Monitoring Services	9,331,209	8,285,508	8,206,961	78,547
53 Data Processing Services	17,966,614	17,325,482	17,316,511	8,971
61 Community Services	6,818,707	6,065,077	5,889,806	195,271
71 Debt Service:				
Principal	6,115,057	6,441,302	6,441,302	-
Interest and Fiscal Charges	2,154,672	1,976,286	1,868,553	107,733
81 Facilities Acquisition and Construction	4,804,604	4,276,824	3,078,960	1,197,864
95 Payments Juvenile Justice AE	765,000	765,000	365,024	399,976
97 Payments to Tax Increment Fund	9,987,932	4,551,450	4,551,449	1
TOTAL EXPENDITURES	1,024,628,702	983,281,596	947,307,333	35,974,262
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	34,436,427	34,436,427
OTHER FINANCING SOURCES/(USES):				
LOAN PROCEEDS	-	-	-	-
TRANSFERS IN/OUT	-	-	(2,727,650)	(2,727,650)
TOTAL OTHER FINANCING SOURCES/USES	-	-	(2,727,650)	(2,727,650)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	31,708,777	31,708,777
FUND BALANCE AT BEGINNING OF YEAR	94,473,620	94,473,620	94,473,620	-
FUND BALANCE AT END OF YEAR	\$ 94,473,620	\$ 94,473,620	\$ 126,182,397	\$ 31,708,777

DALLAS INDEPENDENT SCHOOL DISTRICT
Notes to the Budgetary Comparison Schedule
For The Ten Months Ended June 30, 2003

Budgetary Information

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

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

Once a budget is approved, it can be amended at the function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, and are reflected in the official minutes of the Board. The significant budget amendment passed during the 2002-2003 school year was the reduction in expenditures due to the fiscal year change, which resulted in an approximate \$40.0 million decrease in the budget.

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

Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003

Data Control Codes	Assets									
	204	211	212	240	223	224	225	220	244	
	Drug Free Schools	ESEA Title 1 Regular	ESEA Title 1 Migrant	Food Services	Aid to Families	IDEA B Formula	IDEA B Preschool	Adult Basic Education	Vocational Education	
1110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1170	-	-	-	-	-	-	-	-	-	
Receivables										
1225	-	-	-	-	-	-	-	-	-	
1240	53,694	12,220,340	183,763	11,088,419	45,411	7,715,300	62,778	-	733,518	
1250	-	-	-	-	-	-	-	-	-	
1260	-	-	-	-	-	-	-	-	-	
1280	275,987	-	-	-	-	-	-	496,594	371,081	
1300	-	-	-	3,650,709	-	-	-	-	-	
1400	-	-	-	645	-	-	-	-	-	
	\$ 329,561	\$ 12,220,340	\$ 183,763	\$ 14,739,773	\$ 45,411	\$ 7,715,300	\$ 62,778	\$ 496,594	\$ 1,104,599	
1000										
Liabilities and Fund Balance										
Current Liabilities										
2110	\$ 4,621	\$ 196,778	\$ 1,429	\$ 474,465	\$ -	\$ 356,083	\$ 344	\$ 23,442	\$ 352,322	
2140	-	-	-	-	-	-	-	-	-	
2160	-	2,934,810	29,927	1,748	26,604	639,430	4,540	83,791	47,772	
2170	286,861	8,590,791	152,407	1,178	8,989	6,719,787	56,294	342,304	704,479	
2180	-	17,715	-	-	-	-	-	26	-	
2200	-	480,246	-	-	6,810	-	1,800	46,988	-	
2980	2,118	-	-	17,756	-	-	-	-	-	
2300	35,961	-	-	-	3,008	-	-	89	-	
	\$ 329,561	\$ 12,220,340	\$ 183,763	\$ 485,147	\$ 45,411	\$ 7,715,300	\$ 62,778	\$ 496,594	\$ 1,104,599	
2000										
Fund Balance										
3000	-	-	-	-	-	-	-	-	-	
3410	-	-	-	3,650,709	-	-	-	-	-	
3430	-	-	-	645	-	-	-	-	-	
3450	-	-	-	10,578,224	-	-	-	-	-	
3440	-	-	-	15,048	-	-	-	-	-	
3590	-	-	-	-	-	-	-	-	-	
3600	-	-	-	-	-	-	-	-	-	
	-	-	-	14,244,626	-	-	-	-	-	
	\$ 329,561	\$ 12,220,340	\$ 183,763	\$ 14,739,773	\$ 45,411	\$ 7,715,300	\$ 62,778	\$ 496,594	\$ 1,104,599	
4000										

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Data Control Codes	Assets	202	272 273	285	203	201	205	206	207	208
		Emergency Immigration Education	Early Childhood Intervention	Urban Systemic Initiative	Abstinence (Smart)	Abstinence (Smart-2)	Head Start	Homeless Children	Academics 2000	School Health Program
1110	Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1170	Investment, at cost	-	-	-	-	-	-	-	-	-
	Receivables									
1225	Taxes Receivable, net	-	-	-	-	-	-	-	-	-
1240	Due from Federal Agencies	14,284	598,440	1,362,314	400,002	103,941	-	92,610	27,707	10,717
1250	Accrued Interest	-	-	-	-	-	-	-	-	-
1260	Due from Other Funds	-	-	-	-	-	-	-	-	-
1290	Other Receivables	131,225	-	-	53,192	36,389	-	28,598	-	10,901
1300	Inventories, at Cost	-	-	-	-	-	-	-	-	-
1400	Other Current Assets	-	-	-	-	-	-	-	-	-
1000	Total Assets	\$ 145,509	\$ 598,440	\$ 1,362,314	\$ 453,194	\$ 140,330	\$ -	\$ 121,208	\$ 27,707	\$ 21,618
	Liabilities and Fund Balance									
	Current Liabilities									
2110	Accounts Payable	\$ 662	\$ 18,224	\$ 10,286	\$ 20,378	\$ 26	\$ -	\$ -	\$ -	\$ -
2140	Bond Interest Payable	-	-	-	-	18,035	-	8,340	-	-
2160	Accrued Wages Payable	-	237	-	386,191	124,269	-	63,227	27,707	21,417
2170	Due to Other Funds	144,847	494,577	1,303,336	36,825	-	-	-	-	-
2180	Due to Other Governments	-	-	-	-	-	-	-	-	201
2200	Accrued Expenditures	-	13,255	-	-	-	-	-	-	-
2890	Other Payables	-	72,147	48,892	-	-	-	49,641	-	-
2300	Deferred Revenues	-	-	-	-	-	-	-	-	-
2000	Total Liabilities	145,509	598,440	1,362,314	453,194	140,330	-	121,208	27,707	21,618
3000	Fund Balance									
3410	Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-
3430	Reserved for Prepaids	-	-	-	-	-	-	-	-	-
3450	Reserved for Food Services and Child Nutrition	-	-	-	-	-	-	-	-	-
3440	Reserved for Outstanding Encumbrances	-	-	-	-	-	-	-	-	-
3590	Designated for Campus Activity	-	-	-	-	-	-	-	-	-
3600	Unreserved	-	-	-	-	-	-	-	-	-
	Total Fund Balance	-	-	-	-	-	-	-	-	-
4000	Total Liabilities and Fund Balance	\$ 145,509	\$ 598,440	\$ 1,362,314	\$ 453,194	\$ 140,330	\$ -	\$ 121,208	\$ 27,707	\$ 21,618

Exhibit H-1

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**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Data Control Codes	Assets								262 ESEA Title II Part D	
	232 Intensive Career & Academics	236 ESEA Title VI	239 Drug Violence Prevention	255 ESEA II Teacher/ Principal Training	256 School Demonstration	267 Read For Texas	268 Refuge Children Impact	260 ESEA Title I Part D		
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	35,286	
1170 Investment, at cost	-	-	-	-	-	-	-	-		
Receivables										
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-		
1240 Due from Federal Agencies	-	-	31,565	4,942,605	70,699	1,021,251	61,097	3,782		
1250 Accrued Interest	-	-	-	-	-	-	-	-	585,109	
1260 Due from Other Funds	-	-	-	-	-	-	-	-		
1280 Other Receivables	-	-	-	-	-	-	17,526	-		
1290 Inventories, at Cost	-	-	-	-	-	-	-	-		
1300	-	-	-	-	-	-	-	-		
1400 Other Current Assets	-	-	-	-	-	-	-	-	820,405	
Total Assets	\$ -	\$ -	\$ 31,565	\$ 4,942,605	\$ 70,699	\$ 1,021,251	\$ 78,623	\$ 3,782		
Liabilities and Fund Balance										
Current Liabilities										27,488
2110 Accounts Payable	\$ -	\$ -	147	427,971	-	98,439	196	-		
2140 Bond Interest Payable	-	-	-	1,451,960	16,864	-	22,235	-	2,850	
2160 Accrued Wages Payable	-	-	-	2,752,435	54,035	785,704	55,968	3,714	558,827	
2170 Due to Other Funds	-	-	31,418	-	-	-	-	-	-	
2180 Due to Other Governments	-	-	-	310,239	-	137,108	224	-	30,240	
2200 Accrued Expenditures	-	-	-	-	-	-	-	-	820,405	
2990 Other Payables	-	-	-	-	-	-	-	68		
2300 Deferred Revenues	-	-	-	-	-	-	-	-		
Total Liabilities	-	-	31,565	4,942,605	70,699	1,021,251	78,823	3,782		
Fund Balance										
3000	-	-	-	-	-	-	-	-	-	
Reserved for Investment in Inventories	-	-	-	-	-	-	-	-		
3410 Reserved for Prepays	-	-	-	-	-	-	-	-		
3430 Reserved for Food Services and Child Nutrition	-	-	-	-	-	-	-	-		
3450 Reserved for Outstanding Encumbrances	-	-	-	-	-	-	-	-		
3440 Designated for Campus Activity	-	-	-	-	-	-	-	-	-	
3590 Unreserved	-	-	-	-	-	-	-	-		
Total Fund Balance	-	-	-	-	-	-	-	-		
Total Liabilities and Fund Balance	\$ -	\$ -	\$ 31,565	\$ 4,942,605	\$ 70,699	\$ 1,021,251	\$ 78,823	\$ 3,782		620,405

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Data Control Codes	Assets	263 Title III LEP/ Immigrant	264 21st Century Luis Luna	265 21st Century New Neighborhood	266 21st Century Beacon Community	267 21st Century Communities of Light	269 ESEA Title V Innovative Programs	271 Teaching American History	274 IDEA Visually Impaired	275 Improving Health Education
1110	Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1170	Investment, at cost	-	-	-	-	-	-	-	-	-
1225	Receivables	-	-	-	-	-	-	-	-	-
1240	Taxes Receivable, net	-	-	-	-	-	-	-	-	-
1250	Due from Federal Agencies	1,152,372	184,042	301,512	228,587	294,311	162,243	197,089	12,219	-
1260	Accrued Interest	-	-	-	-	-	-	-	-	-
1280	Due from Other Funds	-	-	-	-	-	-	-	-	-
1290	Other Receivables	-	43,316	47,032	43,408	59,499	-	-	-	-
1300	Inventories, at Cost	-	-	-	-	-	-	-	-	-
1400	Other Current Assets	-	-	-	-	-	-	-	-	-
1000	Total Assets	\$ 1,152,372	\$ 237,358	\$ 348,544	\$ 271,975	\$ 353,810	\$ 162,243	\$ 197,089	\$ 12,219	\$ -
Liabilities and Fund Balance										
Current Liabilities										
2110	Accounts Payable	\$ 76,045	\$ 6,930	\$ 14,421	\$ 1,990	\$ 4,443	\$ 294	\$ -	\$ -	\$ -
2140	Bond Interest Payable	-	-	-	-	-	-	-	-	-
2160	Accrued Wages Payable	28,582	23,820	-	57,184	139,202	-	2,400	-	-
2170	Due to Other Funds	857,448	164,308	298,973	139,696	130,510	181,589	194,210	12,219	-
2180	Due to Other Governments	-	-	-	-	-	-	-	-	-
2200	Accrued Expenditures	89,287	42,500	35,150	73,125	79,655	360	479	-	-
2980	Other Payables	-	-	-	-	-	-	-	-	-
2300	Deferred Revenues	-	-	-	-	-	-	-	-	-
2000	Total Liabilities	\$ 1,152,372	\$ 237,358	\$ 348,544	\$ 271,975	\$ 353,810	\$ 162,243	\$ 197,089	\$ 12,219	\$ -
3000	Fund Balance	-	-	-	-	-	-	-	-	-
3410	Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-
3430	Reserved for Prepaids	-	-	-	-	-	-	-	-	-
3450	Reserved for Food Services and Child Nutrition	-	-	-	-	-	-	-	-	-
3440	Reserved for Outstanding Encumbrances	-	-	-	-	-	-	-	-	-
3590	Designated for Campus Activity	-	-	-	-	-	-	-	-	-
3600	Unreserved	-	-	-	-	-	-	-	-	-
	Total Fund Balance	-	-	-	-	-	-	-	-	-
4000	Total Liabilities and Fund Balance	\$ 1,152,372	\$ 237,358	\$ 348,544	\$ 271,975	\$ 353,810	\$ 162,243	\$ 197,089	\$ 12,219	\$ -

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Data Control Codes	Assets	276 Read for Texas Tutorial	278 Tools For Schools	279 Urban Systemic (NSP)	280 Title XI Coordinated Services	281 American Indian Program	282 21st Century After School LC	284 Texas Families Together/Safe	286 Title 1 School Improvement	287 Magnet Schools Assistance
1110 1170	Cash Investment, at cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1225 1240 1250 1280 1290 1300 1400	Receivables Taxes Receivable, net Due from Federal Agencies Accrued Interest Due from Other Funds Other Receivables Inventories, at Cost Other Current Assets	- - - - - -	7,431 - 3,406 -	135,535 - 365,998 -	403 - 1,802 -	29,073 - - -	45,338 - - -	123,069 - 2,853 -	819,439 - - -	- - - -
1000	Total Assets	\$ -	\$ 10,837	\$ 501,533	\$ 2,005	\$ 29,073	\$ 45,338	\$ 125,922	\$ 819,439	\$ -
	Liabilities and Fund Balance									
2110 2140 2160 2170 2180 2200 2980 2300	Current Liabilities Accounts Payable Bond Interest Payable Accrued Wages Payable Due to Other Funds Due to Other Governments Accrued Expenditures Other Payables Deferred Revenues	\$ - - - - - -	\$ - - 10,687 150 -	163,637 127,235 65,484 - - 145,177	- - 2,005 - - -	3,532 8,672 11,889 8,880 -	- 1,480 43,858 -	- - 121,870 1,852	173,435 59,418 570,603 15,983	- - - -
2000	Total Liabilities	-	10,837	501,533	2,005	29,073	45,338	125,922	819,439	-
3000	Fund Balance	-	-	-	-	-	-	-	-	-
3410 3430 3450 3440 3590 3600	Reserved for Investment in Inventories Reserved for Prepaids Reserved for Food Services and Child Nutrition Reserved for Outstanding Encumbrances Designated for Campus Activity Unreserved	- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -
4000	Total Fund Balance	-	-	-	-	-	-	-	-	-
	Total Liabilities and Fund Balance	\$ -	\$ 10,837	\$ 501,533	\$ 2,005	\$ 29,073	\$ 45,338	\$ 125,922	\$ 819,439	\$ -

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Data Control Codes	Assets	288	291	292	296	297	309	310	326	340
		Development Implementation	Bilingual Early Childhood	Fit Healthy Ready to Learn	Goals 2000 Education Act Title III	Asthma Grant	Adult Ed English Literacy	Adult Ed English Literacy	Accelerated Achievement For Truant	Academics 2000 Reading
1110	Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1170	Investment, at cost	-	-	-	-	-	-	-	-	-
	Receivables									
1225	Texas Receivable, net	-	-	-	-	-	-	-	-	-
1240	Due from Federal Agencies	-	-	3,551	29,602	230,549	19,877	1,827	42,193	-
1250	Accrued Interest	-	-	-	-	-	-	-	-	-
1260	Due from Other Funds	-	-	-	-	-	-	-	-	-
1280	Other Receivables	4,571	-	-	-	50,802	-	-	-	-
1300	Inventories, at Cost	-	-	-	-	-	-	-	-	-
1400	Other Current Assets	-	-	-	-	-	-	-	-	-
1000	Total Assets	\$ 4,571	\$ -	\$ 3,551	\$ 29,602	\$ 281,351	\$ 19,877	\$ 1,827	\$ 42,193	\$ -
	Liabilities and Fund Balance									
	Current Liabilities									
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2140	Bond Interest Payable	-	-	-	-	-	3,579	-	-	-
2160	Accrued Wages Payable	-	-	3,551	29,602	281,351	16,098	1,827	42,193	-
2170	Due to Other Funds	4,571	-	-	-	-	-	-	-	-
2180	Due to Other Governments	-	-	-	-	-	-	-	-	-
2200	Accrued Expenditures	-	-	-	-	-	-	-	-	-
2980	Other Payables	-	-	-	-	-	-	-	-	-
2300	Deferred Revenues	-	-	-	-	-	-	-	-	-
2000	Total Liabilities	4,571	-	3,551	29,602	281,351	19,877	1,827	42,193	-
3000	Fund Balance									
3410	Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-
3430	Reserved for Prepaids	-	-	-	-	-	-	-	-	-
3450	Reserved for Food Services and Child Nutrition	-	-	-	-	-	-	-	-	-
3440	Reserved for Outstanding Encumbrances	-	-	-	-	-	-	-	-	-
3590	Designated for Campus Activity	-	-	-	-	-	-	-	-	-
3600	Unreserved	-	-	-	-	-	-	-	-	-
	Total Fund Balance	-	-	-	-	-	-	-	-	-
4000	Total Liabilities and Fund Balance	4,571	\$ -	\$ 3,551	\$ 29,602	\$ 281,351	\$ 19,877	\$ 1,827	\$ 42,193	\$ -

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Data Control Codes	Assets	368 Foreign Language	369 Bilingual Education (Cary MS)	370 A Stars School Program	371 Abstinence Education (TDH)	372 Title XX TANF	373 HIPPI Program Preschool	374 City of Dallas Youth/Family	375 Public Charter Schools	377 School To Careers	378 Museum Assessment
1110	Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1170	Investment, at cost	-	-	-	-	-	-	-	-	-	-
	Receivables										
1225	Taxes Receivable, net	-	-	108,778	107,887	18,317	40,375	-	150,541	-	-
1240	Due from Federal Agencies	-	-	-	-	-	-	-	-	-	-
1250	Accrued Interest	-	-	-	-	-	-	-	-	-	-
1260	Due from Other Funds	-	-	-	78,694	1,801	-	-	-	-	-
1290	Other Receivables	-	-	-	-	-	-	-	-	-	-
1300	Inventories, at Cost	-	-	-	-	-	-	-	-	-	-
1400	Other Current Assets	-	-	-	-	-	-	-	-	-	-
1000	Total Assets	\$ -	\$ -	\$ 108,778	\$ 184,581	\$ 18,118	\$ 40,375	\$ -	\$ 150,541	\$ -	\$ -
	Liabilities and Fund Balance										
	Current Liabilities										
2110	Accounts Payable	\$ -	\$ -	\$ -	255	\$ -	70	\$ -	\$ -	\$ -	\$ -
2140	Bond Interest Payable	-	-	-	2,125	-	-	-	2,320	-	-
2160	Accrued Wages Payable	-	-	108,778	178,759	-	38,903	-	142,536	-	-
2170	Due to Other Funds	-	-	-	-	-	-	-	-	-	-
2180	Due to Other Governments	-	-	-	-	-	402	-	193	-	-
2200	Accrued Expenditures	-	-	-	-	-	-	-	-	-	-
2990	Other Payables	-	-	-	3,442	18,118	-	-	5,492	-	-
2300	Deferred Revenues	-	-	108,778	184,581	18,118	40,375	-	150,541	-	-
2000	Total Liabilities	-	-	108,778	184,581	18,118	40,375	-	150,541	-	-
3000	Fund Balance	-	-	-	-	-	-	-	-	-	-
3410	Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-	-
3430	Reserved for Prepaids	-	-	-	-	-	-	-	-	-	-
3450	Reserved for Food Services and Child Nutrition	-	-	-	-	-	-	-	-	-	-
3440	Reserved for Outstanding Encumbrances	-	-	-	-	-	-	-	-	-	-
3580	Designated for Campus Activity	-	-	-	-	-	-	-	-	-	-
3600	Unreserved	-	-	-	-	-	-	-	-	-	-
	Total Fund Balance	-	-	-	-	-	-	-	-	-	-
4000	Total Liabilities and Fund Balance	\$ -	\$ -	\$ 108,778	\$ 184,581	\$ 18,118	\$ 40,375	\$ -	\$ 150,541	\$ -	\$ -

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

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**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Data Control Codes	Assets	399	400	401	404	409	411	413
		Investment Capital	Seagoville School-Based Health	Optional Extended Year	Student Success Initiative	Ninth Grade Success Initiative	State Technology Initiative	Telecom Infrastructure Fund
1110	Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1170	Investment, at cost	-	-	-	-	-	-	-
	Receivables							
1225	Taxes Receivable, net	10,921	35,849	7,539,547	-	1,261,167	382,133	6,133,221
1240	Due from Federal Agencies	-	-	-	-	-	-	-
1250	Accrued Interest	-	-	-	-	-	-	-
1260	Due from Other Funds	-	-	-	1,678,733	658,269	-	-
1290	Other Receivables	-	-	-	-	-	-	-
1300	Inventories, at Cost	-	-	-	-	-	-	-
1400	Other Current Assets	-	-	-	-	-	-	-
1000	Total Assets	\$ 10,921	\$ 35,849	\$ 7,539,547	\$ 1,678,733	\$ 1,919,436	\$ 382,133	\$ 6,133,221
	Liabilities and Fund Balance							
	Current Liabilities							
2110	Accounts Payable	3,737	-	-	139,119	-	205,427	-
2140	Bond Interest Payable	-	-	-	259,160	-	-	-
2160	Accrued Wages Payable	-	7,885	2,446,310	780,378	1,853,094	158,843	6,082,868
2170	Due to Other Funds	6,851	27,964	-	-	-	127,875	-
2180	Due to Other Government	-	-	-	-	-	-	50,553
2200	Accrued Expenditures	-	-	148,902	49,436	-	-	-
2990	Other Payables	-	-	-	-	66,342	-	-
2300	Deferred Revenues	333	-	4,944,335	470,640	-	-	-
2000	Total Liabilities	\$ 10,921	\$ 35,849	\$ 7,539,547	\$ 1,678,733	\$ 1,919,436	\$ 492,145	\$ 6,133,221
3000	Fund Balance							
3410	Reserved for Investment in Inventories	-	-	-	-	-	-	-
3430	Reserved for Prepaids	-	-	-	-	-	-	-
3450	Reserved for Food Services and Child Nutrition	-	-	-	-	-	-	-
3440	Reserved for Outstanding Encumbrances	-	-	-	-	-	-	-
3590	Designated for Campus Activity	-	-	-	-	-	(110,012)	-
3600	Unreserved	-	-	-	-	-	(110,012)	-
	Total Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4000	Total Liabilities and Fund Balance	\$ 10,921	\$ 35,849	\$ 7,539,547	\$ 1,678,733	\$ 1,919,436	\$ 382,133	\$ 6,133,221

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Data Control Codes	Assets	415	417	418	419	420	421	422	423
		Pre-Kindergarten/Expansion	TEA Ed. Technology Pilot	TRS Supplemental Payment	Texas Commission on Arts	Telecom Infrastructure Fund	One Community One Child (Spence MS)	Telecom Infrastructure Fund (11)	Outdoor Composing Science Lab
1110	Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1170	Investment, at cost	-	-	-	-	-	-	-	-
	Receivables								
1225	Taxes Receivable, net	-	-	-	-	-	-	198,239	8,225
1240	Due from Federal Agencies	-	-	-	-	-	-	-	-
1250	Accrued Interest	-	-	-	-	-	-	-	-
1260	Due from Other Funds	-	-	-	267	3,754	-	-	-
1280	Other Receivables	-	-	-	-	-	-	-	-
1300	Inventories, at Cost	-	-	-	-	-	-	-	-
1400	Other Current Assets	-	-	-	-	-	-	-	-
1000	Total Assets	\$ -	\$ -	\$ -	267	3,754	-	198,239	8,225
	Liabilities and Fund Balance								
	Current Liabilities								
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -	3,754	-	10,964	-
2140	Bond Interest Payable	-	-	-	-	-	-	-	-
2160	Accrued Wages Payable	-	-	-	-	-	-	173,288	8,225
2170	Due to Other Funds	-	-	-	-	-	-	-	-
2180	Due to Other Government	-	-	-	-	-	-	-	-
2200	Accrued Expenditures	-	-	-	-	-	-	-	-
2890	Other Payables	-	-	-	267	-	-	14,007	-
2300	Deferred Revenues	-	-	-	-	-	-	-	-
2000	Total Liabilities	\$ -	\$ -	\$ -	267	3,754	-	198,239	8,225
3000	Fund Balance	-	-	-	-	-	-	-	-
3410	Reserved for Investment in Inventories	-	-	-	-	-	-	-	-
3430	Reserved for Prepaids	-	-	-	-	-	-	-	-
3450	Reserved for Food Services and Child Nutrition	-	-	-	-	-	-	-	-
3440	Reserved for Outstanding Encumbrances	-	-	-	-	-	-	-	-
3590	Designated for Campus Activity	-	-	-	-	-	-	-	-
3800	Unreserved	-	-	-	-	-	-	-	-
	Total Fund Balance	-	-	-	-	-	-	-	-
4000	Total Liabilities and Fund Balance	\$ -	\$ -	\$ -	267	3,754	-	198,239	8,225

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Data Control Codes	Assets	424		426		428		427		428		435		439	
		Pre-K&K Facilities Improvement	Urban School (Environment)	Urban School (Gardening)	Collaboration Improving School Health	Telecom Infrastructure Fund (10)	Tuition RDSPD Shared Services	Reading Initiatives							
1110	Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1170	Investment, at cost	-	-	-	-	-	-	-	-	-	-	-	-		
1225	Receivables	-	-	-	-	-	-	-	-	-	-	-	-		
1240	Taxes Receivable, net	-	-	1,726	1,250	438,329	117,905	-	-	-	-	-	-		
1250	Due from Federal Agencies	-	-	-	-	-	-	-	-	-	-	-	-		
1260	Accrued Interest	-	-	-	90	-	-	-	-	-	-	-	-		
1280	Due from Other Funds	-	-	-	-	-	-	-	-	-	-	-	-		
1290	Other Receivables	-	-	-	-	-	-	-	-	-	-	-	-		
1300	Inventories, at Cost	-	-	-	-	-	-	-	-	-	-	-	-		
1400	Other Current Assets	-	-	-	-	-	-	-	-	-	-	-	-		
1000	Total Assets	\$ -	\$ -	\$ 1,726	\$ 1,340	\$ 438,329	\$ 117,905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Liabilities and Fund Balance															
Current Liabilities															
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
2140	Bond Interest Payable	-	-	-	-	-	-	-	-	-	-	-	-		
2160	Accrued Wages Payable	-	-	1,726	810	437,169	117,905	-	-	-	-	-	-		
2170	Due to Other Funds	-	-	-	-	-	-	-	-	-	-	-	-		
2180	Due to Other Government	-	-	-	-	-	-	-	-	1,160	-	-	-		
2200	Accrued Expenditures	-	-	-	-	-	-	-	-	-	-	-	-		
2990	Other Payables	-	-	-	530	-	-	-	-	-	-	-	-		
2300	Deferred Revenues	-	-	-	-	-	-	-	-	-	-	-	-		
2000	Total Liabilities	\$ -	\$ -	\$ 1,726	\$ 1,340	\$ 438,329	\$ 117,905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
3000	Fund Balance	-	-	-	-	-	-	-	-	-	-	-	-		
3410	Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-	-	-	-		
3430	Reserved for Prepaids	-	-	-	-	-	-	-	-	-	-	-	-		
3450	Reserved for Food Services and Child Nutrition	-	-	-	-	-	-	-	-	-	-	-	-		
3440	Reserved for Outstanding Encumbrances	-	-	-	-	-	-	-	-	-	-	-	-		
3590	Designated for Campus Activity	-	-	-	-	-	-	-	-	-	-	-	-		
3600	Unreserved	-	-	-	-	-	-	-	-	-	-	-	-		
	Total Fund Balance	-	-	-	-	-	-	-	-	-	-	-	-		
4000	Total Liabilities and Fund Balance	\$ -	\$ -	\$ 1,726	\$ 1,340	\$ 438,329	\$ 117,905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Data Control Codes	Assets	446 Tobacco Compliance Grant	447 Telecom Infrastructure Fund (LB12C)	461 Campus Activity Fund	479 New Teacher (Meadows)	480 Funds for Family Literacy	481 Gifts and Donations	482 P.A.C.T. Grant	483 Honors Development (O'Donnell)
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1170 Investment, at cost	-	-	-	580,960	-	-	-	-	-
Receivables									
1225 Taxes Receivable, net	-	-	-	-	-	12,063	-	-	-
1240 Due from Federal Agencies	106	572,273	-	-	-	-	-	-	-
1250 Accrued Interest	-	-	-	-	-	-	-	-	-
1260 Due from Other Funds	-	-	-	-	21,674	-	-	5,000	172,226
1280 Other Receivables	597	-	-	2,230,815	-	-	-	-	-
1290 Inventories, at Cost	-	-	-	-	-	-	-	-	-
1300 Other Current Assets	-	-	-	-	-	-	-	-	-
1400 Total Assets	\$ 703	\$ 572,273	\$ 2,811,775	\$ 21,674	\$ 21,674	\$ 12,063	\$ -	\$ 5,000	\$ 172,226
Liabilities and Fund Balance									
Current Liabilities									
2110 Accounts Payable	\$ 545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2140 Bond Interest Payable	-	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	-	-	-	-	-	12,063	-	-	39,847
2170 Due to Other Funds	-	572,273	-	-	-	-	-	-	-
2180 Due to Other Government	-	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	-	-	-	-	-	-	-	-	-
2980 Other Payables	-	-	-	-	21,674	-	-	5,000	132,379
2300 Deferred Revenues	158	-	-	-	-	-	-	-	-
2000 Total Liabilities	\$ 703	\$ 572,273	\$ -	\$ -	\$ 21,674	\$ 12,063	\$ -	\$ 5,000	\$ 172,226
Fund Balance									
3000									
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-
3430 Reserved for Prepaids	-	-	-	-	-	-	-	-	-
3450 Reserved for Food Services and Child Nutrition	-	-	-	-	-	-	-	-	-
3440 Reserved for Outstanding Encumbrances	-	-	-	-	-	-	-	-	-
3590 Designated for Campus Activity	-	-	2,811,775	-	-	-	-	-	-
3600 Unreserved	-	-	-	-	-	-	-	-	-
4000 Total Fund Balance	-	-	2,811,775	-	-	-	-	-	-
Total Liabilities and Fund Balance	\$ 703	\$ 572,273	\$ 2,811,775	\$ 21,674	\$ 21,674	\$ 12,063	\$ -	\$ 5,000	\$ 172,226

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Data Control Codes	Assets	484	485	486	489	490	491	492
		Project	IBM	Texas	HIPPY	HIPPY	Fast-Track	Connect
		ROPES	Math/Science	Instruments	Program	NCJW	NCJW	Technology
					Victory Meadows			Base
1110	Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
1170	Investment, at cost	-	-	-	-	-	-	-
1225	Receivables	-	-	-	-	-	-	-
1240	Taxes Receivable, net	-	-	-	-	-	-	-
1250	Due from Federal Agencies	7,850	-	-	-	-	486	-
1260	Accrued Interest	-	-	-	-	-	-	-
1280	Due from Other Funds	-	-	-	-	-	-	-
1290	Other Receivables	-	-	-	-	-	-	-
1300	Inventories, at Cost	-	-	-	-	-	-	-
1400	Other Current Assets	-	-	-	-	-	-	-
1000	Total Assets	\$ 7,850	\$ -	\$ -	\$ -	\$ -	\$ 486	\$ -
	Liabilities and Fund Balance							
	Current Liabilities	\$ 433	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2110	Accounts Payable	-	-	-	-	-	-	-
2140	Bond Interest Payable	-	-	-	-	-	-	-
2180	Accrued Wages Payable	-	-	-	-	-	-	-
2170	Due to Other Funds	881	-	-	-	-	486	-
2180	Due to Other Government	-	-	-	-	-	-	-
2200	Accrued Expenditures	-	-	-	-	-	-	-
2890	Other Payables	-	-	-	-	-	-	-
2300	Deferred Revenues	6,338	-	-	-	-	-	-
2000	Total Liabilities	\$ 7,650	\$ -	\$ -	\$ -	\$ -	\$ 486	\$ -
3000	Fund Balance	-	-	-	-	-	-	-
3410	Reserved for Investment in Inventories	-	-	-	-	-	-	-
3430	Reserved for Prepaids	-	-	-	-	-	-	-
3450	Reserved for Food Services and Child Nutrition	-	-	-	-	-	-	-
3440	Reserved for Outstanding Encumbrances	-	-	-	-	-	-	-
3590	Designated for Campus Activity	-	-	-	-	-	-	-
3600	Unreserved	-	-	-	-	-	-	-
	Total Fund Balance	-	-	-	-	-	-	-
4000	Total Liabilities and Fund Balance	\$ 7,650	\$ -	\$ -	\$ -	\$ -	\$ 486	\$ -

Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003

Data Control Codes	Assets	483	494	495	496	498	499	Total Nonmajor Government Funds
		Sum and Star Japanese Study	Math and Science Refilly Elem	Beat Practice Meadows	Levi Strauss	Restoration Center Work Source	Technology Immersion Pro Tip	
1110	Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1170	Investment, at cost	-	-	-	-	-	-	580,980
	Receivables							
1225	Taxes Receivable, net	-	-	-	-	-	-	-
1240	Due from Federal Agencies	-	-	42,176	-	281,734	-	63,617,527
1250	Accrued Interest	-	-	-	-	-	-	-
1260	Due from Other Funds	-	-	-	-	-	-	-
1280	Other Receivables	-	437	-	-	67,949	12,609	7,755,781
1290	Inventories, at Cost	-	-	-	-	-	-	3,850,709
1300	Other Current Assets	-	-	-	-	-	-	645
1400	Other Current Assets	-	-	-	-	-	-	-
1000	Total Assets	\$ -	\$ 437	\$ 42,176	\$ -	\$ 349,683	\$ 12,609	\$ 75,805,822
	Liabilities and Fund Balance							
	Current Liabilities							
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 26,065	\$ -	\$ 2,983,637
2140	Bond Interest Payable	-	-	-	-	-	-	8,517,945
2160	Accrued Wages Payable	-	-	2,380	-	10,146	-	38,118,564
2170	Due to Other Funds	-	437	-	-	300,537	1,191	191,816
2180	Due to Other Government	-	-	-	-	-	-	1,624,837
2200	Accrued Expenditures	-	-	680	-	-	-	17,756
2680	Other Payables	-	-	-	-	-	-	-
2300	Deferred Revenues	-	-	39,116	-	12,935	11,418	6,206,878
2000	Total Liabilities	\$ -	\$ 437	\$ 42,176	\$ -	\$ 349,683	\$ 12,609	\$ 58,659,233
3000	Fund Balance							
3410	Reserved for investment in inventories	-	-	-	-	-	-	3,850,709
3430	Reserved for Prepaids	-	-	-	-	-	-	645
3450	Reserved for Food Services and Child Nutrition	-	-	-	-	-	-	10,578,224
3440	Reserved for Outstanding Encumbrances	-	-	-	-	-	-	15,048
3590	Designated for Campus Activity	-	-	-	-	-	-	2,811,775
3600	Unreserved	-	-	-	-	-	-	(110,012)
	Total Fund Balance	-	-	-	-	-	-	16,946,389
4000	Total Liabilities and Fund Balance	\$ -	\$ 437	\$ 42,176	\$ -	\$ 349,683	\$ 12,609	\$ 75,805,822

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Exhibit H-2

10

Data Control Codes	204	211	212	210	235	240	223	224	225	220
	Drug Free Schools	ESEA Title 1 Regular	ESEA Title 1 Migrant	ESEA Title II Math/Science	ESEA Title VI	Food Services	Aid to Families	IDEA-B Formula	IDEA-B Preschool	Adult Basic Education
Revenues										
5700 Local						5,653,162				
5800 State Program						637,587	33,792			314,051
5900 Federal Program	1,022,333	42,943,087	332,484			46,996,760	506,217	16,232,240	399,083	1,728,479
5020 Total Revenues	1,022,333	42,943,087	332,484			53,287,509	540,009	16,232,240	399,083	2,042,530
Expenditures										
Current-										
0011 Instruction	199,840	29,198,614	7,119				324,414	8,816,575		1,095,864
0012 Instructional Resources and Media Services		5,844								
0013 Curriculum and Staff Development	636,084	2,350,975	6,759				104,276	2,281,024	399,083	597,717
0021 Instructional Leadership	119,196	3,278,184	102,835				11,795	2,282,877		110,638
0023 School Leadership		142,409								
0026 Communication and Dissemination										
0031 Guidance and Counseling Services		1,575,986					50,638	2,117,571		70,593
0032 Social Work Services		2,901								
0033 Health Services		535,114						727,987		
0034 Student Transportation										
0035 Food Services						52,187,205		2,659		
0036 Co-Curricular Activities										
0041 General Administration		335,085				1,580,758				
0051 Plant Maintenance and Operations		5,574								
0052 Security and Monitoring Services		114,136								
0053 Data Processing Services										
0061 Community Services		5,398,255	215,771					3,547		141,446
0071 Principal on Long-Term Debt	67,213									26,272
0171 Interest on Long-Term Debt										
0081 Facilities Acquisition										
6030 Total Expenditures	1,022,333	42,943,087	332,484			53,747,963	540,009	16,232,240	399,083	2,042,530
1100 Excess(Deficiency) of Revenues Over Expenditures						(460,454)				
7900 Transfer In / Out										
0100 Fund Balances, beginning of year						14,705,080				
3000 Fund Balances, end of year						14,244,626				

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

14

Data Control Codes	244	201	202	386	272 273	203	206	208	209	213
	Vocational Education	Abstinence (Smart-2)	Emergency Immigration Education	Regional Day School For the Deaf	Early Childhood Intervention	Abstinence (Smart)	Homeless Children	School Health Program	Adult Education Corr./Inst.	Even Start
Revenues	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$
5700 Local	-	-	-	2,222,786	567,798	-	-	-	-	-
5800 State Program	-	-	-	-	924,949	-	-	-	-	-
5900 Federal Program	1,867,298	137,186	102,879	-	-	232,830	95,846	82,922	88,172	80,564
5020 Total Revenues	1,867,298	137,186	102,879	2,222,786	1,492,747	232,830	95,846	82,922	88,172	80,564
Expenditures										
Current-										
0011 Instruction	1,524,372	-	(1,993)	2,173,376	-	-	-	-	82,888	-
0012 Instructional Resources and Media Services	-	-	-	-	-	-	-	-	-	-
0013 Curriculum and Staff Development	112,106	814	19,082	-	6,556	12,930	-	-	5,284	-
0021 Instructional Leadership	26,327	136,372	15,573	-	-	219,900	-	82,622	-	-
0023 School Leadership	694	-	-	-	-	-	-	-	-	-
0026 Communication and Dissemination	-	-	-	-	-	-	-	-	-	-
0031 Guidance and Counseling Services	203,799	-	-	49,020	-	-	-	-	-	-
0032 Social Work Services	-	-	-	-	421,700	-	-	-	-	-
0033 Health Services	-	-	-	-	-	-	-	-	-	-
0034 Student Transportation	-	-	-	-	-	-	-	-	-	-
0035 Food Services	-	-	-	-	-	-	-	-	-	-
0036 Co-Curricular Activities	-	-	-	-	-	-	-	-	-	-
0041 General Administration	-	-	(1)	-	-	-	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	-	-	-	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-	-	-	-	-	-	-
0053 Data Processing Services	-	-	70,218	390	1,064,491	-	95,846	300	-	80,564
0061 Community Services	-	-	-	-	-	-	-	-	-	-
0071 Principal on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0171 Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0081 Facilities Acquisition	-	-	-	-	-	-	-	-	-	-
6030 Total Expenditures	1,867,298	137,186	102,879	2,222,786	1,492,747	232,830	95,846	82,922	88,172	80,564
1100 Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$

Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003

Exhibit H-2

Data Control Codes	218	219	221	226	227	228	239	255	256	257
	Javits SOL Net	Bilingual Improvement	Adult Education Prof./Dev.	Discretionary Deaf Services	IDEA Formula Deaf	Preschool Deaf	Drug Violence Prevention	ESEA II Teacher/Principal Training	School Demonstration	Reed for Texas
Revenues										
5700 Local	-	-	-	-	-	-	-	-	-	-
5800 State Program	-	-	-	-	-	-	-	-	-	-
5900 Federal Program	32,547	503,104	55,766	65,565	143,847	27,714	8,820	13,359,128	241,497	3,766,585
5020 Total Revenues	32,547	503,104	55,766	65,565	143,847	27,714	8,820	13,359,128	241,497	3,766,585
Expenditures										
Current-										
0011 Instruction	-	100,802	-	65,565	143,847	-	-	8,138,967	98,954	1,897,364
0012 Instructional Resources and Media Services	2,691	-	-	-	-	-	-	-	-	-
0013 Curriculum and Staff Development	29,856	401,722	53,852	-	-	-	(776)	4,196,586	142,543	1,745,732
0021 Instructional Leadership	-	3	1,022	-	-	-	9,596	682,778	-	-
0023 School Leadership	-	-	-	-	-	-	-	-	-	-
0026 Communication and Dissemination	-	-	-	-	-	-	-	-	-	-
0031 Guidance and Counseling Services	-	-	-	-	-	-	-	-	-	-
0032 Social Work Services	-	-	-	-	-	-	-	-	-	-
0033 Health Services	-	-	-	-	-	-	-	-	-	-
0034 Student Transportation	-	-	-	-	-	-	-	70,350	-	58,100
0035 Food Services	-	-	-	-	-	-	-	-	-	-
0036 Co-Curricular Activities	-	-	-	-	-	-	-	-	-	-
0041 General Administration	-	-	-	-	-	-	-	190,238	-	1,938
0051 Plant Maintenance and Operations	-	577	892	-	-	-	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-	-	-	-	-	-	-
0053 Data Processing Services	-	-	-	-	-	27,714	-	-	-	-
0061 Community Services	-	-	-	-	-	-	-	80,209	-	63,451
0071 Principal on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0171 Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0081 Facilities Acquisition	-	-	-	-	-	-	-	-	-	-
6030 Total Expenditures	32,547	503,104	55,766	65,565	143,847	27,714	8,820	13,359,128	241,497	3,766,585
1100 Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	-	-	-	-	-	-	-	-	-	-

Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003

Exhibit H-2

Data Control Codes	258	260	262	263	264	265	266	267	269	271
	Refuge Children Impact	ESEA Title I Part D	ESEA Title II Part D	Title III LEP/Immigrant	21 St Century Learning Community	21 St Century New Neighborhood	21 St Century Beacon Community	21 St Century Communities of Light	ESEA Title V Innovative Programs	Teaching American History
Revenues										
5700 Local	-	-	-	-	-	-	-	-	-	-
5800 State Program	-	-	-	-	-	-	-	-	-	-
5900 Federal Program	74,736	9,096	1,358,719	4,258,411	715,116	679,833	1,103,543	1,274,673	900,174	488,767
5020 Total Revenues	74,736	9,096	1,358,719	4,258,411	715,116	679,833	1,103,543	1,274,673	900,174	488,767
Expenditures										
Current-										
0011 Instruction	18,028	-	805,350	1,914,850	2,634	-	7,825	-	206,333	478,131
0012 Instructional Resources and Media Services	-	-	-	135,000	-	-	-	-	-	-
0013 Curriculum and Staff Development	-	-	293,672	936,970	-	-	-	-	325,429	4,885
0021 Instructional Leadership	-	-	116,761	67,537	-	-	-	-	140,523	5,751
0023 School Leadership	-	-	-	-	-	-	-	-	-	-
0026 Communication and Dissemination	-	-	-	-	-	-	-	-	-	-
0031 Guidance and Counseling Services	-	-	-	-	11,541	-	33,950	32,950	116,453	-
0032 Social Work Services	-	-	-	-	-	-	-	-	-	-
0033 Health Services	-	-	-	-	-	-	-	-	-	-
0034 Student Transportation	-	-	-	-	-	-	-	-	-	-
0035 Food Services	-	-	-	-	-	-	-	-	-	-
0036 Co-Curricular Activities	-	-	-	-	-	-	-	-	-	-
0041 General Administration	-	-	416	-	-	-	38,663	7,718	19,606	-
0051 Plant Maintenance and Operations	-	-	-	-	-	-	-	-	-	-
0052 Security and Monitoring Services	-	-	4,982	-	-	-	-	-	-	-
0053 Data Processing Services	-	-	137,528	1,204,054	700,941	679,833	1,023,105	1,234,005	91,830	-
0061 Community Services	56,708	9,096	-	-	-	-	-	-	-	-
0071 Principal on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0171 Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0081 Facilities Acquisition	-	-	-	-	-	-	-	-	-	-
6030 Total Expenditures	74,736	9,096	1,358,719	4,258,411	715,116	679,833	1,103,543	1,274,673	900,174	488,767
1100 Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	-	-	-	-	-	-	-	-	-	-

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Data Control Codes	274	275	276	278	279	280	281	282	284	286
	IDEA Visually Impaired	Improving Health Education	Read for Texas Tutorial	Tools for Schools	Urban Systemic (NSP)	Title XI Coordinated Services	American Indian Program	21st Century After School LC	Texas Families Together/Safe	TITLE I School Improvement
Revenues										
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	-	-	-	-	-	-	-	-	91,303	-
5900 Federal Program	12,219	71,690	400,000	4,391	1,650,593	1,602	88,118	87,590	-	2,221,050
Total Revenues	12,219	71,690	400,000	4,391	1,650,593	1,602	88,118	87,590	91,303	2,221,050
Expenditures										
Current-										
0011 Instruction	12,219	-	-	3,469	-	-	-	-	-	1,903,386
0012 Instructional Resources and Media Services	-	-	-	-	-	-	-	-	-	-
0013 Curriculum and Staff Development	-	-	400,000	-	1,650,593	-	-	-	-	312,347
0021 Instructional Leadership	-	71,690	-	-	-	-	87,459	-	-	-
0023 School Leadership	-	-	-	-	-	-	-	-	-	-
0026 Communication and Dissemination	-	-	-	-	-	-	-	-	-	-
0031 Guidance and Counseling Services	-	-	-	-	-	-	-	-	-	-
0032 Social Work Services	-	-	-	-	-	-	-	-	-	-
0033 Health Services	-	-	-	-	-	-	-	-	-	-
0034 Student Transportation	-	-	-	-	-	-	-	-	-	-
0035 Food Services	-	-	-	-	-	-	-	-	-	-
0036 Co-Curricular Activities	-	-	-	-	-	-	-	-	-	-
0041 General Administration	-	-	-	-	-	-	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	922	-	-	659	7,732	-	905
0052 Security and Monitoring Services	-	-	-	-	-	-	-	-	-	-
0053 Data Processing Services	-	-	-	-	-	1,602	-	-	91,303	4,412
0061 Community Services	-	-	-	-	-	-	-	-	-	-
0071 Principal on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0171 Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0081 Facilities Acquisition	-	-	-	-	-	-	-	-	-	-
Total Expenditures	12,219	71,690	400,000	4,391	1,650,593	1,602	88,118	87,590	91,303	2,221,050
1100 Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Data Control Codes	288	297	309	310	368	369	371	372	373	375
	Development Implementation (Ben Milam)	Asthma Grant	Adult Ed English Literacy	Adult Ed English Literacy	Foreign Language	Bilingual Education (Cary MS)	Abstinence Education (TDH)	Title XX TANF	HIPPY Program Preschool	Public Charter Schools
Revenues										
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ 8,780	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	7,870	143,660	-	-	-	-	-	10,329	74,414	-
5900 Federal Program	-	-	37,292	1,827	-	5,949	238,121	-	-	145,318
5020 Total Revenues	7,870	143,660	37,292	1,827	8,780	5,949	238,121	10,329	74,414	145,318
Expenditures										
Current-										
0011 Instruction	6,225	-	34,237	632	-	5,949	-	10,329	-	134,953
0012 Instructional Resources and Media Services	-	-	-	-	8,780	-	-	-	-	-
0013 Curriculum and Staff Development	1,645	71,105	251	1,195	-	-	1,264	-	-	-
0021 Instructional Leadership	-	58,103	-	-	-	-	236,857	-	-	-
0023 School Leadership	-	-	-	-	-	-	-	-	-	-
0026 Communication and Dissemination	-	-	-	-	-	-	-	-	-	10,365
0031 Guidance and Counseling Services	-	-	2,192	-	-	-	-	-	-	-
0032 Social Work Services	-	-	-	-	-	-	-	-	-	-
0033 Health Services	-	14,452	-	-	-	-	-	-	-	-
0034 Student Transportation	-	-	-	-	-	-	-	-	-	-
0035 Food Services	-	-	-	-	-	-	-	-	-	-
0036 Co-Curricular Activities	-	-	-	-	-	-	-	-	-	-
0041 General Administration	-	-	-	-	-	-	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	-	-	-	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-	-	-	-	-	-	-
0053 Data Processing Services	-	-	-	-	-	-	-	-	-	-
0061 Community Services	-	-	612	-	-	-	-	-	74,414	-
0071 Principal on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0171 Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0081 Facilities Acquisition	-	-	-	-	-	-	-	-	-	-
6030 Total Expenditures	7,870	143,660	37,292	1,827	8,780	5,949	238,121	10,329	74,414	145,318
1100 Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Exhibit H-2

Data Control Codes	377	384	385	389	393	394	397	399	400	401
	School to Careers	Texas After-School Initiative	State Visually Handicapped	Adult Apprenticeship Training	Texas Successful Schools	Pregnancy Education Parenting	AP/IB Examination Campus Awards	Investment Capital	Seagoville School-Based Health	Optional Extended Year
Revenues										
5700 Local	\$ 12,055	\$ 490,262	\$ 35,307	\$ 176,642	\$ 25,843	\$ 364,417	\$ 9,897	\$ 28,995	\$ 35,850	\$ 3,976,228
5800 State Program										
5900 Federal Program										
5020 Total Revenues	12,055	490,262	35,307	176,642	25,843	364,417	9,897	28,995	35,850	3,976,228
Expenditures										
Current-										
0011 Instruction	12,057	73,622	-	162,134	25,843	255,889	9,897	28,995	-	3,953,546
0012 Instructional Resources and Media Services	-	-	-	-	-	-	-	-	-	-
0013 Curriculum and Staff Development	(2)	-	-	-	-	-	-	-	-	-
0021 Instructional Leadership	-	-	-	14,508	-	-	-	-	-	(1,115)
0023 School Leadership	-	-	-	-	-	-	-	-	-	23,797
0026 Communication and Dissemination	-	-	-	-	-	-	-	-	-	-
0031 Guidance and Counseling Services	-	-	-	-	-	-	-	-	-	-
0032 Social Work Services	-	3,500	-	-	-	-	-	-	-	-
0033 Health Services	-	-	35,307	-	-	108,528	-	-	-	-
0034 Student Transportation	-	-	-	-	-	-	-	-	-	-
0035 Food Services	-	-	-	-	-	-	-	-	-	-
0036 Co-Curricular Activities	-	-	-	-	-	-	-	-	-	-
0041 General Administration	-	-	-	-	-	-	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	-	-	-	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-	-	-	-	-	-	-
0053 Data Processing Services	-	-	-	-	-	-	-	-	-	-
0061 Community Services	-	413,140	-	-	-	-	-	-	35,850	-
0071 Principal on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0171 Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0081 Facilities Acquisition	-	-	-	-	-	-	-	-	-	-
6030 Total Expenditures	12,055	490,262	35,307	176,642	25,843	364,417	9,897	28,995	35,850	3,976,228
1100 Excess(Deficiency) of Revenues Over Expenditures										
7900 Transfer In / Out										
0100 Fund Balances, beginning of year										
3000 Fund Balances, end of year										

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Data Control Codes	404	409	411	413	415	418	419	420	421	422
	Student Success Initiative	Ninth Grade Success Initiative	State Technology Fund	Telecom Infrastructure Fund	Pre-Kindergarten/Expansion	TRS Supplemental Payment	Texas Commission on Arts	Telecom Infrastructure Fund	One Child (Spence MS)	Telecom Infrastructure Fund (11)
Revenues										
5700 Local	\$ 5,643,826	1,856,577	4,429,731	6,213,460	3,595,550	16,099,835	268	3,754	-	184,231
5800 State Program	-	-	-	-	-	-	-	-	-	-
5900 Federal Program	-	-	-	-	-	-	-	-	-	-
5020 Total Revenues	5,643,826	1,856,577	4,429,731	6,213,460	3,595,550	16,099,835	268	3,754	-	184,231
Expenditures										
Current-										
0011 Instruction	3,314,540	760,453	2,482,321	6,200,569	3,237,245	10,195,833	-	-	-	184,231
0012 Instructional Resources and Media Services	-	-	821,994	-	-	265,440	-	-	-	-
0013 Curriculum and Staff Development	2,269,606	-	1,128,963	12,891	337,995	129,970	-	-	-	-
0021 Instructional Leadership	17,896	-	-	-	-	210,026	-	-	-	-
0023 School Leadership	-	-	-	-	-	1,109,255	-	-	-	-
0026 Communication and Dissemination	-	-	-	-	-	-	-	-	-	-
0031 Guidance and Counseling Services	25,900	1,096,124	-	-	-	504,344	-	-	-	-
0032 Social Work Services	-	-	-	-	-	24,832	-	-	-	-
0033 Health Services	-	-	-	-	-	223,661	-	-	-	-
0034 Student Transportation	-	-	-	-	-	13,124	-	-	-	-
0035 Food Services	-	-	-	-	-	1,158,511	-	-	-	-
0036 Co-Curricular Activities	-	-	-	-	-	11,666	-	-	-	-
0041 General Administration	-	-	26	-	20,310	224,937	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	-	-	1,549,147	-	3,754	-	-
0052 Security and Monitoring Services	-	-	-	-	-	154,077	-	-	-	-
0053 Data Processing Services	-	-	-	-	-	148,744	-	-	-	-
0061 Community Services	15,884	-	-	-	-	175,117	-	-	-	-
0071 Principal on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0171 Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0081 Facilities Acquisition	-	-	-	-	-	1,151	-	-	-	-
6030 Total Expenditures	5,643,826	1,856,577	4,433,304	6,213,460	3,595,550	16,099,835	268	3,754	-	184,231
1100 Excess(Deficiency) of Revenues Over Expenditures	-	-	(3,573)	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	(106,439)	-	-	-	-	-	-	-
3000 Fund Balances, end of year	-	-	(110,012)	-	-	-	-	-	-	-

Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003

Exhibit H-2

Date Control Codes	426 Urban School (Gardening)	427 Collaboration Improving School Health	428 Telecom Infrastructure Fund (10)	435 Tuition RDSPD Shared Services	439 Reading Initiatives	446 Tobacco Compliance Grant	447 Telecom Infrastructure Fund (LB12C)	461 Campus Activity Fund	479 New Teacher (Meadows)	480 Funds for Family Literacy
Revenues										
5700 Local	-	-	-	-	-	-	-	5,374,421	-	-
5800 State Program	-	26,545	438,329	273,688	108	703	572,273	-	21,277	12,012
5900 Federal Program	-	-	-	-	-	-	-	-	-	-
5020 Total Revenues	-	26,545	438,329	273,688	108	703	572,273	5,374,421	21,277	12,012
Expenditures										
Current-										
0011 Instruction	-	-	353,329	74,236	-	158	-	5,290,296	-	12,182
0012 Instructional Resources and Media Services	-	-	-	-	108	-	553,273	-	-	-
0013 Curriculum and Staff Development	-	-	85,000	-	-	545	19,000	-	-	-
0021 Instructional Leadership	-	-	-	140,985	-	-	-	-	-	-
0023 School Leadership	-	-	-	-	-	-	-	-	-	-
0026 Communication and Dissemination	-	-	-	-	-	-	-	-	-	-
0031 Guidance and Counseling Services	-	-	-	57,870	-	-	-	-	-	-
0032 Social Work Services	-	-	-	597	-	-	-	-	-	-
0033 Health Services	-	26,545	-	-	-	-	-	-	-	-
0034 Student Transportation	-	-	-	-	-	-	-	-	-	-
0035 Food Services	-	-	-	-	-	-	-	-	-	-
0036 Co-Curricular Activities	-	-	-	-	-	-	-	-	21,277	-
0041 General Administration	-	-	-	-	-	-	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	-	-	-	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-	-	-	-	-	-	-
0053 Data Processing Services	-	-	-	-	-	-	-	-	-	(170)
0061 Community Services	-	-	-	-	-	-	-	-	-	-
0071 Principal on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0171* Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0081 Facilities Acquisition	-	-	-	-	-	-	-	-	-	-
6030 Total Expenditures	-	26,545	438,329	273,688	108	703	572,273	5,290,296	21,277	12,012
1100 Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	84,125	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	2,727,650	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	-	-	-	-	-	-	-	2,811,775	-	-

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Ten Months Ended June 30, 2003**

Data Control Codes	481	482	484	486	487	491	494	495	498	Total Nonmajor Government Funds
	Gifts and Donations	P.A.C.T. Grant	Project ROPES	Texas Instruments	Toyota Tapstry	Fast-Track Victory Meadows NCJW	Math and Science Relity Elem	Best Practice Meadows	Restoration Center Work Source	
Revenues										
5700 Local	\$ 1,416,487	\$ -	\$ -	\$ 124,215	\$ 73	\$ -	\$ 437	\$ -	\$ -	\$ 12,577,575
5800 State Program	-	5,000	7,650	-	-	486	-	42,176	438,168	49,124,733
5900 Federal Program	-	-	-	-	-	-	-	-	-	147,806,730
Total Revenues	1,416,487	5,000	7,650	124,215	73	486	437	42,176	438,168	209,509,038
Expenditures										
Current-										
0011 Instruction	632,041	-	-	123,860	-	486	-	-	222,143	97,017,024
0012 Instructional Resources and Media Services	-	-	-	-	-	-	-	-	-	1,793,130
0013 Curriculum and Staff Development	-	-	-	355	73	-	-	-	205,862	21,291,819
0021 Instructional Leadership	659	-	7,650	-	-	-	-	-	10,163	8,265,171
0023 School Leadership	-	-	-	-	-	-	-	-	-	1,276,155
0026 Communication and Dissemination	-	-	-	-	-	-	-	-	-	-
0031 Guidance and Counseling Services	1,435	-	-	-	-	-	-	-	-	6,092,691
0032 Social Work Services	-	-	-	-	-	-	-	-	-	28,330
0033 Health Services	-	-	-	-	-	-	-	-	-	1,365,307
0034 Student Transportation	-	-	-	-	-	-	-	-	-	743,049
0035 Food Services	-	-	-	-	-	-	-	-	-	53,325,715
0036 Co-Curricular Activities	591,182	-	-	-	-	-	-	-	-	605,507
0041 General Administration	139,731	5,000	-	-	-	-	-	-	-	1,002,859
0051 Plant Maintenance and Operations	1,188	-	-	-	-	-	-	-	-	3,152,523
0052 Security and Monitoring Services	1,705	-	-	-	-	-	-	-	-	269,918
0053 Data Processing Services	4,377	-	-	-	-	-	437	42,176	-	348,445
0061 Community Services	44,169	-	-	-	-	-	-	-	-	13,310,145
0071 Principal on Long-Term Debt	-	-	-	-	-	-	-	-	-	-
0171 Interest on Long-Term Debt	-	-	-	-	-	-	-	-	-	1,151
0081 Facilities Acquisition	-	-	-	-	-	-	-	-	-	-
Total Expenditures	1,416,487	5,000	7,650	124,215	73	486	437	42,176	438,168	209,888,940
Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	(379,902)
Transfer In / Out	-	-	-	-	-	-	-	-	-	2,727,650
Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-	14,598,641
Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,946,389

**Dallas Independent School District
Schedule of Delinquent Taxes Receivable
For the Ten Months Ended June 30, 2003**

Last Ten Years Ended August 31 (See Note)	1	2	3	10	20	31	32	40	50
	Maintenance	Tax Rates	Net Assessed/Appraised Value For School Tax Purposes	Beginning Balance 9/1/2002	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 6/20/03
1994 and prior years	Various	Various	35,442,881,742	7,187,457	-	247,270	24,120	(96,546)	6,819,521
1995	1 3316	0.8650	35,459,582,431	3,324,481	-	112,643	7,315	(37,401)	3,187,122
1996	1 3316	0.8650	36,803,403,695	3,790,083	-	147,787	9,598	(25,992)	3,806,706
1997	1 3740	0.8650	38,106,648,354	3,702,938	-	215,831	13,609	(29,195)	3,444,304
1998	1 3740	0.8650	40,469,448,988	3,640,703	-	262,486	16,575	(23,195)	3,338,467
1999	1 3740	0.8650	44,624,425,308	4,764,168	-	438,921	27,684	36,721	4,334,284
2000	1 3980	0.0063	49,107,307,100	6,598,616	-	700,659	44,169	(177,779)	5,676,009
2001	1 4780	0.0695	53,136,828,664	9,982,976	-	1,158,931	55,110	776,260	9,545,195
2002	1 4780	0.0695	57,284,326,734	25,235,288	-	7,500,363	353,775	(2,028,567)	15,352,583
2003	1 4780	0.1095	58,484,300,287		891,957,975	797,074,657	59,056,421	-	35,826,897
1000 TOTALS				\$ 68,226,711	\$ 891,957,975	\$ 807,859,528	\$ 59,608,376	\$ (1,605,694)	\$ 91,111,088
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code						\$ 4,551,449			

Note: Period ending for Year 2003 is for the ten months ending June 30, 2003

Dallas Independent School District
Schedule of Expenditures for Computations of Indirect Cost for 2002-2003
General and Special Revenue Funds
For the Ten Months Ended June 30, 2003

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ 310,626	\$0	\$ 342,424	\$ 16,348,061	\$ 109,531	\$ 599,619	\$ 17,710,261
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)							
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)							
6211	Legal Services	4,533,315	-	0		\$ -		\$ 4,533,315
6212	Audit Services				300,000			\$ 300,000
6213	Tax Appraisal and Collection		3,984,077					\$ 3,984,077
621X	Other Prof. Services	25,480	-	368,226	12,904,789	0	35,727	\$ 13,334,222
6220	Tuition and Transfer Payments						87,467	\$ 87,467
6230	Education Service Centers	-	-	0	-	-	12,000	\$ 12,000
6240	Contr. Maint. and Repair					14,216	1005	\$ 15,221
6250	Utilities							\$ -
6260	Rentals	8,901	-	1738	135,832	34,428	-	\$ 180,899
6290	Miscellaneous Contr.	38,883	-	9662	129,845	-	-	\$ 178,390
6320	Textbooks and Reading Materials	-	-	554	1,044	-	-	\$ 1,598
6330	Testing Materials	-	-	0	-	-	-	\$ -
630X	Other Supplies Materials	84,623	-	23,410	687,845	8,441	113,591	\$ 917,910
6410	Travel, Subsistence, Stipends	54,886	-	7,412	102,859	-	35,418	\$ 200,553
6420	Ins. and Bonding Costs	-	-	0	29,548,532	0	-	\$ 29,548,532
6430	Election Costs	20,541	-					\$ 20,541
6490	Miscellaneous Operating	118,828	-	89,564	763,664	-	144,905	\$ 1,116,961
6500	Debt Service							\$ -
6600	Capital Outlay						157,154	\$ 157,154
6000	TOTAL	\$ 5,196,063	\$ 3,984,077	\$ 842,990	\$ 60,922,471	\$ 168,616	\$ 1,186,884	\$ 72,299,101

Total expenditures/expenses for General and Special Revenue Funds

\$1,157,196,273

LESS Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)(Only Funds 100-199/200-499/610-879)
 Total Debt & Lease (6500)(Only Funds 100-199/200-499/610-879)
 Plant Maintenance (Function 51, 6100-6400)
 Food (Function 35, 6341)
 Stipends (6132 and 6412)

10 \$26,956,108
 11 8,017,407
 12 100,218,401
 13 15,211,326
 14 0

Subtotal

\$150,403,242

Net Allowed Direct Cost

\$1,006,793,031

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)
 Historical Cost of Buildings over 50 years old
 Amount of Federal Money in building Cost (Net of Above)
 Total Cost of Furniture & Equipment before Depreciation (1530&1540)
 Historical Cost of Furniture & Equipment over 16 years old
 Amount of Federal Money in Furniture & Equipment (Net of Above)

15 \$958,171,630
 16 121,907,590
 17 10,000
 18 93,398,937
 19 39,181,281
 20 \$31,181,261

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

**Dallas Independent School District
Fund Balance and Cash Flow Calculation Worksheet
General Fund as of June 30, 2003**

Exhibit J-3

Data Control Code	Explanation	Amount
1	Total General Fund Balance 6/30/03 (Exhibit C-1 object 3000 for the General Fund Only)	<u>\$ 126,182,397</u>
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	<u>\$ 19,675,397</u>
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	<u>\$ 4,250,783</u>
4	Estimated amount needed to cover fall cash flow deficits in General Fund (net of borrowed funds and funds representing deferred revenues) (unaudited)	<u>\$ 55,000,000 *</u>
5	Estimate of one month's average cash disbursements during the regular school session (9/1/02-5/31/03) (unaudited)	<u>\$ 84,504,805</u>
6	Optimum Fund Balance and Cash Flow (2 + 3 + 4 + 5) (unaudited)	<u>\$ 163,430,985</u>
7	Excess/(Deficit) Undesignated Unreserved General Fund Fund Balance (1 - 6) (unaudited)	<u>\$ (37,248,588)</u>

* The district sold the Dallas Independent School District Tax and Revenue Anticipation Note (TAN), Series 2003 in the amount of \$100,000,000.

Dallas Independent School District
 Budgetary Comparison Schedule - NonMajor Fund
 Child Nutrition Program Fund
 For the Ten Months Ended June 30, 2003

Exhibit J - 4

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual Amounts	
		Original	Final		
0100	Fund Balance, September 1	\$ 14,316,127	\$ 14,316,127	\$ 14,705,080	\$ 388,953
	RESOURCES (Inflows)				
5700	Local and intermediate sources	13,096,302	13,096,302	5,653,162	(7,443,140)
5800	State program revenues	831,609	831,609	637,587	(194,022)
5900	Federal program revenues	54,123,575	54,123,575	46,996,760	(7,126,815)
5000	Amounts available for appropriation	68,051,486	68,051,486	53,287,509	(14,763,977)
	CHARGES TO APPROPRIATIONS				
0035	Food Service	67,913,235	67,913,235	52,167,205	15,746,030
0051	Plant maintenance and operations	2,586,640	2,586,640	1,580,758	1,005,882
6000	Total charges to appropriations	70,499,875	70,499,875	53,747,963	16,751,912
3000	Fund balance, June 30	\$ 11,867,738	\$ 11,867,738	\$ 14,244,626	\$ (2,376,888)

Dallas Independent School District
 Budgetary Comparison Schedule - Major Fund
 Debt Service Fund
 For the Ten Months Ended June 30, 2003

Exhibit J - 5

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
0100	Fund Balance, September 1	\$ 17,763,584	\$ 17,763,584	\$ 17,787,297	\$ 23,713
	RESOURCES (Inflows)				
7900	Sale of Bonds	0	0	112,183,964	\$ 112,183,964
5700	Local and intermediate sources	59,165,389	59,165,389	69,274,526	10,109,137
5000	Amounts available for appropriation	59,165,389	59,165,389	181,458,490	122,293,101
	CHARGES TO APPROPRIATIONS (Outflows)				
0071	Principal on long-term debt	3,569,495	3,569,495	4,055,000	(485,505)
0171	Interest on long-term debt	58,833,166	58,833,166	23,550,703	35,282,463
8940	Payment to escrow agent	0	0	111,157,389	(111,157,389)
6030	Total charges to appropriations	62,402,661	62,402,661	138,763,092	(76,360,431)
3000	Fund balance, June 30	\$ 14,526,312	\$ 14,526,312	\$ 60,482,695	\$ 45,956,383



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

**Independent Auditors' Report on Compliance and on Internal Control
over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Trustees
Dallas Independent School District:

We have audited the financial statements of the Dallas Independent School District (the District) as of and for the 10 month period ended June 30, 2003, and have issued our report thereon dated October 17, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 03-03.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 03-01 and 03-02.



A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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

KPMG LLP

October 17, 2003



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

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

Board of Trustees
Dallas Independent School District:

Compliance

We have audited the compliance of the Dallas Independent School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the 10 month period ended June 30, 2003. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the 10-month period ended June 30, 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 03-04.



Internal Control over Compliance

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

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

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

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

KPMG LLP

October 17, 2003

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

10 month period ended June 30, 2003

(1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: **Unqualified Opinion**
- (b) Reportable conditions in internal control were disclosed by the audit of the financial statements: **Yes**;
Material Weaknesses: **No**
- (c) Noncompliance, which is material to the financial statements: **No**
- (d) Reportable conditions in internal control over major programs: **Yes**; Material weaknesses: **No**
- (e) The type of report issued on compliance for major programs: **Unqualified Opinion**
- (f) Any audit findings, which are required to be reported under Section 510(a) of OMB Circular A-133:
Yes
- (g) Major programs:

<u>Program</u>	<u>CFDA number</u>
Child Nutrition Cluster:	
National School Breakfast	#10.553
National School Lunch	#10.555
Summer Feeding Program	#10.559
Language Instruction for LEP and Immigrant Students	#84.365
ESEA Title II, Part A – Teacher and Principal Training	#84.367

- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **YES**

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

Finding 03-01: Financial Statement Level

Cash Reconciliation

(Reportable Condition)

Finding

Criteria

For internal control and accountability purposes, governments should maintain detailed records and supporting documentation for their cash and cash related transactions. These internal controls include proper and timely bank reconciliations.

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

10 month period ended June 30, 2003

Condition Found

We noted that the initial June 30, 2003 General bank reconciliation was out of balance by approximately \$750,000. Additionally, we noted that the Payroll bank reconciliation was also out of balance and both reconciliations had been approved by the Director of Quality Control. Although the reconciliations were being performed, inherent in the reconciliation control is investigating and resolving outstanding items and out of balance amounts. This had not been done and the out of balance condition began after the implementation of the Oracle System and continued to grow every month.

Questioned Costs

None.

Effect

This could cause improper posting of transactions to incorrect periods, resulting in incorrect general ledger amounts.

Recommendation

KPMG recommends that the District ensure that bank reconciliations are properly and accurately performed on a timely basis. This includes investigating and resolving any unlocated difference and/or out of balance amounts. Additionally, the District should re-evaluate the process of performing bank reconciliations including who performs and reviews them.

Finding 03-02: Financial Statement and Major Program Level

Controls over Payroll Processing

(Reportable Condition)

Finding

Criteria

Payroll cycle runs are to be approved by organization or department supervisors or principals. This control ensures that there are adequate controls over authorization of time worked and paid to employees of the District.

Condition Found

During our payroll controls test work over salaried employees, we noted that three out of eleven organizations did not have the proper approval for the selected pay cycle by the supervisor/principal. Additionally for test work over hourly employees, we noted that seven out of thirty organizations selected for test work did not have the proper approval for the selected pay cycle by the supervisor/principal. This could result in the District paying employees for time not worked and/or miscalculating vacation and sick days.

This appears to be due to the new Oracle financial system and to the fact that some approvers were not aware of their responsibilities related to the approval of the time for their related organization after the Oracle implementation.

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

10 month period ended June 30, 2003

Questioned Costs

None.

Effect

This could cause improper payments to employees of the District for time not worked or misreporting of time-off by salaried employees.

Recommendation

KPMG recommends that the District ensure that all organizations within the District properly approve their time by the appropriate supervisor/principal prior to the payroll run. Additionally, an audit trail should exist to support the approval prior to beginning the payroll check distribution process. The District should also ensure that all supervisors/principals are aware of these responsibilities.

Finding 03-03: Financial Statement Level

Pledged Collateral

(Non-Compliance GAS Report)

Finding

Criteria

Texas Government Code, Chapter 2557 (Public Funds Collateral Act), provides that the total value of eligible securities to secure deposits of public funds must be in an amount not less than the amount of the deposit of public funds less any Federal depository insurance.

Condition Found

As noted in footnote (H) of the District's 2003 financial statements, the District's cash deposits were undercollateralized in four instances during the ten months ended June 30, 2003.

Questioned Costs

None.

Effect

Noncompliance with state law exists if deposits are undercollateralized.

Recommendation

District management should ensure that policies and procedures are in place and functioning for monitoring the levels of the District's deposits and pledged collateral.

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

10 month period ended June 30, 2003

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

See Finding 03-02 above

Finding 03-04: Major Program Level

Time and Effort

(Non-Compliance Major Program, Title II Part A – Teacher and Principal Training CFDA 84.367)

Finding

Criteria

An employee paid in part from a Single Cost Objective, and in part with funds from other revenue sources, must maintain time and effort distribution records in accordance with OMB Circular A-87, Attachment B paragraph 11.h.4 documenting the portion of time and effort dedicated to:

- (1) The Single Cost Objective, and
- (2) Each program or other cost objective supported by the other revenue sources

Condition Found

During our time and effort test work, we noted one employee selected for testing was paid 50% of her salary from this grant and 50% of her salary from the general fund. We also noted that time and effort distribution records required by OMB Circular A-87 to support this cost were not maintained by the District. This was the only employee out of 36 selected for test work from this grant that charged less than 100% of their time to this grant and therefore required us to test for time and effort. Additionally, we noted that there was one other individual who charged less than 100% of their time to this grant, which represents potential questioned costs.

Questioned Costs

Questioned costs for this finding amount to \$51,433.19 (50% of the two employees' annual salary and benefits).

Effect

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

Recommendation

KPMG recommends that the District ensure that all employees who have part of their salary charged to a grant maintain the time and effort documentation required by OMB Circular A-87 to support these costs. Additionally, the District should contact the Texas Education Agency to determine whether grant reports should be amended.

**Dallas Independent School District
Schedule of Expenditures of Federal Awards
For Ten Months Ended June 30, 2003**

Pass-Through Grantor's Number	Federal/State Grantor-Pass Through Grantor/Program Title	Federal CFDA Number	Audit Period Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct			
R206A990001-01	Javits - Sol Net	84.206A	\$ 32,597
S060A020194	Indian Education Formula	84.060A	89,760
T291R990026	Systemwide Improvement Grants	84.291R	5,180
T291R990026	Systemwide Improvement Grants	84.291R	502,766
S184K990033	Drug and Violence MS	84.184K	8,820
S287A012534-02	21st Century-La Lucas A Noche	84.287A	728,141
S287A012622-02	21st Century-The New Neighborhood	84.287A	690,787
S287A011919-02	21st Century-The Beacons in the Community	84.287A	1,137,385
S287A012665-02	21st Century-Community of Light	84.287A	1,310,950
S215X020386	Teaching American History	84.215X	497,824
R287A990241-01	21st Century	84.287A	88,972
T290U970069-01	Bilingual Education: Comprehensive School Grants	84.002A	5,949
	Total Direct		5,099,131
Passed Through State Department of Education			
2650001057905	Title VII, Part C - Emergency Immigrant Educ. Prog	84.162A	25,439
2650001057905	Title VII, Part C - Emergency Immigrant Educ. Prog	84.162A	77,440
3671001057905	Language Instruction for LEP & Immigrant Students	84.365	4,271,954
3681001057905	ESEA, Title IV Safe and Drug Free Schools & Comm.	84.186A	1,055,339
2246121	McKinney Homeless Children	84.186	(1,078)
3346115	McKinney Homeless Children	84.186	99,005
1610101057905	ESEA, Title I, Part A	84.010A	1,633
2610101057905	ESEA, Title I, Part A	84.010A	11,391
3610101057905	ESEA, Title I, Part A	84.01A	43,752,242
4610101057905	ESEA, Title I, Part A	84.01A	899
361500105790533	Title I, Part C	84.011	332,484
361200171	Even Start Literacy Program	84.213C	80,564
341000212	Adult Education Corrections/Institutionalized	84.002A	89,822
341000112	Federal Adult Education Section	84.002A	1,764,808
341000312	Adult Education Professional Development	84.002A	56,814
266000105790522	IDEA-B Formula	84.027	44,457
366000105790533	IDEA-B Formula	84.027	16,448,101
366100105790533	IDEA-B Preschool	84.173	403,702
266000205790522	IDEA-B Discretionary (Deaf)	84.027	62
366000205790533	IDEA-B Discretionary (Deaf)	84.027	65,882
266000105790522	IDEA-B Formula (Deaf)	84.027	395
366000105790533	IDEA-B Formula (Deaf)	84.027	146,445
366100105790533	IDEA-B Preschool (Deaf)	84.173	28,231
342000605790510	Carl Perkins Grant for Career & Technology Training	84.048A	1,881,143
3685001057905	Innovative Programs	84.298	919,158
2686001057905	ESEA, Title VI-Class Size Reduction Program	84.340A	(6,074)
3694501057905	ESEA, Title II-Teacher and Principal Training	84.367A	13,614,329
3616001057905	Improving Teaching and Learning (Stemmons)	84.332A	243,325
064502621000100	READ for Texas, Local Reading Improvement	84.338A	(3,185)
064502621000100	READ for Texas, Local Reading Improvement	84.338A	3,788,287
36154002057905	Refugee Children School Impact Grant	93.576	75,908
2615402057905	Refugee Children School Impact Grant	93.576	(87)
2610103057905	ESEA, Title I, Part D	84.010A	9,265
2630001057905	Enhancing Education Through Technology	84.318X	1,370,523
366002212010	IDEA-B Visually Impaired	84.027	12,219
064502721000400	Read for Texas Tutorial Assistance	84.338	400,000
2610301057905	Title I School Improvement Program	84.348A	46
2610301057905	Title I School Improvement Program	84.348A	2,231,921
2610301057905	Title I School Improvement Program	84.348A	28,644
341000812	English Literacy & Civics Education	84.002A	37,987
341000812223	English Literacy & Civics Education	84.002A	1,827
059000135006300	Public Charter Schools	84.282A	581
259000135103722	Public Charter Schools	84.282A	146,857
	Total Passed Through State Department Of Education		93,508,705

**Dallas Independent School District
Schedule of Expenditures of Federal Awards
For Ten Months Ended June 30, 2003**

Pass-Through Grantor's Number	Federal/State Grantor-Pass Through Grantor/Program Title	Federal CFDA Number	Audit Period Expenditures
C3018-01C	Passed Through State Department Of Health		
C1019-02	Early Childhood Intervention	84.181	934,962
U87/CCU622815-01	Early Childhood Intervention	84.181	9
	Improve Health Education	93.938	72,771
	Total Passed Through State Department Of Health		<u>1,007,742</u>
	TOTAL U.S. DEPARTMENT OF EDUCATION		<u>99,616,578</u>
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
	Direct		
U87/CCU608968-10	AIDS Health Education	93.938	33,466
U87/CCU608968-10	AIDS Health Education	93.938	52,175
	Total Direct		<u>85,641</u>
	Passed Through State Department Of Health		
5APHPA000838-04	Students Making Abstinence Real Today (SMART-1)	93.995	236,378
1APHPA002073-01	Students Making Abstinence Real Today (SMART-2)	93.995	140,330
02-057905	Abstinence Education	93.235	37,453
7560012787-2003	Abstinence Education	93.235	202,301
	Total Passed Through State Department Of Health		<u>616,462</u>
	Passed Through State Department Of Education		
236250112	Federal-TANF	93.558	131,276
336250112	Federal-TANF	93.558	380,740
	Total Passed Through State Department Of Education		<u>512,016</u>
	TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>1,214,118</u>
	U.S. DEPARTMENT OF AGRICULTURE		
	Direct		
N/A	National School Breakfast	10.553	7,465,302
N/A	National School Lunch	10.555	36,316,397
N/A	Commodity Supplemental Food (Noncash)	10.550	3,033,075
N/A	Summer Feeding Program	10.559	181,986
	TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>46,996,760</u>
	NATIONAL SCIENCE FOUNDATION		
	Direct		
ESR-9908168	Urban Systemic Program	47.073	73,707
ESR-9908168	Urban Systemic Program	47.073	373,450
ESR-9908168	Urban Systemic Program	47.073	23,031
ESR-9908168	Urban Systemic Program	47.073	1,196,735
	TOTAL NATIONAL SCIENCE FOUNDATION		<u>1,666,923</u>
	OTHER FUNDING AGENCIES		
X98677301-1	Tools For Schools	66.606	4,391
02-057905	Asthma Grant	93.938	2,506
02-057905	Asthma Grant	93.938	54
General	MAC	93.778	843,598
General	JROTC	12.000	1,286,879
General	Texas Workforce Commission	17.125	437,658
	TOTAL OTHER FUNDING AGENCIES		<u>2,575,084</u>
	TOTAL FEDERAL ASSISTANCE		<u>152,068,464</u>

**Dallas Independent School District
Schedule of Expenditures of Federal Awards
For Ten Months Ended June 30, 2003**

Pass-Through Grantor's Number	Federal/State Grantor-Pass Through Grantor/Program Title	Federal CFDA Number	Audit Period Expenditures
Reconciliation to Exhibit H-2			
	Total Federal Assistance		152,068,484
	Less:		
	Indirect Cost for Federal Awards Grants		(1,695,204)
	MAC Expenditures		(843,598)
	JROTC Expenditures		(1,286,879)
	Texas Workforce Commission Expenditures		(437,656)
	Add: Title XI Coordinated Services		1,602
	Subtotal		<u>(4,261,735)</u>
	Revised Total Federal Assistance		147,806,730
	Total Nonmajor Government Funds-Federal Program Revenue(Exhibit H-2)		<u>147,806,730</u>

Note

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note A to the District's Basic Financial Statements. Commodity Supplemental Food is a non cash transaction for \$3,033,075

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

	<u>2002</u>	<u>2003</u>
Current-		
Instruction	\$ 657,964,234	\$ 717,479,558
Instructional Resources and Media Services.	19,276,924	18,836,667
Curriculum and Staff Development	37,049,471	31,303,411
Instructional Leadership	24,259,931	20,612,925
School Leadership	60,841,057	61,082,797
Communication and Dissemination	-	-
Guidance and Counseling Services	38,891,333	41,007,861
Social Work Services	2,329,771	2,176,802
Health Services	11,236,356	11,029,193
Student Transportation	16,925,053	18,444,181
Food Services	53,719,671	53,559,421
Co-Curricular Activities	9,815,744	9,489,533
General Administration	37,447,203	37,633,240
Plant Maintenance and Operation	118,503,640	104,300,326
Security and Monitoring Services	8,847,056	8,744,934
Data Processing Services	32,336,892	25,808,191
Community Services	20,414,284	19,566,322
Debt Service	20,905,252	34,705,368
Capital Outlay	169,578	11,105,668
Payments to Juvenile Justice	-	365,024
Payments to Tax Increment Fund	9,248,085	4,551,449
Total Expenditures	\$ 1,180,181,536	\$ 1,231,802,871

Notes:

(1) Includes General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund.

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

	<u>1994</u>	<u>1995 (2)</u>	<u>1996</u>
Current-			
Instruction	\$ 404,527,579	\$ 448,445,182	\$ 441,499,746
Instructional Resources and Media Services.	14,848,099	16,617,974	17,169,740
Curriculum and Staff Development	10,491,947	11,487,266	16,425,148
Instructional Leadership	13,786,319	17,169,251	18,444,675
School Leadership	39,748,843	43,684,014	43,411,420
Communication and Dissemination	902,516	961,067	1,524,872
Guidance and Counseling Services	18,348,137	23,122,441	21,518,514
Social Work Services	5,611,381	8,868,181	9,470,555
Health Services	6,316,214	8,000,821	7,592,177
Student Transportation	5,380,435	6,847,870	5,492,461
Food Services	39,293,540	42,090,599	46,304,520
Co-Curricular Activities	4,848,282	5,933,598	6,645,149
General Administration	16,027,424	18,344,532	19,247,950
Plant Maintenance and Operation	92,603,491	109,437,924	110,629,856
Security and Monitoring Services	-	-	-
Data Processing Services	4,625,697	5,164,360	12,150,177
Community Services	5,154,518	6,303,252	7,849,355
Debt Service	32,435,795	34,951,813	37,967,031
Capital Outlay	26,493,446	45,493,574	118,529,531
Payments to Juvenile Justice	-	-	-
Payments to Tax Increment Fund	-	-	-
Total Expenditures	\$ 741,443,663	\$ 852,923,719	941,872,877

Notes:

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

	1997	1998	1999	2000	2001	2002	2003
\$	485,851,584	\$ 496,733,130	\$ 508,492,721	\$ 574,084,455	\$ 643,919,253	\$ 644,992,655	\$ 699,188,897
	19,310,139	16,901,965	17,956,177	17,982,627	19,276,462	18,879,947	18,845,055
	17,220,766	20,117,974	22,545,533	23,619,481	31,293,486	36,690,757	30,498,743
	16,042,329	19,266,465	20,335,600	21,642,393	21,819,049	23,979,712	20,099,051
	50,622,528	51,353,173	52,082,863	56,358,934	60,842,443	59,468,757	59,489,049
	-	-	-	-	-	-	-
	26,366,999	28,509,988	30,027,196	34,449,484	36,647,130	38,116,914	39,944,825
	3,860,553	4,196,571	4,937,158	3,369,455	3,266,708	2,280,383	2,119,985
	8,327,368	8,723,902	9,184,448	9,894,083	10,742,150	11,011,242	10,741,358
	3,347,807	5,968,119	3,626,344	13,653,221	16,140,861	15,953,079	17,396,450
	45,178,204	48,881,720	50,114,906	52,326,652	52,794,233	54,944,328	53,325,715
	6,331,271	6,755,829	7,602,452	7,198,685	9,010,046	9,721,398	9,601,887
	19,463,942	24,414,975	24,173,821	25,906,983	29,559,255	36,712,657	36,913,775
	106,790,445	95,995,295	104,312,977	105,098,316	116,451,273	117,501,239	102,242,690
	5,179,582	6,843,801	6,889,954	7,576,668	8,151,889	8,785,521	8,476,879
	10,656,718	26,794,531	25,940,188	18,003,486	16,968,653	43,345,262	26,782,708
	11,059,469	10,760,298	13,029,918	12,331,992	16,245,011	20,305,558	19,179,951
	41,981,076	44,902,514	50,195,561	48,658,508	52,033,911	50,876,965	35,915,558
	109,934,035	24,353,676	15,096,146	8,998,364	7,276,083	16,332,969	19,423,408
	-	-	-	-	-	-	365,024
	-	-	-	-	-	9,248,085	4,551,449
\$	<u>987,524,815</u>	\$ <u>941,473,926</u>	\$ <u>966,543,963</u>	\$ <u>1,041,153,787</u>	\$ <u>1,152,437,896</u>	\$ <u>1,219,147,429</u>	\$ <u>1,215,102,457</u>

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

<u>Source</u>	<u>1994</u>	<u>1995 (3)</u>	<u>1996</u>	<u>1997</u>
Revenue From Local Sources-				
Local Maintenance and Debt Service Tax (2),	\$ 488,314,805	\$ 486,088,595	\$ 506,853,504	\$ 545,217,946
Tuition from Patrons	1,339,060	1,203,274	1,264,428	1,164,666
Other Revenue From Local Sources	20,798,586	29,535,697	54,757,483	30,645,708
Local Revenue	-	-	-	-
Transportation Fees from Patrons	-	-	-	-
Cafeteria and Co-Curricular Revenue	7,803,206	7,566,512	7,592,840	8,589,067
Total Revenue from Local Sources	<u>518,255,657</u>	<u>524,394,078</u>	<u>570,468,255</u>	<u>585,617,387</u>
Revenue from State Sources-				
Per Capita and Foundation	109,826,449	136,560,805	123,778,994	141,324,467
Transportation	-	-	-	-
Other Foundation Revenue from State	689,869	188,231	638,001	5,144,221
Other State Revenue	5,143,302	44,803,702	37,040,261	37,814,764
Total Revenue from State Sources	<u>115,659,620</u>	<u>181,552,738</u>	<u>161,457,256</u>	<u>184,283,452</u>
Revenue from Federal Sources-				
Federal Source Revenues	44,127,595	51,872,385	53,369,573	56,694,332
Other Revenue	32,564,031	34,029,816	35,747,925	35,389,035
Total Revenue from Federal Sources	<u>76,691,626</u>	<u>85,902,201</u>	<u>89,117,498</u>	<u>92,083,367</u>
Total Revenues	<u>\$ 710,606,903</u>	<u>\$ 791,849,017</u>	<u>\$ 821,043,009</u>	<u>\$ 861,984,206</u>

Notes:

- (1) Includes General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund.
- (2) Includes interest and penalty collections and other judgments.
- (3) Restated in accordance with GASB No. 24

<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
\$ 587,472,941 \$ 633,063,886 \$ 687,309,641 \$ 783,761,872 \$ 843,113,045 \$ 863,504,556					
1,133,693 1,284,511 1,860,722 1,415,844 1,037,999 962,152					
29,069,943 26,988,662 25,011,015 30,538,469 26,502,354 35,794,447					
- - - - -					
- - - - -					
8,851,900 9,639,273 10,529,990 11,774,070 11,347,593 8,513,434					
626,528,477 670,976,332 724,711,368 827,490,255 882,000,991 908,774,589					
154,205,079 143,802,199 165,295,026 131,538,298 106,131,452 126,929,612					
- - - - -					
7,233,397 10,350,523 20,900,556 32,907,045 24,933,199 21,631,876					
40,791,921 40,723,721 38,441,822 39,671,388 49,023,876 60,338,816					
202,230,397 194,876,443 224,637,404 204,116,731 180,088,527 208,900,304					
64,737,008 62,295,219 72,084,813 75,381,869 91,624,757 95,338,318					
33,957,529 43,815,036 37,961,327 46,569,259 46,129,723 56,931,388					
98,694,537 106,110,255 110,046,140 121,951,128 137,754,480 152,269,706					
\$ 927,453,411 \$ 971,963,030 \$ 1,059,394,912 \$ 1,153,558,114 \$ 1,199,843,998 \$ 1,269,944,599					

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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>		<u>Current Tax Collections (2)</u>		<u>Percent of Levy Collected</u>	<u>Delinquent Taxes Collected</u>	
						<u>Delinquent Taxes</u>	<u>Interest and Penalty</u>
1994	\$	485,683,154	\$	474,418,859	97.7%	\$ 4,073,016	\$ 4,252,076
1995		488,238,900		474,453,236	97.2%	6,935,715	4,443,231
1996		506,832,572		493,939,196	97.5%	7,208,972	5,257,169
1997		544,528,653		533,801,391	98.1%	8,831,961	5,729,275
1998		578,793,538		566,383,970	97.9%	12,818,492	7,141,907
1999		635,512,919		625,528,479	98.4%	6,788,024	6,816,053
2000		699,990,930		682,870,950	97.6%	(41,171)	7,212,086
2001		795,652,305		775,850,115	97.5%	9,249,616	8,256,646
2002		856,939,679		825,090,533	96.3%	13,199,634	9,223,388
2003		891,957,975		856,131,078	96.0%	11,336,826	7,521,436

Notes:

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

For the fiscal years ended 2002 and prior, the fiscal year was September 1st through August 31st.
For 2003, the fiscal year represents the ten month period of September 1st through June 30th.

<u>Total Taxes Collected Plus Interest and Penalty</u>	<u>Percent of Total Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes Only (1)</u>	<u>Outstanding Delinquent Taxes as Percent of Tax Levy</u>
\$ 482,743,951	99.4%	\$ 12,808,698	2.64%
485,832,182	99.5%	13,287,238	2.72%
506,405,337	99.9%	12,756,179	2.52%
548,362,627	100.7%	13,435,525	2.47%
586,344,369	101.3%	12,535,916	2.17%
639,132,556	100.6%	13,752,574	2.16%
690,041,865	98.6%	16,626,849	2.38%
793,356,377	99.7%	20,193,612	2.54%
847,513,555	98.9%	25,235,288	2.94%
874,989,340	98.1%	35,826,897	4.02%

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

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Fund
1993	1,013,550	\$ 36,467,426,621	\$ 289,624,706	\$ 19,041,012
1994	1,023,400	35,442,881,742	287,613,642	19,012,829
1995	1,030,150	35,459,582,431	288,237,326	18,541,429
1996	1,039,100	36,803,403,695	438,443,854	15,680,415
1997	1,047,350	38,106,648,354	415,089,294	14,576,082
1998	1,052,300	40,469,448,988	394,072,365	13,920,870
1999	1,068,800	44,624,425,308	381,112,730	19,886,557
2000	1,083,508	49,107,307,100	359,452,300	17,763,584
2001	1,188,580	53,136,828,664	333,613,743	17,865,455
2002	1,199,809 [1]	57,284,326,734	641,844,869	17,787,297
2003	1,211,000	58,484,300,287	693,695,315	60,482,695

[1] Bureau of Labor Statistics Data website

Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
\$ 270,583,694	0.74%	\$150
268,600,813	0.76%	267
269,695,897	0.76%	262
422,763,439	1.15%	407
400,513,212	1.05%	382
380,151,495	0.94%	361
361,226,173	0.81%	338
341,688,716	0.70%	315
315,748,288	0.59%	266
624,057,572	1.09%	520
633,212,620	1.08%	523

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

<u>Fiscal Year</u>	<u>Town of Addison</u>	<u>City of Carrollton</u>	<u>City of Seagoville</u>	<u>City of Dallas</u>	<u>City of Farmers Branch</u>	<u>City of Cockrell Hill</u>	<u>Town of Highland Park</u>
Tax Rates							
1994	\$ 0.52450	\$ 0.57830	\$ 0.52663	\$ 0.67440	\$ 0.44000	\$ 0.70064	1.66000
1995	0.51770	0.60430	0.53634	0.67220	0.44000	0.71538	0.29700
1996	0.45500	0.60430	0.55408	0.67010	0.44000	0.73996	0.46255
1997	0.44750	0.60430	0.55762	0.65160	0.44000	0.70432	0.29700
1998	0.40000	0.60430	0.53779	0.64910	0.44000	0.77183	0.26930
1999	0.38460	0.60430	0.53779	0.66750	0.44000	0.75202	0.25750
2000	0.38100	0.59930	0.58000	0.66750	0.44000	0.77047	0.24620
2001	0.38480	0.59930	0.58000	0.66750	0.44000	0.77047	0.22900
2002	0.39990	0.59930	0.58000	0.66750	0.44000	0.74507	0.22900
2003	0.39990	0.59930	0.65000	0.69980	0.44000	0.74036	1.61000
Tax Levies							
1994	\$ 7,851,703	\$ 27,091,172	\$ 938,013	\$ 296,683,791	\$ 11,057,745	\$ 296,372	4,357,884
1995	8,435,357	29,578,704	979,248	296,748,000	11,333,704	306,544	4,511,560
1996	8,321,557	31,046,680	1,013,611	308,772,941	12,148,988	315,584	4,709,922
1997	9,548,109	32,776,117	1,046,137	309,537,142	13,437,872	311,046	4,827,925
1998	9,978,264	34,981,648	1,050,367	353,459,317	14,750,312	351,846	4,806,346
1999	10,674,928	38,265,900	1,117,120	373,157,247	15,590,179	354,755	4,994,830
2000	11,845,515	42,222,913	1,241,839	397,700,226	16,229,195	386,526	5,285,023
2001	12,363,129	45,442,240	1,241,639	401,692,233	16,229,185	388,596	5,534,428
2002	12,635,835	44,906,599	1,452,744	431,723,805	17,208,856	402,287	5,534,639
2003	12,547,096	48,958,223	1,803,458	463,732,762	16,655,284	436,980	5,804,651

Source: Information furnished by each governmental unit.

<u>City of Mesquite</u>	<u>City of University Park</u>	<u>City of Garland</u>	<u>City of Balch Springs</u>	<u>County of Dallas</u>	<u>Dallas County Hospital</u>	<u>Dallas County Community College</u>	<u>Dallas Independent School District</u>
\$ 0.51000	\$ 0.47734	\$ 0.63340	\$ 0.60211	\$ 0.20240	\$ 0.19959	\$ 0.05206	\$ 1.41813
0.55170	0.46581	0.63360	0.59625	0.21610	0.19959	0.05206	1.41813
0.54148	0.46137	0.63360	0.59241	0.21000	0.19409	0.05206	1.41813
0.58148	0.45995	0.63360	0.59000	0.20100	0.18577	0.05000	1.46053
0.58148	0.45995	0.63360	0.62000	0.19720	0.17990	0.05000	1.46053
0.54148	0.39537	0.61360	0.62000	0.19600	0.19600	0.05000	1.46053
0.54148	0.37159	0.63360	0.59990	0.19600	0.19600	0.05000	1.46053
0.54148	0.39537	0.64111	0.59990	0.19600	0.25400	0.05000	1.54753
0.54148	0.33999	0.64111	0.62900	0.19600	0.25400	0.05000	1.54753
0.54148	0.32932	0.64110	0.61700	0.19600	0.25400	0.06000	1.58753
\$ 16,006,895	\$ 8,660,917	\$ 38,977,075	\$ 1,727,284	\$ 153,996,286	\$ 161,840,724	\$ 39,934,094	\$ 485,683,154
18,214,819	9,085,115	37,340,146	1,754,900	171,705,369	158,644,437	40,842,636	488,238,900
19,197,826	9,439,304	39,348,913	1,828,214	175,623,994	162,695,000	43,895,156	506,832,572
21,986,000	9,798,958	41,517,758	1,888,316	180,930,939	159,000,000	45,378,529	544,528,653
23,139,046	10,180,938	43,443,608	2,029,486	192,056,214	171,565,000	49,783,480	578,793,538
23,283,587	10,471,200	45,657,685	2,029,486	207,984,019	177,418,943	54,583,760	635,512,919
24,459,205	1,076,608	55,219,518	2,204,860	225,372,886	208,937,157	58,701,000	699,990,930
24,555,379	10,766,466	54,656,628	2,204,600	223,440,740	314,100,138	58,801,337	795,652,305
29,003,036	11,126,787	55,160,051	2,396,554	242,376,596	314,100,335	76,722,467	856,939,679
28,851,628	11,783,798	58,589,581	2,676,476	251,709,607	326,195,157	79,860,135	891,957,975

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

Fiscal Year		Real Property Assessed Value		Personal Property Assessed Value		(2) Total Assessed Value
1994	\$	27,931,440,223	\$	7,511,441,519	\$	35,442,881,742
1995		28,025,770,211		7,433,812,220		35,459,582,431
1996		27,358,032,195		9,445,371,500		36,803,403,695
1997		28,349,612,614		9,757,035,740		38,106,648,354
1998		29,942,923,688		10,526,525,300		40,469,448,988
1999		33,930,890,638		10,693,534,670		44,624,425,308
2000		34,339,032,057		14,768,275,043		49,107,307,100
2001		41,395,422,776		11,741,405,888		53,136,828,664
2002		44,781,675,890		12,502,650,844		57,284,326,734
2003		46,103,830,066		12,380,470,221		58,484,300,287

Source: Dallas Central Appraisal District.

Note:

(1) All property is assessed at 100% of actual value.

(2) This figure excludes all exemptions and reductions

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

<u>Name of Governmental Unit</u>	<u>Total Debt Outstanding</u>	<u>Percentage Overlapping Debt to this Governmental Unit (1)</u>	<u>Value of Overlapping Debt</u>
Overlapping:			
Addison, Town of	\$ 41,382,407	94.10%	\$ 38,940,845
Balch Springs, City of	10,773,391	37.50%	4,040,022
Carrollton, City of	135,119,187	8.98%	12,133,703
Dallas County	187,235,457	45.40%	85,004,897
Dallas County CCD	9,850,000	45.40%	4,471,900
Dallas, City of	742,257,721	80.32%	596,181,402
Dallas, City of - TIFR Zone 2	10,090,000	100.00%	10,090,000
DeSoto, City of	49,131,179	11.67%	5,733,609
Farmers Branch, City of	16,080,186	29.04%	4,669,686
Garland, City of	154,224,252	1.25%	1,927,803
Mesquite, City of	55,119,648	3.53%	1,945,724
Seagoville, City of	1,975,246	99.64%	1,968,135
Total Net Overlapping Bonded Debt			<u>\$ 767,107,725</u>
Direct:			
Dallas Independent School District	\$ 693,695,315	100.00%	<u>\$ 693,695,315</u>
Total Direct and Overlapping Bonded Debt			<u><u>\$ 1,460,803,040</u></u>

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

(1) Percentage of overlapping debt-per TMR

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

Fiscal Year	Commercial Construction		Residential Construction		Bank Deposits (1)	
	Value		Value			
1994	\$	241,461,248	\$	122,815,350	\$	51,361,624,000
1995		228,962,690		191,024,938		45,200,000,000
1996		272,422,780		180,135,490		57,311,688,000
1997		246,520,994		170,595,254		32,241,073,000
1998		536,343,397		247,163,537		30,874,327,000
1999		749,630,454		328,862,265		26,686,330,000
2000		915,997,501		442,352,646		28,537,890,000
2001		829,922,317		443,265,319		37,131,000,000
2002		810,076,693		605,458,751		42,845,000,000
2003		239,442,831		387,386,531		42,845,000,000

Source: Dallas Central Appraisal District Reports

Note: (1) Bank deposits are for quarter ending June 30 and are for commercial banks only.
Savings and Loans are not included. Data provided by the FDIC, Summary of Deposits.

Property Value		
Commercial	Residential	Nontaxable
\$ 23,448,446,317	\$ 11,587,167,671	\$ 3,729,969,282
24,149,773,561	12,411,797,427	2,853,444,950
25,390,025,559	12,716,622,795	3,894,994,996
28,143,811,672	12,274,901,576	5,021,460,584
31,056,664,951	13,315,688,491	4,989,410,548
34,139,972,233	14,768,275,043	5,251,236,653
36,004,966,764	16,627,580,401	5,562,878,428
37,954,072,412	18,857,608,395	6,617,603,150
37,164,995,144	21,319,305,143	7,103,570,821
35,434,076,559	22,946,647,615	7,391,657,425

**Dallas Independent School District
Computation of Legal Debt Margin
June 30, 2003
(Unaudited)**

Assessed Value	\$ 58,484,300,287
Debt Limit Ten Percent of Assessed Value	5,848,430,029
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	693,695,315
Less - Net Assets in Debt Service Fund	<u>60,482,695</u>
Total Amount of Debt Applicable to Debt Limit	<u>633,212,620</u>
Legal Debt Margin:	\$ <u><u>5,215,217,409</u></u>

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

Fiscal Year	Debt Service Fund Expenditures (2)			Total General Expenditures	Ratio of Debt Service to General Expenditures
	Principal	Interest (1)	Total		
1994	15,060,000	15,267,528	30,327,528	741,443,663	4.09%
1995	16,844,000	14,167,030	31,011,030	852,923,719	3.64%
1996	10,209,602	24,055,400	34,265,002	941,872,877	3.64%
1997	5,030,398	29,742,672	34,773,070	987,524,815	3.53%
1998	16,120,000	20,508,070	36,628,070	941,473,926	3.89%
1999	15,772,226	19,121,225	34,893,451	966,543,963	3.61%
2000	16,115,000	17,808,498	33,923,498	1,041,153,787	3.26%
2001	20,495,000	17,001,961	37,496,961	1,152,437,896	3.25%
2002	24,485,000	16,011,510	40,496,510	1,219,147,429	3.32%
2003	4,055,000	23,550,703	27,605,703	1,215,102,457	2.27%

Notes:

(1) Excludes bond issuance and other costs; includes Arbitrage calculation fee.

(2) Excludes \$318,105,000 in defeased bonds.

**Dallas Independent School District
Ten Largest Taxpayers
2003 Tax Roll
(Unaudited)**

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>2001 Taxable Assessed Valuation (000's)</u>	<u>Percent of Total Taxable Assessed Valuation</u>
Southwestern Bell/Cingular	Telephone Company	\$ 1,053,686	1.8017%
Crescent Real Estate	Real Estate	707,216	1.2092%
Texas Utilities Electric Company	Electric Utility	575,626	0.9842%
Southwest Airlines	Real Estate/Aircraft	535,219	0.9152%
Trammel Crow	Real Estate	330,416	0.5650%
Galleria Mall Investments LP	Real Estate	247,194	0.4227%
PC Village Apartments Dallas	Real Estate	246,799	0.4220%
Metropolitan Life Insurance Company	Insurance/Real Estate	198,440	0.3393%
Dallas Main LP	Real Estate	191,553	0.3275%
Park Lane Land Partnership LTD	Real Estate	187,224	0.3201%
Total		\$ 4,273,374	7.3069%

Source: Dallas County Tax Assessor/Collector, 2002 Tax Roll

**Dallas Independent School District
Miscellaneous Statistical Data
June 30, 2003
(Unaudited)**

Form of Government: Independent School District

Geographic Area: 351 square miles

Population: 1,211,000

Instruction Sites:	<u>Number</u>	<u>Capacity/Sq. Ft.</u>	<u>Acreage</u>
Senior High Schools	36	5,419,734	1,125.31
Middle Schools	25	3,066,404	433.80
Elementary Schools	157	8,781,226	1,198.59
Totals	<u>218</u>	<u>17,267,364</u>	<u>2,757.70</u>