

Comprehensive Annual Financial Report



For the
Fiscal Year Ended
June 30, 2006

**Dallas
Independent
School
District**





Dallas Independent School District

Comprehensive Annual Financial Report

**For The Fiscal Year Ended
June 30, 2006**

**Prepared by
Business Services**

**David Rastellini
Associate Superintendent, Financial Services**

Dallas Independent School District
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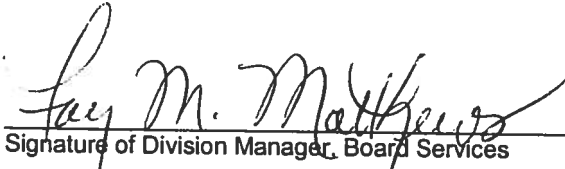
Certificate of the Board

Dallas Independent School District
Name of School District

Dallas
County

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

We, the undersigned, certify that the attached auditors' report of the above named school district was reviewed and approved X disapproved _____ for the fiscal year ended June 30, 2006, at a meeting of the board of school trustees of such school district on the 16th day of November, 2006.



Signature of Division Manager, Board Services



Signature of Board President

2006-2007

BOARD OF TRUSTEES

Dallas
Independent
School
District



Jack Lowe
President
District 2
North and Near
East Dallas



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



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



Nancy Bingham
Secretary
District 4
Southeast Dallas,
Seagoville



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



Leigh Ann Ellis
District 3
Northeast Dallas



Carla Ranger
District 6
Southwest Dallas



Adam Medrano
District 8
Love Field, Northwest
Dallas and Central
Dallas



Ron Price
District 9
South Dallas,
Downtown



Michael Hinojosa, Ed.D.
General Superintendent

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

If you suspect discrimination, please contact: Mary McCants, Title IX Coordinator, at (972) 925-3250; Nicki Willis, Section 504 Coordinator, at (972) 925-8050; or Employee Relations at (972) 925-4200. General questions about the district should be directed to Customer Service at (972) 925-5555.

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

Sept. 6, 2006

**Dallas Independent School District
Principal Officials
For The Fiscal Year Ended June 30, 2006**

Michael Hinojosa General Superintendent

Steve Flores Deputy Superintendent -
School Support Services

Denise Collier Deputy Superintendent-
Instructional Services

Ron Peace..... Deputy Superintendent-
Business Services

David Rastellini..... Associate Superintendent -
Financial Services

Fay Matthews..... Division Manager -
Board Services



Dallas Independent School District

November 10, 2006

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

Dear Trustees:

The Comprehensive Annual Financial Report of the Dallas Independent School District (the district) for the year ended June 30, 2006, 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 discusses in further detail the financial position in the narrative, introduction, overview, and analysis section of the Management's Discussion and Analysis (MD&A).

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and compliance. The introductory section includes the transmittal letter, the district's organizational chart and a list of principal officials. The financial section includes the independent auditors report, management's discussion and analysis, the basic financial statements, required supplemental information other than MD&A, and combining and individual fund presentations and supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis. The compliance section includes the independent auditors report on internal control over financial reporting and compliance and other matters and supplementary information. 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 section in this report. The information in all four sections will be provided to the Texas Education Agency.

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

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

ECONOMIC CONDITION AND OUTLOOK

The Dallas Independent School District encompasses 351 square miles in the eastern portion of the Dallas/Fort Worth Metroplex. The district is the 12th largest school district in the United States. The 161,972 urban students enrolled for the 2005-06 school year were 62.5 percent Hispanic, 31.0 percent African American, 5.4 percent Anglo, and 1.1 percent other.

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

Employment in Dallas: strategic target industries for growth are high information technology using financial and services firms, firms in prefabricated building materials, firms in food processing and distribution, firms in instrument manufacturers and firms in media, including Spanish languages. Employment industry breakout includes Natural Resources and Mining (1%), Construction (6%), Manufacturing (13%), Trade, Transportation, and Utilities (15%), Information (3%), Financial Activities (16%), Professional and Business Services (19%), Education and Health Services (13%), Leisure and Hospitality (8%) and Other Services (6%).

Transportation in Dallas: 79 major markets in the U.S. can be reached overnight, there are 375 aviation facilities in the DFW region with two commercial airports (Dallas-Fort Worth International Airport and Dallas Love Field) and there are four interstate highways (Interstates 20, 30, 35 and 45). Dallas-Fort Worth International Airport has 7 runways, generates over 1,000 total daily nonstop flights, and serves almost 53 million passengers annually.

The DFW area is home to 10 major hospitals, with more than 5,977 beds. Baylor University Medical Center and University of Texas Southwestern Medical Center (UTSWMC) were named in the top 5% of U. S. hospitals for patient care. There are 4 active Nobel Laureates on faculty at UTSWMC. Schools exclusively devoted to higher education in the health sciences include Baylor College of Dentistry, Baylor University School of Nursing, Texas College of Osteopathic Medicine, University of Texas Health Science Center and the University of Southwestern Medical Center at Dallas.

MAJOR INITIATIVES

In 2002-2003, the district began implementation of the \$1.3 billion, 2002 Bond Program as approved by taxpayers and the Board of Trustees. This bond program has funded: 1) 21 new schools, 2) additions to many schools, 3) renovations to every existing school in the district, 4) a central food services facility, and 5) a new athletic complex. Wise use of funds enabled the district to build an extra school not in the original proposal. Students already are learning in 15 new schools, and in 33 new schools additions. The district opened a record 12 new schools in school year 2006-2007. Renovations are complete at more than 90 campuses. Student athletes are competing in a new athletic complex and on 16 refurbished tracks. Design work is complete for 209 schools and facilities and site acquisition is 90 percent complete. Emmett J. Conrad High School, the only high school being constructed under the bond program, opened in 2006.

REPORTING ENTITY

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

FINANCIAL INFORMATION

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

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

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

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

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

As required by OMB A-133, the independent auditors' tests are designed to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the district has complied with applicable laws and regulations. The results of the district's audit for the year ended June 30, 2006, disclosed instances of reportable conditions in the internal control structure. Each of these items is outlined in the Schedule of Findings and Questioned Costs along with Management's response to each item. As indicated by the responses, Management has already taken actions to eliminate these deficiencies. Action plans have also been formulated and communicated to the Board.

Cash Management – The Board has a cash management program which consists of expediting the receipt of revenues and prudently investing available cash in fixed income securities collateralized by instruments issued by the United States Government or Federal government agencies created by an act of Congress or insured by the Federal Deposit Insurance Corporation. The total amount of interest earned was \$24,658,069 for the year ended June 30, 2006. This was distributed as follows:

General Fund	\$ 9,049,389
Debt Service Funds	2,334,046
Capital Projects Funds	<u>13,274,634</u>
Total	<u>\$ 24,658,069</u>

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

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

INDEPENDENT AUDIT

The laws of the State of Texas require an annual audit to be made of the books of account, financial records, and transactions of all budgeted funds of the school district by a certified public accountant selected by the Board of Trustees of the School District. The district has 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. 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, the district's 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 the Dallas Independent School District for its comprehensive annual financial report for the Fiscal Year ended June 30, 2005. 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. The district believes that its current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements. It will be submitting to GFOA to determine its eligibility for another certificate.

ASBO CERTIFICATE OF EXCELLENCE

The Dallas Independent School District received the Association of School Business Officials International Certificate of Excellence in Financial Reporting for the Fiscal Year ended June 30, 2005. This award certifies that the Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2005, substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials of the United States and Canada. The award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. Management believes that the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006, 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, Grant Acquisition and Management and the Graphics Department. Thanks goes to all members of these departments who assisted and contributed to its preparation. The district thanks the members of the Board of Trustees for their interest and support in planning and conducting the financial operations of the school district in a responsible and progressive manner.



Michael Hinojosa, Ed.D.
General Superintendent

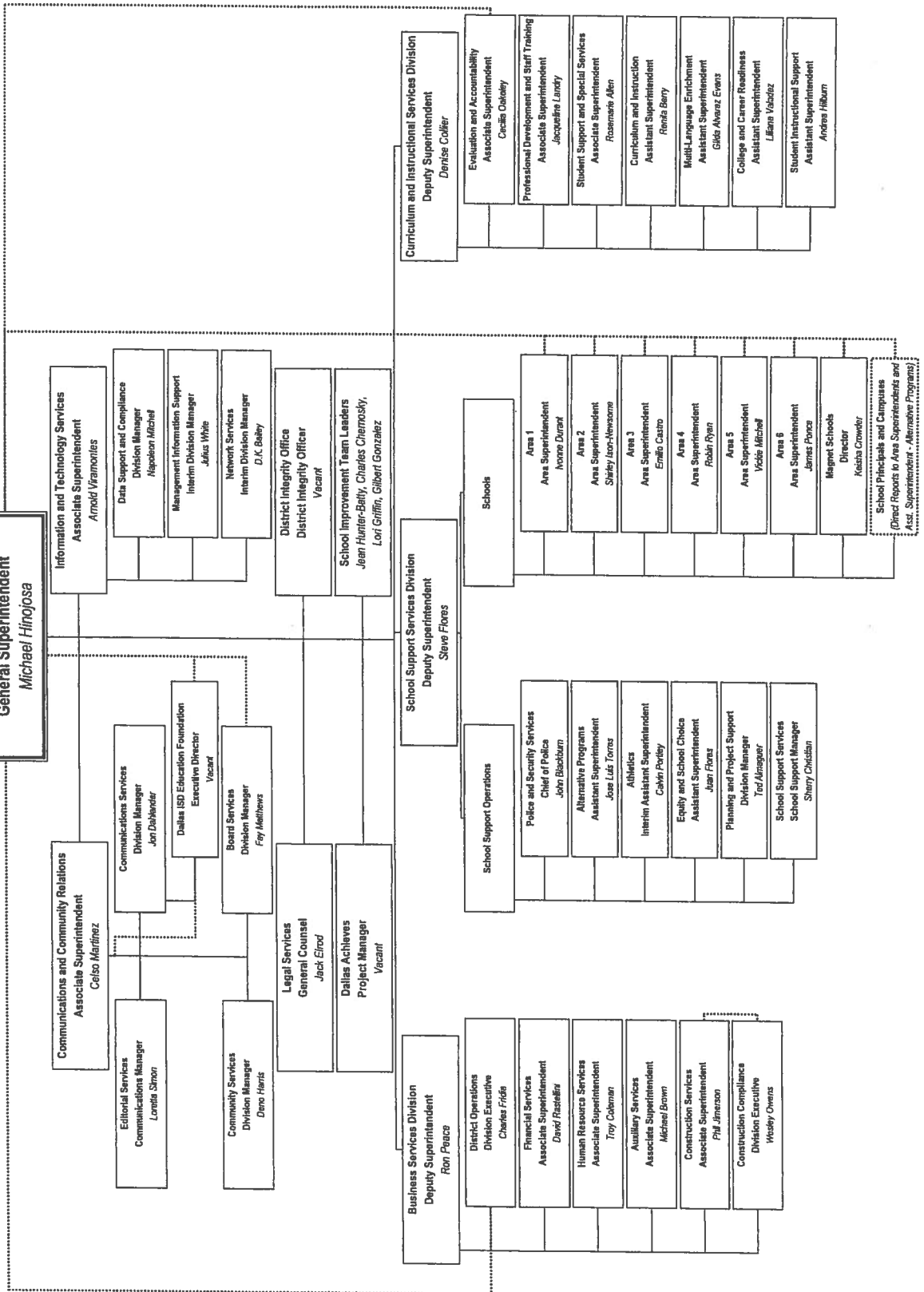


David Rastellini
Associate Superintendent, Financial Services

Internal Audit Services
Interim Internal Auditor
Wesley Owens

Dallas Independent School District
Board of Trustees

Dallas Independent School District
General Superintendent
Michael Hingosa



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Dallas Independent School
District, Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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.



Carla E. Feisz

President

Jeffrey R. Enen

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

DALLAS INDEPENDENT SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2005

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

President

Interim Executive Director



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

Independent Auditors' Report

The Board of Trustees
Dallas Independent School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dallas Independent School District (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 District as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 10, 2006 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 11 and the budgetary comparison schedule for the General Fund on page 42 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

KPMG LLP

November 10, 2006

MANAGEMENT' DISCUSSION AND ANALYSIS

This section of Dallas Independent School District's (the district's) annual financial report presents our discussion and analysis of the district's financial performance for the fiscal year ended June 30, 2006. Please read it in conjunction with the district's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

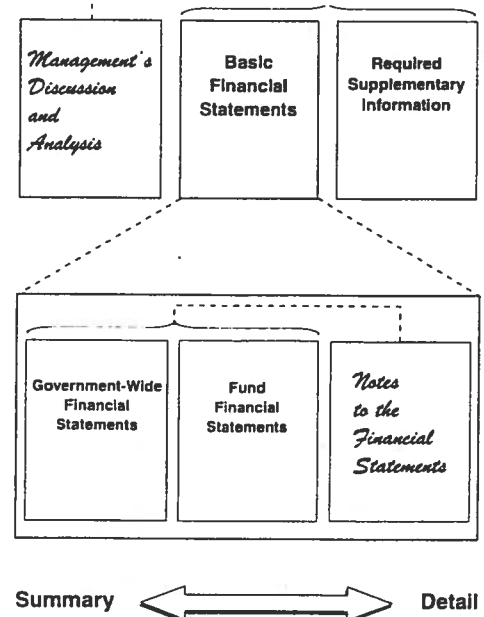
- The district's total net assets at June 30, 2006 exceeded its liabilities by \$375.3 million, an increase of \$98.0 million or 35.3 percent. Of this amount \$62.1 million is unrestricted.
- During the year, the district's expenses were \$98.0 million less than the \$1.435.1 billion generated in taxes and other revenues for governmental activities. Total net expenses totaled \$1.2 billion after Charges for Services and Operating Grants and Contributions.
- The general fund balance increased \$33.8 million this year to \$135.8 or 12.2 percent of total general fund expenditures.
- The district's total bonded debt increased by \$241.1 million (19 percent) during the current fiscal year. The key factor in this increase was the issuance of \$334.3 million in general obligation bonds. This included the issuance of Series 2006 bonds for \$290.2 million and \$44.1 million, offset by the refunding of \$46.8 million in existing bonds and payments of \$38.7 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's government they cover and the types of information they contain. The remainder of this overview section explains the structure and contents of each of the statements.

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

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

Government-wide Statements

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

The two government-wide statements report the district's *net 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, general administration, and plant maintenance and operations. Property taxes and grants finance most of these activities.

Investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding is \$231,121,354. The district uses these capital assets to provide services to students; consequently these assets are not available for future spending. Although the district's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the district's net assets (22%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted assets (\$62,083,028) may be used to meet the district's ongoing obligations.

At the end of the current fiscal year there was an increase of \$27,098,240 in restricted net assets. Total net assets increased by \$98,032,354 during the current fiscal year.

Fund Financial Statements

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

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

The district has two kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The district's net assets were approximately \$375.3 million at June 30, 2006. (See Table A-1).

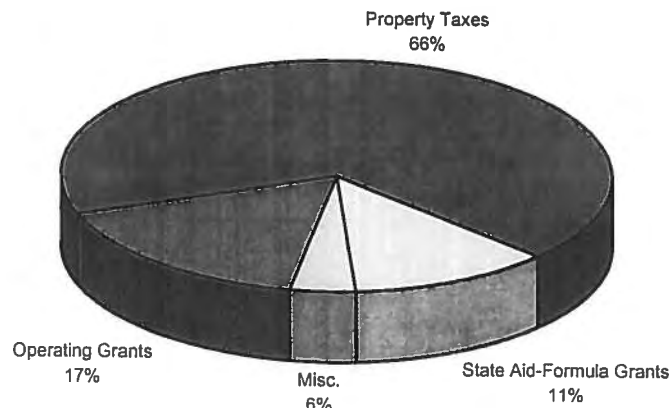
Table A-1
The District's Net Assets
(in millions of dollars)
Governmental Activities

	For the Year Ended June 30, 2006	For the Year Ended June 30, 2005
Current and Other Assets	\$ 853.2	\$ 923.8
Non-Current Assets	1,375.3	996.0
Total Assets	2,228.5	1,919.8
Current Liabilities	304.9	330.0
Non-Current Liabilities	1,548.3	1,312.5
Total Liabilities	1,853.2	1,642.5
Net Assets		
Invested in Capital Assets, net of related debt	231.1	198.8
Restricted	82.1	55.0
Unrestricted	62.1	23.5
Total Net Assets	\$ 375.3	\$ 277.3

The district spent \$418.1 million in building improvements, land, and equipment, resulting in an increase in non-current assets in 2006. The \$70.6 million decrease in current and other assets is due primarily to decrease of (\$95.2 million) in investments and offset by an increase in receivables (\$27.5 million). The increase in receivables was the result of increases in state aid, grants, and Wilmer-Hutchins Independent School District. The district bond sale of \$334 million and payments on existing debt resulted in the net increase in non-current liabilities.

Changes in net assets. The district's total revenues were \$1.5 billion. Approximately 66%, of the district's revenue comes from taxes. Additionally, 11% comes from state aid formula grants, while 17% is related to other operating grants, with the remaining four percent from miscellaneous revenue sources. (See Figure A-3.)

Figure A-3 District
Sources of Revenue for Fiscal Year 2006



The total cost of all programs and services was \$1.435.1 billion; 70.5% of these costs are for instructional and student services. Six percent of all programs and services cost was for school leadership and 11.0% was for plant maintenance and operations. Operating grants and contributions increased are a result of an increase in the number of grants. Property tax revenue increased due to approximately a \$3.3 billion increase in property values and an increase in the tax rate of two cents. Instruction and plant maintenance and operations costs increased due to salary and position adherence, the student / teacher requirements and salary increases, and utility rate increases respectively. Curriculum and staff development increased due to additional grants that targeted training and staff development as a focus.

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

	For the Year Ended June 30, 2006	For the Year Ended June 30, 2005
Revenues		
Program Revenues:		
Charges for services	\$ 9.4	\$ 9.3
Operating grants and contributions	258.3	235.5
General Revenues:		
Property taxes	1,014.3	951.7
State aid – formula	167.5	168.6
Investment earnings	24.7	18.7
Other	58.9	26.2
Total Revenues	\$ 1,533.1	\$ 1,410.0
Expenses		
Instruction	769.7	747.2
Instructional resources and media services	21.4	21.1
Curriculum and staff development	41.3	35.7
Instructional leadership	21.1	24.2
School leadership	77.5	75.5
Guidance, counseling, and evaluation services	53.8	50.9
Social work services	2.4	2.6
Health services	14.3	14.3
Student transportation	18.4	11.5
Food services	58.4	57.4
Cocurricular/extracurricular activities	11.3	10.3
General administration	30.3	30.8
Plant maintenance and operations	157.4	142.3
Security and monitoring services	17.9	16.3
Data processing services	16.6	20.5
Community services	25.9	26.6
Debt service interest	61.6	43.5
Facilities acquisition and construction	33.3	45.7
Payments to fiscal agent/member districts - shared services	2.5	2.9
Total Expenses	\$ 1,435.1	\$ 1,379.3
Increase in Net Assets	98.0	30.7
Beginning Net Assets	277.3	246.6
Ending Net Assets	\$ 375.3	\$ 277.3

The district's net assets increased approximately \$98.0 million. Table A-3 presents the cost of the district's largest functions as well as each function's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded directly by state revenues as well as local tax dollars.

- The net cost of all *governmental* activities this year was \$1.2 billion.
- The district taxpayers provided \$1,014.3 billion for these activities through property taxes.
- Some of the cost was paid by those who directly benefit from the programs (\$9.4 million), and by grants and contributions (\$258.3 million).

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

	Total Cost of Services		Net Cost of Services	
	For the Year Ended June 30, 2006	For the Year Ended June 30, 2005	For the Year Ended June 30, 2006	For the Year Ended June 30, 2005
Instruction	\$ 769.7	\$ 747.2	\$ (655.8)	\$ (641.2)
School Leadership	77.5	75.5	(75.3)	(74.5)
Food Services	58.4	57.4	13.3	8.7
Plant Maintenance and Operations	157.4	142.3	(153.9)	(139.2)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues reported in governmental fund types totaled \$1.54 billion. The increase in local revenues is a result of increasing property values. 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 \$581,952,736. Of this amount, \$121,503,652 constitutes unreserved fund balance available for use in activities at the district's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to bond projects, debt service and other obligations of the district.

The general fund is the chief operating fund of the district. At the end of the current fiscal year, unreserved fund balance of the general fund was \$116,226,031. 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 10.4% of the total general fund expenditures, while total fund balance represents 12.2% of that same amount, up from 10.0% and 11.3% the previous year.

The district recognized an increase of \$33.8 million in the general fund's fund balance due primarily to the increase in property tax revenue and investment earnings. The capital projects fund balance decreased \$82,566,447 to \$347,460,454. This decrease resulted from a \$290 million debt issuance, offset by expenditures of \$394.1 million.

The debt service fund has a total fund balance of \$79,152,730 all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund is \$6,858,185.

General Fund Budgetary Highlights (see Exhibit G-1)

During the 2005-06 fiscal year the district amended the operating budget on a monthly basis. These adjustments resulted in actual expenditures approximately \$.8 million above the final amended budget.

A significant budget amendment included recognition of approximately \$51.4 million of revenue / expenditures related to the Schools and Libraries Universal Service Support Mechanism. This program provides discounts to assist most schools and libraries in the United States to obtain affordable telecommunications and Internet access. The amount is reflected in local revenue and appropriated in Facilities Acquisition and Construction.

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

A positive variance in state revenue of \$19.6 million is related to changes in estimates, due to prior year taxable value decreases. The decrease in property values results in an increase in state revenue. The district was also able to serve students displaced as a result of Hurricanes Katrina and Rita, and students from the Wilmer-Hutchins Independent School District.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2006, the district had invested \$1,366.1 billion in a range of capital assets, net of depreciation, including land, equipment, buildings, and vehicles. This amount represents a net increase (including additions and deductions) of \$377.0 million or 38.1 percent over last year. (See Table A-4.)

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

	For the Year Ended June 30, 2006	For the Year Ended June 30, 2005
Land	\$ 136.6	\$ 118.4
Buildings and improvements	1,464.4	1211.1
Vehicles	27.1	28.6
Equipment	127.3	98.1
Construction in progress	404.1	289.8
Totals at historical cost	\$ <u>2,159.5</u>	\$ <u>1,746.0</u>
Total accumulated depreciation	(793.4)	(756.9)
Net capital assets	\$ <u><u>1,366.1</u></u>	\$ <u><u>989.1</u></u>

The district's fiscal year 2006 capital spending totaled \$418.1 million in buildings & improvements and capital equipment. During this period, the district was engaged in the construction of 11 new schools, 32 additions to existing schools, and renovations to 45 existing schools. The larger projects included Emmett Conrad High School (\$22,727,032) and Sam Tasby Middle School (\$10,042,010). The total remaining for construction commitments as of June 30, 2006 is \$176,758,724. Additional information on the district's capital assets can be found in Footnote L.

Long-Term Debt

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

Governmental Activities

	For the Year Ended June 30, 2006	For the Year Ended June 30, 2005
Leases payable	\$ 5.8	\$ 10.4
Bonds payable and notes payable	1,540.0	1,299.0
Workers compensation	11.4	15.4
Loans payable	0.2	1.9
Gain/loss on refunding	2.4	1.3
Premium on bonds	53.5	42.3
Total long-term liabilities	<u>\$ 1,613.3</u>	<u>\$ 1,370.3</u>

Bond Ratings

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

At year-end, the district had \$1,613.3 million in long-term debt outstanding as shown in Table A-5. For more detailed information on the district's debt, see Footnote N. Bonds payable and notes payable increase of \$241 million is the net result of the \$335 million bonds sale, payments of \$50 million of debt, and \$46 million refunding of existing debt. The increase of \$11 million in premium on bonds is due to the current year bond sale.

Economic Factors and Next Year's Budgets and Rates -

The taxable levy values for the 2005-2006 school year were \$62.7 billion, an increase of 5.6 percent from the previous year. The values for the upcoming school year are \$69.7 billion, an increase of 10.8 percent.

Funding from the state is based on Average Daily Attendance (ADA). ADA for 2005-2006 was 147,774, which is 1,558 students more than the previous year. For 2006-2007, the district is projecting a decrease of approximately 0.7% for an ADA of 146,699.

Cost per student based on student enrollment for 2005-2006 was \$6,981, while cost per student for 2006-2007 is budgeted at \$6,729. The reduction is based primarily on the near completion of the projects funded by the Schools and Libraries Universal Service Support Mechanism (E-rate).

The district recognized a increase of \$33.8 million in general fund balance as a result of current year operations, generating a total fund balance of 12.2% of current expenditures. General fund revenues and other sources are projected to decrease 2.8%, while projected expenditures reflect a decrease of 1.6%.

The \$1.083 billion budget for 2006-2007 includes raises for employees and increases in starting teacher salaries beginning September 1. Employee compensation increases, a total of \$58 million, is the largest single increase in the budget. Among other increases are \$3.9 million for expansion of the pre-kindergarten program and \$2.9 million for 60 additional elementary fine arts teachers.

To balance the budget for fiscal year 2006-2007, the district has incorporated \$4.0 million in savings based upon recommendations from the Dallas Achieves Commission, removed funding of \$3.3 million for the retirement incentive program, and eliminated \$3.0 million in short term debt payments.

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, 2006

Exhibit A-1

Data Control Codes		<u>Governmental Activities</u>
	ASSETS	
	Current assets:	
1110	Cash and cash equivalents	\$ 388,085
1120	Investments	668,646,794
1225	Property taxes receivables (net)	59,787,543
1240	Due from other governments	101,915,128
1250	Accrued interest	19,106
1290	Other receivables (net)	13,693,879
1300	Inventories	7,485,252
1490	Other current assets	1,271,145
	Noncurrent assets:	
1420	Bond issuance cost (net)	9,164,390
	Capital assets (net):	
1510	Land	138,590,470
1520	Buildings and improvements, net	774,137,385
1530	Furniture and equipment, net	51,334,326
1580	Construction in progress	404,069,128
1000	Total assets	<u>2,228,502,431</u>
	LIABILITIES	
	Current liabilities:	
2110	Accounts payable	\$ 78,570,340
2150	Payroll deductions and withholdings	8,040,682
2160	Accrued wages payable	112,025,460
2180	Due to other governments	6,588,452
2191	Due to student groups	240
2200	Accrued liabilities	8,600,667
2300	Unearned revenue	2,965,409
2430	Interest payable	23,015,141
	Long-term liabilities-due within one year	
2121	Bonds and notes payable	58,074,000
2122	Loans payable	233,060
2123	Workers compensation	3,293,000
2131	Lease purchases payable	3,477,000
	Noncurrent liabilities:	
	Long-term liabilities-due beyond one year	
2210	Workers compensation	8,057,589
2510	Bonds and notes payable	1,481,889,503
2511	Gain/Loss on refunding of bonds	2,402,159
2512	Premium on bonds	53,598,515
2531	Lease purchases payable	2,317,341
2000	Total liabilities	<u>1,853,148,557</u>
	NET ASSETS	
3200	Invested In capital assets, net of related debt	\$ 231,121,354
3800	Restricted for:	
	Capital Projects	13,211,341
	Debt Service	57,632,534
	Food Service	11,305,616
3900	Unrestricted	62,083,028
3000	Total net assets	<u>\$ 375,353,874</u>

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

**Dallas Independent School District
Government-wide Statement of Activities
For the Year Ended June 30, 2006**

Exhibit B-1

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	\$ 769,680,052	\$ 803,448	\$ 113,075,046	\$ (655,801,558)
12 Instructional resources and media services	21,370,429	-	1,218,705	(20,151,724)
13 Curriculum and staff development	41,281,393	-	29,295,641	(11,985,752)
21 Instructional leadership	21,056,447	-	5,825,324	(15,231,123)
23 School leadership	77,479,246	-	2,151,116	(75,328,130)
31 Guidance, counseling, and evaluation services	53,820,287	-	11,794,907	(42,025,380)
32 Social work services	2,411,111	-	335,210	(2,075,901)
33 Health services	14,294,361	-	2,680,330	(11,614,031)
34 Student transportation	18,362,393	-	1,499,642	(16,862,751)
35 Food services	58,421,135	7,130,046	64,580,279	13,289,190
36 Cocurricular/extracurricular activities	11,310,793	812,253	922,389	(9,576,151)
41 General administration	30,353,806	-	2,907,332	(27,446,474)
51 Plant maintenance and operations	157,373,172	638,379	2,863,477	(153,871,316)
52 Security and monitoring services	17,926,967	-	1,008,118	(16,918,849)
53 Data processing services	16,618,677	-	867,236	(15,751,441)
61 Community services	25,886,918	-	17,266,690	(8,620,228)
71 Interest on long-term debt	61,607,998	-	-	(61,607,998)
81 Facilities acquisition & construction	33,271,944	-	4,089	(33,267,855)
95 Payments to juvenile justice AE	647,509	-	-	(647,509)
97 Payments to tax increment fund	1,873,098	-	-	(1,873,098)
Total governmental activities	\$ 1,435,047,735	\$ 9,384,126	\$ 258,295,530	\$ (1,167,368,079)
Total	\$ 1,435,047,735	\$ 9,384,126	\$ 258,295,530	\$ (1,167,368,079)
General revenues:				
Taxes:				
Property taxes, levied and collected for general purposes				\$ 901,474,792
Property taxes, levied and collected for debt service				112,846,459
State aid-formula grants not restricted to specific programs				167,540,662
Grants and contributions not restricted to specific programs				4,621,359
Investment earnings				24,658,069
Miscellaneous				54,259,092
Total general revenues				1,265,400,433
Change in net assets				98,032,354
Net assets—beginning				277,321,519
Net assets—ending				\$ 375,353,874

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

**Dallas Independent School District
Balance Sheet
Governmental Funds
June 30, 2006**

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	\$ 388,085	\$ -	\$ -	\$ -	\$ 388,085
1190	Unapplied cash	-	-	-	-	-
1120	Investments	251,732,111	79,003,227	337,023,253	888,203	668,646,794
1210-30	Receivables, net	54,722,207	5,065,336	-	-	59,787,543
1250	Accrued interest	353	-	-	18,753	19,106
1260	Due from other funds	74,731,800	-	39,493,005	42,932,903	157,157,708
1240	Receivables from other governments	23,358,501	-	8,539,025	70,017,602	101,915,128
1290	Other receivables	13,133,514	560,165	-	-	13,693,679
1300	Inventories	4,573,752	-	-	2,911,500	7,485,252
1490	Other current assets-prepaid	1,270,500	-	-	645	1,271,145
	Total assets	\$ 423,910,823	\$ 84,628,728	\$ 385,055,283	\$ 116,769,606	\$ 1,010,364,440
LIABILITIES AND FUND BALANCES						
Liabilities:						
2110	Accounts payable	\$ 42,158,679	\$ -	\$ 31,049,298	\$ 5,362,361	\$ 78,570,338
2140	Bond interest payable	-	1,364,814	130,131	-	1,494,945
2150	Payroll deductions & withholdings	8,040,682	-	-	-	8,040,682
2160	Accrued wages payable	100,608,704	-	-	11,416,756	112,025,460
2170	Due to other funds	82,425,908	135,622	-	74,596,178	157,157,708
2180	Payable to other governments	4,615,856	-	482,525	1,490,071	6,588,452
2190	Due to students	240	-	-	-	240
2200	Accrued liabilities	4,517,343	-	5,932,875	1,443,449	11,893,667
2300	Unearned revenue	45,699,240	3,975,562	-	2,965,409	52,640,211
	Total liabilities	288,066,652	5,475,998	37,594,829	97,274,224	\$ 428,411,703
Fund balances:						
Reserved for:						
3410	Inventories	4,573,752	-	-	2,911,500	\$ 7,485,252
3430	Prepaid	1,270,500	-	-	645	1,271,145
3440	Encumbrances	13,773,887	-	-	-	13,773,887
3420	Debt service	-	79,152,730	-	-	79,152,730
3470	Capital projects funds	-	-	347,460,454	-	347,460,454
3450	Food services	-	-	-	11,305,616	11,305,616
Unreserved:						
3590	Designated - Special Revenue Fund	-	-	-	2,129,593	2,129,593
3600	Undesignated - General Fund	116,226,031	-	-	-	116,226,031
3600	Undesignated - Special Revenue Funds	-	-	-	3,148,028	3,148,028
	Total fund balances	\$ 135,844,170	\$ 79,152,730	\$ 347,460,454	\$ 19,495,382	\$ 581,952,736
	Total liabilities and fund balances	\$ 423,910,823	\$ 84,628,728	\$ 385,055,283	\$ 116,769,606	\$ 1,010,364,440

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

**Dallas Independent School District
Reconciliation of the Governmental Funds Balance Sheet to the
Government-wide Statement of Net Assets
June 30, 2006**

Exhibit C-1R

Total fund balances—governmental funds (from C-1) **\$ 581,952,736**

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. 1,366,131,309

Some liabilities, including bonds payable, and claims and judgments are not due and payable in the current period and, therefore are not reported in the funds. (1,610,049,167)

Interest payable is recognized when due at the fund level, but is recognized currently under full accrual. (21,520,196)

Certain assets are not available to pay for current period expenditures and therefore are deferred in the funds. 49,674,802

Bond issue costs are recognized currently at the fund level, but are deferred costs under the full accrual method. 9,164,390

Total net assets—governmental activities (see A-1) **\$ 375,353,874**

Dallas Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006

Exhibit C-2

	General Fund	Debt Service	Capital Projects	Non-major Governmental Funds	Total Governmental Funds
REVENUES					
5700 Local and intermediate sources	\$ 979,191,640	\$ 115,194,261	\$ 14,190,252	\$ 13,549,541	\$ 1,122,125,694
5800 State program revenues	162,927,418	-	-	35,979,693	198,907,111
5900 Federal program revenues	6,454,168	-	-	208,614,399	215,068,567
Total revenues	<u>\$ 1,148,573,226</u>	<u>\$ 115,194,261</u>	<u>\$ 14,190,252</u>	<u>\$ 258,143,633</u>	<u>\$ 1,536,101,372</u>
EXPENDITURES					
Current:					
11 Instruction	\$ 632,393,830	\$ -	\$ -	\$ 113,422,600	\$ 745,816,430
12 Instructional resources and media services	19,557,276	-	-	1,218,705	20,775,981
13 Curriculum and staff development	11,367,683	-	-	29,295,641	40,663,324
21 Instructional leadership	14,659,568	-	-	5,825,324	20,484,892
23 School leadership	72,737,496	-	-	2,151,116	74,888,612
31 Guidance, counseling, and evaluation services	40,423,125	-	-	11,794,907	52,218,032
32 Social work services	1,996,297	-	-	335,210	2,331,507
33 Health services	11,289,613	-	-	2,528,432	13,818,045
34 Student transportation	16,427,877	-	-	1,499,642	17,927,519
35 Food services	-	-	-	59,763,264	59,763,264
36 Cocurricular/extracurricular activities	10,382,636	-	-	922,389	11,305,025
41 General administration	27,083,658	-	-	2,907,332	29,990,990
51 Plant maintenance and operations	151,482,072	-	227,281	2,863,477	154,572,830
52 Security and monitoring services	16,977,809	-	-	1,008,118	17,985,927
53 Data processing services	16,804,117	-	-	867,236	17,671,353
61 Community services	7,953,279	-	-	17,266,690	25,219,969
Debt service					
71 Principal on long-term debt	6,705,675	49,605,025	-	-	56,310,700
71 Interest on long-term debt	1,447,576	61,424,673	-	-	62,872,249
Capital outlay					
81 Facilities acquisition and construction	52,556,230	-	393,989,204	4,089	446,549,523
Intergovernmental charges					
95 Payments juvenile justice AE	647,509	-	-	-	647,509
97 Payments to tax increment fund	1,873,098	-	-	-	1,873,098
Total expenditures	<u>\$ 1,114,766,424</u>	<u>\$ 111,029,698</u>	<u>\$ 394,216,485</u>	<u>\$ 253,674,171</u>	<u>\$ 1,873,686,778</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>\$ 33,806,802</u>	<u>\$ 4,164,563</u>	<u>\$ (380,026,233)</u>	<u>\$ 4,469,462</u>	<u>\$ (337,585,406)</u>
OTHER FINANCING SOURCES (USES)					
7901 Issuance of refunding bonds	\$ -	44,135,000	\$ -	\$ -	\$ 44,135,000
7911 Issuance of bonds	-	-	290,205,000	-	290,205,000
7915 Transfer Out/In	(23,917)	-	23,917	-	-
7916 Premium on bonds	-	6,507,642	7,230,869	-	13,738,511
8940 Payment to refunded bond escrow agent	-	(47,949,020)	-	-	(47,949,020)
Total other financing sources and uses	<u>\$ (23,917)</u>	<u>\$ 2,693,622</u>	<u>\$ 297,459,786</u>	<u>\$ -</u>	<u>\$ 300,129,491</u>
Net change in fund balances	\$ 33,782,885	\$ 6,858,185	\$ (82,566,447)	\$ 4,469,462	\$ (37,455,915)
Fund balances-beginning	102,061,285	72,294,545	430,026,901	15,025,920	619,408,651
Fund balances-ending	<u>\$ 135,844,170</u>	<u>\$ 79,152,730</u>	<u>\$ 347,460,454</u>	<u>\$ 19,495,382</u>	<u>\$ 581,952,736</u>

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

Dallas Independent School District
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
June 30, 2006

Exhibit C-3

Net change in fund balances--total governmental funds (from C-2)	\$ (37,455,915)
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 (\$418,115,796) exceeded depreciation (\$40,946,704) in the current period.	377,169,092
Recognition of accretion on capital appreciation bonds and bond interest	(906,033)
Reversal of bond principal payments made at the fund level	100,520,672
Recognition of accrued interest expense at the government wide level	2,412,038
Bond proceeds (including \$13,738,511 premium) provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	(348,078,511)
Bond issuance costs recognized at the fund level, capitalized under full accrual	2,563,667
Workers compensation accrual expense not on fund statements	3,895,000
Amortization of bond issue costs, premium on bond, and gain/loss on refunding	933,627
Recognize deferred revenue through June 30, 2006 (Note E)	(2,923,702)
Loss on disposal of assets	(97,580)
Change in net assets of governmental activities (B-1)	<u>\$ 98,032,354</u>

**Dallas Independent School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 4,054,698
Total assets	<u>\$ 4,054,698</u>
LIABILITIES	
Due to student groups	\$ 4,054,698
Total liabilities	<u>\$ 4,054,698</u>

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

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2006**

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Dallas Independent School District
Notes to the Financial Statements
June 30, 2006

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net assets and the statement of activities. These statements report information on all of the non-fiduciary activities of the district. The effect of the interfund activity in the government-wide statements does not eliminate services provided and used in the process of consolidation. Governmental activities are mainly supported by tax revenues and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. All capital asset depreciation is reported as a direct expense of the functional program that benefits from the use of the capital assets. Program revenues include 1) charges 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 requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Basis of Accounting/Measurement Focus

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

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

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2006**

Revenues are recognized, when they are susceptible to accrual, as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the district considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, arbitrage, and claims and judgments, are recorded only when matured and payment is due shortly after year-end. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Property tax revenues and revenues received from the State of Texas and investment earnings are considered to be susceptible to accrual and so have been recognized as revenues in the current period. Property taxes collected within 60 days of year-end and included in revenue were \$9,344,512 and \$1,089,772 for the General Fund and Debt Service Fund, respectively.

Grant revenues are recognized when all eligibility requirements have been met. Grant funds received in advance are recorded as deferred revenue until earned. Charges for services and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

In order to properly match revenues and expenditures for the fiscal year, the district has accrued Foundation School Program revenues of approximately \$13.2 million to reflect cash that will be received in fiscal year 2007, which was generated by attendance and related expenditures in fiscal year 2006.

The district reports the following major governmental funds:

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

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

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

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.

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

Dallas Independent School District
Notes to the Financial Statements
June 30, 2006

D. Assets, Liabilities and Net Assets

Deposits and Investments

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

Investments are recorded at fair value and can consist of certificates of deposit, U.S. Treasury instruments, U.S. Government agency obligations, investments in the Texas Local Government Investment Pool ("TexPool") and investments in registered investment pools. The district accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. Statutes authorize the district to invest in obligations of the U.S. Treasury or the State of Texas, obligations of certain U.S. Government agencies, certificates of deposit, money market savings accounts, certain municipal securities repurchase agreements, common trust funds and other investments specifically allowed by Chapter 2256 of the Texas Government Code and Sections 23.80 and 20.42 of the Texas Education Code.

Interfund Receivables and Payables

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

Property Taxes

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

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

Inventories and Prepaid Items

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

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

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

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2006**

Net Assets Government-wide

Invested in Capital Assets, net of related debt – component of net assets represents capital assets and deferred debt issue costs, less capital debt plus unspent bond proceeds. (\$184,346,354)

Restricted for Capital Projects– 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 covenants. (\$13,211,341)

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. (\$57,632,534)

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. (\$11,305,616)

Unrestricted - the difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, net of related debt, Net Assets Restricted for Debt Service, and Net Assets Restricted for Food Service. (\$62,083,028)

Reserved Governmental Funds

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

Food Service	\$ 11,305,616
Debt Service	79,152,730
Capital Projects	347,460,454
Encumbrances	13,773,887
Inventories and Prepaids	8,756,397
Total Reserved Governmental Funds	<u>\$ 460,449,084</u>

Capital Assets

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

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

Dallas Independent School District
Notes to the Financial Statements
June 30, 2006

Compensated Absences

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

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

Long-Term Obligations

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

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

Fund Balances

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

Use of Estimates

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

Data Control Codes

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

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2006**

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

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

One element of that reconciliation states revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The details of this \$2,923,702 are as follows:

Property Tax Revenue – General Fund	\$	3,057,975
Property Tax Revenue – Debt Service		(134,273)
Total increase in revenue not reported at the fund level	\$	<u>2,923,702</u>

F. Deposits and Investments

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

At June 30, 2006, cash with a total carrying value of \$388,085 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 \$2,851,722 at June 30, 2006, held by the Federal Reserve Bank of Dallas. Because the Federal Reserve Bank of Dallas holds the pledged securities in trust on behalf of the district, the deposits were deemed collateralized under Texas law. Effective June 1, 2005, secondary campuses Activity Funds were centralized and are now on deposit with the contracted depository. Non-centralized agency and activity funds are in separate bank accounts in the name of the schools, and as such, have FDIC insurance of \$100,000 per bank account. A total of \$4,054,698 of agency funds cash was on deposit with the contracted depository and separate bank accounts.

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

- a. Depository Bank: Bank of America, N.A.
- b. The date of highest deposit was November 7, 2005, with combined cash and certificates of deposit balance of \$2,345,491.
- c. On November 7, 2005, the amount of bonds, securities pledged, and FDIC coverage was \$4,014,968.
- d. The FDIC coverage portion of the collateral listed above was \$200,000.
- e. The district had no occasions during the year of not being sufficiently collateralized, in which the pledged collateral requirement was less than the collateral requirement.

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2006**

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

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

The Public Funds Investment Act requires an annual review and approval of investment policies and practices. The review disclosed that in this area of investment practices, management reports and establishment of appropriate policies, the district materially adhered to the requirements of the Act. Additionally, investment practices of the district were in accordance with local policies, which are no more restrictive than state statutes. Subsequent to fiscal year 2005-2006, on September 28, 2006, the district's local investment policy "CDA (Local) Other Revenues: Investments" was updated to state "To reduce exposure to changes in interest rates that could adversely affect the value of investments, the District shall use final and weighted-average-maturity limits and diversification. The District shall monitor interest rate risk using weighted-average-maturity and specific identification" This update was made per the guidance of the Texas Association of School Boards (TASB) Policy Update 78, to further address the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, an amendment of GASB Statement No. 3, within school district investment policies.

Dallas Independent School District
Notes to the Financial Statements
June 30, 2006

As of June 30, 2006, the district had the following investments, maturities and credit quality:

Type of Investment	Investment Maturity (in Years) and Percent of Portfolio		
	Fair Value	0-6 Months	Percent of Portfolio
Repurchase Agreement/Other	\$ 1,147,790	\$ 1,147,790	.17%
Money Markets and Mutual Funds	30,255,464	30,255,463	4.53
Investment Pools	637,243,540	637,243,540	95.30
Total Investments	\$ 668,646,794	\$ 668,646,794	100.00%

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

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

As of June 30, 2006 the money market fund utilized by the district (Nations Money Markets Reserves, which represents 4.53% of the portfolio) is a no-load money market, and maintained a weighted average maturity of 90-days or less. This money market fund invests only in first-tier securities. Under Rule 2a-7 of the 1940 Act, a first-tier-securities is a debt security that is an eligible investment for money market funds and has received a rating in the highest short-term rating category from a nationally recognized statistical rating organization (NRSRO). LGIP positions represent approximately 95.30% of the portfolio and are rated AAA or the equivalent by an NRCRA (Standard & Poor's, Moody's or Fitch). All money markets and LGIP's must comply with rule 2a-7 under the Investment Company Act of 1940 (1940 Act).

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

As of June 30, 2006, all investments in the district's portfolio consisted of money market mutual funds, overnight repurchase agreements, and investment pools, 2a-7 type investments, and these are exempt from this risk disclosure. The district's investment is in the money market instrument or pool of securities as a whole, and not directly in the investments that make up the money market of pool of securities (there is no custody by the district).

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

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2006**

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

As of June 30, 2006, all investments in the district's portfolio consisted of money market mutual funds and investment pools, 2a-7 type investments, and these are exempt from this risk disclosure, per paragraph 15 of GASB 40.

Additional Investment Information

At June 30, 2006, the district had funds invested for the operating needs of the General Fund in the Local Government Investment Cooperative ("LOGIC"), the Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), Texas Local Government Investment Pool ("TexPool"), and the Lone Star Investment Pool (LSIP), now known as First Public.

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

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

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 eight fiscal years. In lieu of the line of credit, in 2003-2004 the district did authorize and issue the Revenue and Tax Anticipation Note, Series 2003. The District did not issue a Tax Anticipation Note in either 2004-2005 or 2005-2006.

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2006**

G. Local Revenues

Local revenues are comprised of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Non- Major Funds	Total Governmental Activities
Property Taxes	\$ 901,474,792	\$ 112,846,459	\$ -	\$ -	\$ 1,014,321,251
Dallas CED	203,596	-	-	-	203,596
Food Services	-	-	-	7,074,960	7,074,960
Interest					
Income	9,049,389	2,334,046	13,274,635	-	24,658,070
Tuition, Fees and Cocurricular	1,290,813	-	-	-	1,290,813
Gifts & Bequests					
(E-Rate)	51,372,652	-	-	-	51,372,652
Other	15,800,398	13,756	915,617	6,474,581	23,204,352
Total	\$ 979,191,640	\$ 115,194,261	\$ 14,190,252	\$ 13,549,541	\$ 1,122,125,694

H. Property Taxes

The district's ad valorem property tax is levied each October 1 on the assessed value as of the prior January 1 for all real and business personal property located in the district. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the subsequent year. On January 1 of each year a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. The assessed value of the roll on January 1, 2005 was \$62,682,170,090. After deductions of all exemptions and reductions provided by law and those granted by the district, the levy for the 2006 fiscal year was based on \$61,862,752,956.

The tax rates assessed for the year ended June 30, 2006, to finance General Fund operations and the payment of principal and interest on long-term debt were \$1.5000 and \$0.18836 per \$100, respectively, for a total of \$1.68836 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, 2006, were 96.59% 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 \$29,596,156 and \$3,716,488 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, 2006, taxes receivable, net of estimated uncollectible taxes, aggregated \$54,722,207 and \$5,065,336 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, 2006. As part of this plan, the district recognized approximately \$203,596 as revenue in fiscal year 2006.

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2006**

I. Receivables

Receivables as of June 30, 2006 for the district's major funds and non-major funds in the aggregate including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Non- Major Funds</u>	<u>Total Governmental Activities</u>
Property taxes	\$ 84,318,363	\$ 8,781,824	\$ -	\$ -	\$ 93,100,187
Due from other Government	23,358,501	-	8,539,025	70,017,602	101,915,128
Accrued interest	353	-	-	18,753	19,106
Other receivables	13,133,514	560,165	-	-	13,693,679
Bond proceeds	-	-	-	-	-
Less: allowance for uncollectibles	<u>(29,596,156)</u>	<u>(3,716,488)</u>	<u>-</u>	<u>-</u>	<u>(33,312,644)</u>
Total	<u>\$ 91,214,575</u>	<u>\$ 5,625,501</u>	<u>\$ 8,539,025</u>	<u>\$ 70,036,355</u>	<u>\$ 175,415,456</u>

The allowance for uncollectibles, above, includes receivables balances not expected to be paid within one year of the end of the fiscal year.

J. Deferred Revenue

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

At the end of fiscal year 2006, the various components of deferred revenue reported in the general fund and nonmajor governmental funds were as follows:

	<u>General Fund</u>	<u>Debt Service Funds</u>	<u>Nonmajor Funds</u>
Property Taxes	\$ 45,377,696	\$ 3,975,562	\$ -
Grant Funds	-	-	2,965,409
Miscellaneous	<u>321,544</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 45,699,240</u>	<u>\$ 3,975,562</u>	<u>\$ 2,965,409</u>

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2006**

K. Interfund Receivables and Payables

Interfund balances occur when one fund pays or receives resources for another at June 30, 2006, consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund -		
Non-major Governmental Funds	\$ 74,596,178	\$ 42,932,903
Debt Services Fund	135,622	-
Capital Projects Fund	-	39,493,005
	<u>74,731,800</u>	<u>82,425,908</u>
Non-major Governmental Funds -		
General Fund	42,932,903	74,596,178
Debt Service Fund -		
General Fund	-	135,622
Capital Projects Fund -		
General Fund	39,493,005	-
	<u>\$ 157,157,708</u>	<u>\$ 157,157,708</u>

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

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2006**

L. Changes in Capital Assets

Capital asset activity for the year ended June 30, 2006 is as follows:

	Balance 6/30/2005	Additions	Deletions/ Transfers	Balance 6/30/2006
Capital Assets, not being depreciated:				
Land	\$ 118,413,065	\$ 18,177,405	\$ -	\$ 136,590,470
Construction in Progress	289,755,388	365,835,190	(251,521,450)	404,069,128
Total Capital Assets, not being depreciated	<u>408,168,453</u>	<u>384,012,595</u>	<u>(251,521,450)</u>	<u>540,659,598</u>
Capital Assets, being depreciated:				
Building and improvements	1,211,051,318	2,049,326	251,316,450	1,464,417,094
Furniture and equipment	126,730,872	32,053,875	(4,287,096)	154,497,651
Total Capital Assets, being depreciated	<u>1,337,782,190</u>	<u>34,103,201</u>	<u>247,029,354</u>	<u>1,618,914,745</u>
Less accumulated depreciation for:				
Buildings and improvements	670,797,990	19,569,892	(88,173)	690,279,709
Furniture and equipment	86,092,856	21,376,812	(4,306,343)	103,163,325
Total Accumulated depreciation	<u>756,890,846</u>	<u>40,946,704</u>	<u>(4,394,516)</u>	<u>793,443,034</u>
Total Capital Assets, being Depreciated, net	<u>580,891,344</u>	<u>(6,843,503)</u>	<u>251,423,870</u>	<u>825,471,711</u>
Capital Assets, Net	<u>\$ 989,059,797</u>	<u>\$ 377,169,092</u>	<u>\$ (97,580)</u>	<u>\$ 1,366,131,309</u>

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

11	Instruction	\$ 26,494,030
12	Instructional resources and media services	665,362
13	Curriculum and staff development	993,310
21	Instructional leadership	676,749
23	School leadership	2,865,701
31	Guidance, counseling and evaluation services	1,834,041
32	Social work services	88,056
33	Health services	526,890
34	Student transportation	436,281
35	Food services	239,288
36	Curriculum/extracurricular activities	228,340
41	General administration	554,917
51	Plant maintenance and operations	3,564,446
52	Security and monitoring services	629,463
53	Data processing services	403,827
61	Community services	746,003
	Total	<u>\$ 40,946,704</u>

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2006**

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, 2006 is \$176,758,724.

M. Capital Leases

As of June 30, 2006, the accompanying government-wide financial statements include property under capital leases totaling a principal balance due of \$5,795,666 with a net present value (NPV) of \$5,755,029. Capital leases principal amounts provide for the acquisition of equipment to improve the district's energy management systems. Capital lease expenditures for fiscal year 2005-2006 were \$5,206,746, representing principal and interest payments that have been reflected as debt service expenditures in the General Fund of the accompanying fund financial statements.

<u>Date of Issue</u>	<u>Purpose/Lawful Authority (Maturity)</u>	<u>Interest Rate</u>	<u>Net Present Value (in thousands)</u>
8/28/96	Energy Movement Systems/Johnson Controls, Inc. (10/15/06)	5.96%	\$ 666
8/27/96	Energy Management Systems Honeywell, Inc. - Phase I (09/01/06)	5.62%	617
4/14/97	Energy Management Systems Honeywell, Inc. - Phase IIA (03/01/08)	6.89%	2,256
4/14/97	Energy Management Systems/ Honeywell, Inc. - Phase IIB (03/01/08)	6.89%	2,256
			<u>\$ 5,795</u>

Pursuant to the terms of the capital lease agreements, the following schedule presents future minimum lease payments, including principal and interest, by year, as of June 30, 2006:

	<u>Year Ended June 30 (in thousands)</u>
2006-2007	3,772
2007-2008	2,417
Future minimum lease payments	6,189
Amount representing interest (1)	(394)
Total future minimum lease payments	<u>\$ 5,795</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.

Dallas Independent School District
Notes to the Financial Statements
June 30, 2006

N. Long-Term Obligations

Long-term debt includes general obligation 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, 2006, the district's debt limitation under local policies, which represents 10% of the district's total assessed property value for school tax purposes, is \$6,268,217,009 and the district's legal debt margin is \$4,807,017,715.

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 2032.

At June 30, 2006, \$79,152,730 was available in the Debt Service Fund to service the appropriate bonds.

<u>Series</u>	<u>General Obligation Bonds</u> <u>Maturity or Mandatory Redemption Date</u>	<u>Interest</u> <u>Rates</u>	<u>Total</u>
			<u>Outstanding</u> <u>Principal Amount</u> <u>(in thousands)</u>
1999	Serially in varying amounts from August 15, 2000 to August 15, 2014	3.70%-5.25%	160,390
2002	Serially in varying amounts from August 15, 2003 to February 15, 2022	4.0%-5.5%	249,545
2003	Serially in varying amounts from February 15, 2004 to February 15, 2027	1.75%-5.0%	78,045
2004	Serially in varying amounts from August 15, 2004 to August 15, 2030	3.0%-5.0%	300,000
2004A	Serially in varying amounts from August 15, 2005 to August 15, 2031	3.0%-5.0%	400,000
2005	Serially in varying amounts from August 15, 2008 to August 15, 2014	5.25%	44,135
2006	Serially in varying amounts from August 15, 2007 to August 15, 2032	4.0%-5.0%	290,205
			<u><u>\$1,522,320</u></u>

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. The Capital Appreciation bonds, Series 1999, were paid at the maturity date on August 15, 2005 (\$8,315,000).

<u>Series</u>	<u>Capital Appreciation Bonds</u> <u>Maturity or Mandatory Redemption Date</u>	<u>Interest</u> <u>Rates</u>	<u>Total</u>
			<u>Outstanding</u> <u>Principal Amount</u> <u>(in thousands)</u>
1995	August 15, 2007	6.40%	\$ 13,425
			<u>\$ 13,425</u>

Maintenance Tax Notes

Dallas Independent School District
Notes to the Financial Statements
June 30, 2006

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</u> <u>Maturity or Mandatory Redemption Date</u>	<u>Interest</u> <u>Rates</u>	<u>Total</u> <u>Outstanding</u> <u>Principal Amount</u> <u>(in thousands)</u>
2001	Serially in varying amounts from May 1, 2002 to May 1, 2015*	0%	\$ 3,099
2002	Principal due at maturity; interest due each February 15 and August 15 from February 15, 2003 to September 15, 2016	0%	1,120
			<u>\$ 4,219</u>

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

Long-Term Loan Contracts

The annual requirements to pay principal and interest on a the Vehicle Acquisition Loan, at June 30, 2006 is as follows (in thousands):

<u>Year Ended</u> <u>June 30, 2006</u>	<u>Vehicle Acquisition Loan</u>		<u>Total</u>	<u>Principal</u>
	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>	<u>Outstanding</u>
2006	\$ 233	\$ 3	\$ 236	\$ 233
Total	<u>\$ 233</u>	<u>\$ 3</u>	<u>\$ 236</u>	<u>\$ 233</u>

Dallas Independent School District
Notes to the Financial Statements
June 30, 2006

The following is a summary of the changes in the district's long-term debt for the year ended June 30, 2006 (in thousands):

Description	Debt Outstanding July 1, 2005	Additions and Interest Accretion	Retired	Outstanding Debt June 30, 2006	Amounts Due Within One Year From June 30, 2006
General Obligation Bonds					
Series 1995	\$ 46,775	\$ -	\$ 46,775	-	\$ -
Series 1999	160,390	-	-	160,390	8,475
Series 2002	260,095	-	10,550	249,545	11,170
Series 2003	106,220	-	28,175	78,045	24,660
Series 2004	300,000	-	-	300,000	-
Series 2004A	400,000	-	-	400,000	-
Series 2005	-	44,135	-	44,135	-
Series 2006	-	290,205	-	290,205	-
Total General Obligation Bonds	1,273,480	334,340	85,500	1,522,320	44,305
Capital Appreciation Bonds					
Series 1995	12,548	877	-	13,425	13,425
Series 1999	8,315	-	8,315	-	-
Total Capital Appreciation Bonds	20,863	877	8,315	13,425	13,425
Maintenance Tax Notes					
Series 2001-QZAB	3,443	-	344	3,099	344
Series 2002-QZAB	1,120	-	-	1,120	-
Total Maintenance Tax Notes	4,563	-	344	4,219	344
Capital Leases					
Johnson Controls	1,271	-	605	666	666
Honeywell - Phase I	1,202	-	585	617	617
Honeywell - Phase IIA	3,294	-	1,038	2,256	1,097
Honeywell - Phase IIB	3,294	-	1,038	2,256	1,097
Fujitsu	1,356	-	1,356	-	-
Total Capital Leases	10,417	-	4,622	5,795	3,477
Loans Payable					
Vehicle Acquisition	1,139	-	906	233	233
Software Acquisition	805	-	805	-	-
Total Loans Payable	1,944	-	1,710	233	233

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2006**

Description	Debt Outstanding July 1, 2005	Additions and Interest Accretion	Retired	Outstanding Debt June 30, 2006	Amounts Due Within One Year From June 30, 2006
Workers Compensation	\$ 15,378	\$ 2,576	\$ 6,603	\$ 11,351	\$ 3,293
Gain/Loss on Refunding	1,319	1,301	218	2,402	-
Premium on Bonds	42,282	13,739	2,422	53,599	-
Total Other Debt	58,979	17,616	9,243	67,352	3,293
Total Long Term Debt	\$ 1,370,246	\$ 352,833	\$ 109,734	\$ 1,613,345	\$ 65,077

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

Debt Service Requirements

The annual requirements to pay principal and interest on the bond obligations outstanding as of June 30, 2006 are as follows (in thousands):

Year Ended <u>June 30</u>	General Obligation, Capital Appreciation Bonds and Maintenance Tax Notes		Total
	Principal	Interest	Requirements
2007	44,649	74,108	118,757
2008	50,149	72,354	122,503
2009	41,945	70,385	112,330
2010	45,115	68,409	113,524
2011	53,219	66,285	119,504
2012-2016	264,007	293,096	557,103
2017-2021	278,735	228,347	507,082
2022-2026	293,020	155,647	448,667
2027-2031	354,925	71,558	426,483
2032	114,200	4,390	118,590
Total	\$ 1,539,964	\$ 1,140,579	\$ 2,644,543

In 1985, 1995, 1999, 2002, 2003 and 2005, the district legally defeased certain bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds, that total \$281,665,000, are not included in the district's basic financial statements.

2005-06 Debt Issuance

The following debt was issued during fiscal year 2005-2006:

The Unlimited Tax Refunding Bonds, Series 2005, and The Unlimited Tax School Building Bonds, Series 2006: On July 1, 2005, the fifth issuance of bonds under the New Construction Authorization occurred with the issuance of the Unlimited Tax Refunding Bonds, Series, 2005.(\$44,135,000).

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2006**

The Refunding bonds were issued to legally defease the principal amount outstanding (\$46,775,000) for the Unlimited Tax School Building and Refunding Bonds, Series 1995. The aggregate difference in debt service between the refunded debt and the refunding debt (bonds issued) is \$(1,174,020). This transaction resulted in an accounting loss of \$1,301,198, which has been recorded as a deferred loss in the government-wide financial statements. This amount is being netted over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This transaction resulted in an economic loss of \$1,335,732. Net premiums associated with the issue were \$4,278,963, and bond issuance costs were \$334,988.

The original principal amount of the debt was \$44,135,000, repayable at a 5.25% interest rate. Interest on the current interest bonds issued of \$13,719,988 accrues from July 1, 2005 and will be payable on February 15, and August 15, of each year, commencing on August 15, 2008 and ending on August 15, 2014. This debt is subject to federal arbitrage regulations. The proceeds from the sale of the bonds were received on July 13, 2005, and the refunding proceeds were placed that same day in escrow with J.P. Morgan Chase to defease the Unlimited Tax School Building and Refunding Bonds, Series 1995.

On February 15, 2006, the sixth and final issuance of bonds under the New Construction Authorization occurred with the issuance of the Unlimited Tax Refunding Bonds, Series, 2006. (\$290,205,000).

These construction bonds were issued to acquire, construct and equip school buildings, and purchase necessary sites for the construction of schools, and to pay issuance costs associated with the sale of the bonds (\$290,205,000). Net premiums associated with the issue were \$9,459,548 and bond issuance costs were \$2,228,679.

The original principal amount of the debt was \$290,205,000, repayable at a various interest rates ranging from 4.0% to 5.0%. Interest on the current interest bonds issued of \$266,838,391 accrues from February 15, 2006 and will be payable on February 15, and August 15, of each year, commencing on August 15, 2007 and ending on August 15, 2032. This debt is subject to federal arbitrage regulations. The proceeds from the sale of the bonds were received on March 21, 2006, and the unused construction proceeds are maintained in an investment pool maintained by MBIA. The investment pool accrues and then receives interest payments periodically on any unused balance of proceeds, earning a variable rate of interest based on market conditions

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management believes that the district is in compliance with all significant limitations and restrictions as of June 30, 2006.

The district has \$302,077 authorized but unissued New Construction Authorization, and does not plan to issue this residual authorization amount.

O. General Fund Federal Source Revenues

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

Junior ROTC	\$ 1,778,569
Medicaid	2,294,010
Indirect Cost	2,308,412
Other Federal	73,177
	<u>\$ 6,454,168</u>

Indirect costs of \$2,308,412 have been credited to General Fund Federal Program Revenue in the accompanying fund financial statements for the year ended June 30, 2006. The detail projects are as follows:

Dallas Independent School District
Notes to the Financial Statements
June 30, 2006

<u>Program or Source</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Grant Programs -		
Indirect cost charged to federal programs		
ESEA Counseling Demonstration Program	84.215E	\$ 7,308
21 st Century – The Beacons in the Community	84.287A	290
Teaching American History	84.215X	873
Indian Education	84.060A	2,209
Foreign Language Assistance Program	84.293B	2,765
Smaller Learning Communities	84.215L	27,824
Title IV, Part A Safe and Drug Free Schools & Comm.	84.186A	19,295
McKinney-Vento Homeless Education	84.196	7,113
Adult Education & Family Literacy Section 231	84.002A	1,363
Title I, Improving Basic Programs (Wilmer Hutchins)	84.010A	11,942
Title I, Improving Basic Programs	84.010A	1,006,933
Title I, Part C Migrant	84.027	5,145
Title I, Part C Migrant Summer Program	84.011A	67
Temporary Emergency Impact Aid	84.938C	128,695
Title III, LEP (Wilmer Hutchins)	84.365A	42
Title IV, Safe and Drug Free Schools & Comm (Wilmer Hutchins)	84.186A	195
Adult Education & Family Literacy Section 231	84.002A	43,637
IDEA B – Formula	84.027	375,975
IDEA B Preschool	84.173	4,592
IDEA B – Discretionary (Deaf)	84.027	2,578
IDEA B – Preschool (Deaf)	84.173	470
IDEA B – Formula (Wilmer Hutchins)	84.027	4,717
Title I, School Improvement	84.010A	1,781
Title V, Part A- Innovative Programs (Wilmer Hutchins)	84.298A	122
Carl D. Perkins, Title I Part C	84.048A	12,463
Title II, Part A – Teacher and Principal Training & Recruiting (Wilmer Hutchins)	84.367A	2,078
Title II, Part A – Teacher and Principal Training & Recruiting	84.367A	177,664
Refugee Children School Impact Grant Program	93.576	495
Title I, Part D Subpart 2 – Delinquent Program	84.010A	524
Texas Reading First Initiative for Grades K-3	84.357A	126,505
Title II, Part D, Enhancing Education Through Technology	84.318X	10,859
Title II, Part D, Enhancing Education Through Technology (Wilmer Hutchins)	84.318X	317
Title III, Part A LEP	84.365A	60,439
Title III, Part A Immigrant	84.365A	11,233
Title V, Innovative Program	84.298A	8,804
IDEA B Cap Bldg & Impr. (Deaf)	84.181	1,713
IDEA B Preschool (Wilmer Hutchins)	84.173	454
Title I School Improvement	84.010A	68,141
Adult Ed English Lit & Civics Education	84.002A	1,437
Title I School Improvement	84.010A	20,598
Adult Education – State Leadership, Project Great	84.002A	6,285
IDEA B High Cost Risk Pool	84.027	3,418
TX 21st Century Learning Center, Cycle 2, Achievement Connection	84.287C	12,892
TX 21st Century Learning Center, Cycle 2, Project Success	84.287C	12,529
TX 21st Century Learning Center, Cycle 2, After School/Lab Learning	84.287C	11,494
TX 21st Century Learning Center, Cycle 2, Achievement Avenue	84.287C	10,176
Student Voluntary Drug Testing Program	84.184D	712
TX 21st Century Learning Center, Cycle 3, After School Ambassador	84.287C	18,283
TX 21st Century Learning Center, Cycle 3, The Learning Place	84.287C	21,730

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2006**

Title I, Part F, Comprehensive School Reform	84.332A	4,668
Special Education Grants for Infants and Families with Disabilities	84.181	30,293
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV And Other Important Health Problems	93.938	4,964
Abstinence Education	93.235	476
Promoting Safe and Stable Families	93.995	4,808
Federal – TANF	93.558	4,054
JUMP	16.726	1,433
Tools for Schools	66.606	542
Total		<u>\$ 2,308,412</u>

P. Defined Benefit Pension Plan

Plan Description

All employees of the district employed for one-half or more of the standard workload and who are not exempted from membership under the Texas Government Code, Title 8, Subtitle C, Section 822.002, participate in the Teacher Retirement System of Texas (the System), a multiple-employer Public Employee Retirement System (PERS). It is a cost-sharing PERS with one exception: all risks and costs are not shared by the district, but are the liability of the State of Texas.

The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 877-0123.

Funding Policy

By statute, plan members must contribute 7.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.0% of the district's covered payroll. The district's employees' contributions to the System for the years ending June 30, 2004, June 30, 2005, and June 30, 2006, were, \$53,061,235, \$52,885,340 and \$53,893,516 respectively, equal to the required contributions for each year. Other contributions made from federal and private grants and from the district for salaries above the statutory minimum for the years ending June 30, 2004, June 30, 2005, and June 30, 2006, were \$14,772,395, and \$15,017,379 and \$16,937,214 respectively, equal to the required contributions for each year. The district has recorded, in the General Fund, approximately \$45.4 million in revenue and expenditures for fringe benefits and salaries paid on behalf of the district by the System.

Q. Risk Management

The district is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There were no significant reductions in insurance coverage from the prior year. The district purchases commercial insurance to cover general liabilities. There were significant reductions in insurance claims from the prior year. Reductions were the result of mandatory limited duty, medical case management, claim audits, safety training and other safety incentives, medical and hospital bill auditing and the implementation of the wellness program. There have been no claim settlements in excess of insurance coverage in the last three years.

Workers' Compensation

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

**Dallas Independent School District
Notes to the Financial Statements
June 30, 2006**

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, 2006, the accrued liability for workers' compensation self-insurance of \$11.351 million includes incurred but not reported claims. The short-term portion of that amount expected to be paid with expendable available resources of \$3.293 million, is recorded in accrued liabilities in the General Fund and the long-term portion of \$8.058 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.

Changes in the reported liability since June 30, 2003, resulted from the following:

Fiscal Year	Balance July 1	Current Year Claims and Changes In Estimates	Claims Payments	Balance June 30
2005-06	\$ 15,377,610	2,576,791	(6,603,074)	\$ 11,351,327
2004-05	\$ 16,442,649	6,330,594	(7,395,636)	\$ 15,377,610
2003-04	\$ 18,833,534	6,951,011	(9,341,896)	\$ 16,442,649

Health Insurance

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

R. Litigation, Contingencies and Commitments

The district is a defendant in various lawsuits arising principally in the normal course of operations. In the opinion of the district management, the potential losses, after insurance coverage, on all allegations, claims, and lawsuits will not have a material effect on the district's financial position or results of operations.

The district participates in a number of federal financial assistance programs. Although the district's grant programs have been audited in accordance with the provisions of the Single Audit Act through June 30, 2006, these programs are subject to financial and compliance audits by the grantor agencies. The amount that has been identified as an expenditure, which may be disallowed by the granting agencies, is \$1,800,000 and \$446,440 has been recorded as a contingency by the district in fiscal year 2003. A Special Education Program maintenance of effort shortfall for \$1,252,656 has also been recorded as a contingency by the district in fiscal year 2006.

S. Subsequent Events

The district received a letter dated October 7, 2005 from the Texas Education Agency, Commissioner of Education, Shirley J. Neeley, whose propose was to provide the district with notice that she had issued an order annexing Wilmer-Hutchins ISD to Dallas ISD. The effective date of the annexation is July 1, 2006. Title to the real property of the Wilmer Hutchins ISD vests in the Dallas ISD as of the effective date of the annexation.

Dallas Independent School District
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Local Sources:	\$ 890,685,689	\$ 964,517,912	\$ 979,191,640	\$ 14,673,728
State Sources:	128,137,651	143,337,651	162,927,418	19,589,767
Federal Sources:	8,575,000	6,575,000	6,454,168	(120,832)
TOTAL REVENUES	1,027,398,340	1,114,430,563	1,148,573,226	34,142,663
EXPENDITURES				
Current:				
11 Instruction	622,167,860	632,465,820	632,393,830	71,990
12 Instructional resources and media services	19,443,822	19,581,361	19,557,276	24,085
13 Curriculum and staff development	12,083,730	11,392,534	11,367,683	24,851
21 Instructional leadership	14,050,444	14,681,258	14,659,568	21,690
23 School leadership	68,039,065	72,766,608	72,737,496	29,112
31 Guidance, counseling, and evaluation services	41,151,569	40,450,170	40,423,125	27,045
32 Social work services	2,077,869	2,007,443	1,996,297	11,146
33 Health services	11,677,323	11,308,435	11,289,613	18,822
34 Student transportation	14,677,317	16,539,623	16,427,877	111,746
36 Cocurricular/extracurricular activities	10,293,840	10,388,183	10,382,636	5,547
41 General administration	34,078,389	27,084,683	27,083,658	1,025
51 Plant maintenance and operations	119,227,545	151,491,347	151,482,072	9,275
52 Security & monitoring services	16,195,839	16,987,827	16,977,809	10,018
53 Data processing services	17,776,385	16,811,213	16,804,117	7,096
61 Community services	7,240,605	7,961,135	7,953,279	7,856
71 Debt Service:				
Principal on long-term debt	6,708,175	6,705,675	6,705,675	-
Interest on long-term debt	691,905	1,461,640	1,447,576	14,064
81 Facilities acquisition and construction	2,355,770	52,564,323	52,556,230	8,093
95 Payments juvenile justice AE	765,000	700,000	647,509	52,491
97 Payments to tax increment fund	6,695,888	1,895,000	1,873,098	21,902
TOTAL EXPENDITURES	1,027,398,340	1,115,244,278	1,114,766,424	477,854
DEFICIENCY OF REVENUES UNDER EXPENDITURES	-	(813,715)	33,806,802	34,620,517
OTHER FINANCING SOURCES/(USES):				
LOAN PROCEEDS	-	-	-	-
TRANSFERS IN/OUT	-	-	(23,917)	(23,917)
TOTAL OTHER FINANCING SOURCES/USES	-	-	(23,917)	(23,917)
DEFICIENCY OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES AND OTHER USES	-	(813,715)	33,782,885	34,596,600
FUND BALANCE - BEGINNING OF YEAR	102,061,285	102,061,285	102,061,285	-
FUND BALANCE - END OF YEAR	\$ 102,061,285	\$ 101,247,570	\$ 135,844,170	\$ 34,596,600

DALLAS INDEPENDENT SCHOOL DISTRICT
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2006

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 local revenue budget increase is a result of an increase in property values and a significant budget amendment included recognition of approximately \$51.4 million of revenue / expenditures related to the Schools and Libraries Universal Service Support Mechanism. This program provides discounts to assist most schools and libraries in the United States to obtain affordable telecommunications and Internet access.

The state revenue budget increase is a result of the district serving displaced students as a result of Hurricanes Katrina and Rita, and from the Wilmer-Hutchins Independent School District.

Changes to expenditure budgets included an increase in Instruction resulting from student / teacher requirements and salary increases. Higher than anticipated utility costs resulted in an increase to the Plant Maintenance and Operations budget and the Facilities and Acquisition budget was increased due to the Schools and Libraries Universal Service Support Mechanism, E-Rate. The reduction in the Payments to tax increment fund is due to early completion of a TIF agreement and less payment due to the City of Dallas.

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

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2006**

Data Control Codes	201	202	204	205	206	207	208	209	211
	Abstinence (Smart-2)	Title I Part F Wilmer Hutchins	Drug-Free Schools Wilmer Hutchins	Title II Part A Wilmer Hutchins	McKinney Homeless Children	Academics 2000 Reading Impr.	School Health	Adult Education Corr./Inst	ESEA Title I Regular
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1190 Cash	-	-	-	-	-	-	-	-	-
1120 Investment, at cost	-	-	-	-	-	-	-	-	-
Receivables									
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-	-
1240 Due from Federal Agencies	171,928	481,460	740,680	121,911	138,140	27,707	-	18,952	17,526,626
1250 Accrued Interest	-	-	-	-	-	-	-	-	-
1260 Due from other Funds	-	-	-	-	-	14,736	133,914	-	-
1290 Other Receivables	-	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-	-
Total Assets	171,928	481,460	740,680	121,911	138,140	42,443	133,914	18,952	17,526,626
Liabilities and Fund Balance									
Current Liabilities									
2110 Accounts Payable	14,847	5,452	12,926	-	-	-	-	-	1,888,371
2140 Bond Interest Payable	-	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	-	68,163	486	40,547	25,832	-	-	-	4,864,924
2170 Due to Other Funds	157,081	409,845	727,022	81,364	100,308	-	-	18,952	10,773,312
2180 Due to Other Governments	-	-	-	-	-	42,443	133,914	-	-
2190 Due to Student Groups	-	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	-	-	236	-	10,000	-	-	-	19
2990 Other Payables	-	-	-	-	-	-	-	-	-
2300 Deferred Revenues	-	-	-	-	-	-	-	-	-
Total Liabilities	171,928	481,460	740,680	121,911	138,140	42,443	133,914	18,952	17,526,626
Fund Balance									
3000 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-
3410 Reserved for Prepaids	-	-	-	-	-	-	-	-	-
3430 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-
3450 Reserved for Outstanding Encumbrances	-	-	-	-	-	-	-	-	-
3440 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-
3590 Reserved-Other	-	-	-	-	-	-	-	-	-
3590 Undesignated - Special Revenue Fund	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	171,928	481,460	740,680	121,911	138,140	42,443	133,914	18,952	17,526,626

(continued)

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2006**

Data Control Codes	212	213	214	215	216	216	218	219	220	222
	Temp Assistance Families	Even Start	Title I Part C Summer Prog	Temporary Emergency Impact Aid	Title III Wilmer Hutchins	Title III Wilmer Hutchins	Title III LEP Wilmer Hutchins	Bilingual Education	Adult Basic Education	Title IV Wilmer Hutchins
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1180 Cash	-	-	-	-	-	-	-	-	-	-
1120 Investment, at cost	-	-	-	-	-	-	-	-	-	-
Receivables										
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-	-	-
1240 Due from Federal Agencies	192,444	68,568	267	6,324,287	67,070	2,520	-	-	347,309	20,159
1250 Accrued Interest	-	-	-	-	-	-	-	-	-	-
1260 Due from other Funds	-	-	-	-	-	-	-	19,119	-	-
1290 Other Receivables	-	-	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-	-	-
Total Assets	192,444	68,568	267	6,324,287	67,070	2,520	19,119	347,309	20,159	
Liabilities and Fund Balance										
Current Liabilities										
2110 Accounts Payable	-	28	-	946,950	-	-	-	-	4,729	2,083
2140 Bond Interest Payable	-	-	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	-	9,691	-	-	37,489	-	-	-	-	-
2170 Due to Other Funds	192,444	50,849	267	5,377,337	29,581	2,520	-	-	342,580	18,076
2180 Due to Other Governments	-	-	-	-	-	-	-	19,119	-	-
2190 Due to Student Groups	-	-	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	-	8,000	-	-	-	-	-	-	-	-
2990 Other Payables	-	-	-	-	-	-	-	-	-	-
2300 Deferred Revenues	-	-	-	-	-	-	-	-	-	-
Total Liabilities	192,444	68,568	267	6,324,287	67,070	2,520	19,119	347,309	20,159	
Fund Balance										
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-	-
3430 Reserved for Prepaids	-	-	-	-	-	-	-	-	-	-
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-	-
3440 Reserved for Outstanding Encumbrances	-	-	-	-	-	-	-	-	-	-
3580 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-	-
3590 Reserved-Other	-	-	-	-	-	-	-	-	-	-
3600 Undesignated - Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	\$ 192,444	\$ 68,568	\$ 267	\$ 6,324,287	\$ 67,070	\$ 2,520	\$ 19,119	\$ 347,309	\$ 20,159	

(continued)

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2006**

Data Control Codes	223	224	225	226	227	228	233	236	239
	Temp Assistance Families	IDEA-B Formula	IDEA-B Preschool	IDEA-B Disc. (Deaf)	IDEA Formula Deaf	IDEA-B Pre-school Deaf	Juvenile Mentoring Program	Elem. and Secondary School Counseling Program	Title V Wilmer Hutchins
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
1190 Cash	-	-	-	-	-	-	-	-	-
1120 Investment, at cost	-	-	-	-	-	-	-	-	-
Receivables									
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-	-
1240 Due from Federal Agencies	173,774	9,421,136	-	133,890	129,907	28,408	50,330	620,667	7,581
1250 Accrued Interest	-	-	-	-	-	-	-	-	-
1260 Due from other Funds	-	-	83,433	-	-	-	-	-	-
1290 Other Receivables	-	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-	-
Total Assets	173,774	9,421,136	83,433	133,890	129,907	28,408	50,330	620,667	7,581
Liabilities and Fund Balance									
Current Liabilities									
2110 Accounts Payable	-	1,162,662	-	-	-	-	-	168	-
2140 Bond Interest Payable	-	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	690	1,252,381	-	-	9,683	-	-	546	-
2170 Due to Other Funds	172,344	7,006,073	-	69,898	120,024	27,829	43,745	619,639	7,581
2180 Due to Other Governments	-	-	83,433	-	-	-	-	-	-
2190 Due to Student Groups	-	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	750	-	-	63,992	-	579	6,585	334	-
2990 Other Payables	-	-	-	-	-	-	-	-	-
2300 Deferred Revenues	-	-	-	-	-	-	-	-	-
Total Liabilities	173,774	9,421,136	83,433	133,890	129,907	28,408	50,330	620,667	7,581
Fund Balance									
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-
3430 Reserved for Prepaids	-	-	-	-	-	-	-	-	-
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-
3440 Reserved for Outstanding Encumbrances	-	-	-	-	-	-	-	-	-
3590 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-
3590 Reserved-Other	-	-	-	-	-	-	-	-	-
3600 Undesignated - Special Revenue Fund	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	173,774	9,421,136	83,433	133,890	129,907	28,408	50,330	620,667	7,581

(continued)

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2006**

Data Control Codes	240	244	255	256	257	258	260	261	262
	Food Service	Carl D. Perkins Title I Part C	Title II Teacher Principal Training	Title I Comprehensive School Reform	Read for TX Local Reading Improvement	Refuge Children Impact	ESEA Part D Title I	Texas Reading Initiative for Grades K-3	ESEA Title II Part D
1110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1190	-	-	-	-	-	-	-	-	-
1120	-	-	-	-	-	-	-	-	-
Receivables									
1225	-	-	-	-	-	-	-	-	-
1240	837,573	1,315,772	3,120,215	-	-	-	21,031	1,695,951	1,017,854
1250	5,343	-	-	-	-	-	-	-	-
1260	34,555,829	-	-	55,250	142,002	-	-	-	-
1290	-	-	-	-	-	-	-	-	-
1300	2,911,500	-	-	-	-	-	-	-	-
1390	845	-	-	-	-	-	-	-	-
1400	-	-	-	-	-	-	-	-	-
Total Assets	38,310,880	1,315,772	3,120,215	55,250	142,002	-	21,031	1,695,951	1,017,854
Liabilities and Fund Balance									
Current Liabilities									
2110	262,668	124,116	92,487	-	-	-	-	36,092	6,754
2140	-	-	-	-	-	-	-	-	-
2160	1,748	5,111	1,373,591	-	-	-	-	149,014	13,105
2170	23,828,713	1,186,545	1,208,621	-	-	-	19,431	1,460,035	995,995
2180	-	-	-	-	-	-	-	-	-
2190	-	-	-	55,250	142,002	-	-	-	-
2200	-	-	-	-	-	-	1,600	54,810	-
2990	-	-	445,516	-	-	-	-	-	-
2300	-	-	-	-	-	-	-	-	-
Total Liabilities	24,093,129	1,315,772	3,120,215	55,250	142,002	-	21,031	1,695,951	1,017,854
Fund Balance									
3000	-	-	-	-	-	-	-	-	-
3410	2,911,500	-	-	-	-	-	-	-	-
3430	845	-	-	-	-	-	-	-	-
3450	11,305,816	-	-	-	-	-	-	-	-
3460	-	-	-	-	-	-	-	-	-
3490	-	-	-	-	-	-	-	-	-
3500	-	-	-	-	-	-	-	-	-
3590	-	-	-	-	-	-	-	-	-
3600	-	-	-	-	-	-	-	-	-
Total Fund Balance	14,217,760	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	\$ 38,310,889	\$ 1,315,772	\$ 3,120,215	\$ 55,250	\$ 142,002	\$ -	\$ 21,031	\$ 1,695,951	\$ 1,017,854

(continued)

Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

Data Control Codes	263 Title III LEP/ Immigrant	265 21st Century New Neighborhood	269 ESEA Title V Innovative Programs	271 Teaching American History	272 Early Childhood Intervention	274 IDEA Visually Impaired	275 Improving Health Education	277 Carl D. Perkins Winner Hutchins	278 Tools for Schools
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
1190 Cash	-	-	-	-	-	-	-	-	-
1120 Investment, at cost	-	-	-	-	-	-	-	-	-
Receivables									
1225 Taxes Receivable, net									
1240 Due from Federal Agencies	1,610,166	291,437	41,871	47,190	413,489	-	49,103	29,759	-
1250 Accrued Interest	-	-	-	-	-	-	-	-	-
1260 Due from other Funds	-	165,470	-	-	-	320	-	-	-
1290 Other Receivables	-	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-	-
Total Assets	1,610,166	456,907	41,871	47,190	413,489	320	49,103	29,759	-
Liabilities and Fund Balance									
Current Liabilities									
2110 Accounts Payable	155,026	-	9,947	-	31,196	-	103	-	-
2140 Bond Interest Payable	-	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	118,892	-	471	7,000	22,966	-	2,823	10,857	-
2170 Due to Other Funds	1,219,783	44,759	3,230	4,691	358,435	-	42,207	18,902	-
2180 Due to Other Governments	-	412,149	-	-	-	320	-	-	-
2190 Due to Student Groups	-	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	118,465	-	28,223	35,499	892	-	3,870	-	-
2990 Other Payables	-	-	-	-	-	-	-	-	-
2300 Deferred Revenues	-	-	-	-	-	-	-	-	-
Total Liabilities	1,610,166	456,907	41,871	47,190	413,489	320	49,103	29,759	-
Fund Balance									
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-
3430 Reserved for Prepays	-	-	-	-	-	-	-	-	-
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-
3440 Reserved for Outstanding Encumbrances	-	-	-	-	-	-	-	-	-
3590 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-
3590 Reserved-Other	-	-	-	-	-	-	-	-	-
3600 Undesignated - Special Revenue Fund	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	\$ 1,610,166	\$ 456,907	\$ 41,871	\$ 47,190	\$ 413,489	\$ 320	\$ 49,103	\$ 29,759	\$ -

(continued)

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2006**

Data Control Codes	270	281	283	289	291	294	295	296	297
	Urban Systemic (NSP)	American Indian Program	Foreign Language Asst. Program	IDEA -C Early Intervention	IDEA B Formula Willmer Hutchins	IDEA B Capacity Bldg	School Improvement Willmer Hutchins	IDEA B Preschool Willmer Hutchins	Asthma Grant
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1190 Cash	-	-	-	-	-	-	-	-	-
1120 Investment, at cost	-	-	-	-	-	-	-	-	-
Receivables									
1225 Taxes Receivable, net	-	22,376	138,713	6,832	54,830	101,196	34,668	15,366	282,351
1240 Due from Federal Agencies	-	-	-	-	-	-	-	-	-
1250 Accrued Interest	-	-	-	-	-	-	-	-	-
1260 Due from other Funds	85,090	-	-	-	-	-	-	-	-
1290 Other Receivables	-	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-	-
Total Assets	85,090	22,376	138,713	6,832	54,830	101,196	34,668	15,366	282,351
Liabilities and Fund Balance									
Current Liabilities									
2110 Accounts Payable	-	-	765	-	-	34,797	6,446	5,238	-
2140 Bond Interest Payable	-	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	-	2,623	817	6,832	28,551	-	-	-	-
2170 Due to Other Funds	-	18,746	137,131	-	26,279	66,399	26,053	10,150	282,351
2180 Due to Other Governments	85,090	1,007	-	-	-	-	-	-	-
2190 Due to Student Groups	-	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	-	-	-	-	-	-	2,169	-	-
2990 Other Payables	-	-	-	-	-	-	-	-	-
2300 Deferred Revenues	-	-	-	-	-	-	-	-	-
Total Liabilities	85,090	22,376	138,713	6,832	54,830	101,196	34,668	15,366	282,351
Fund Balance									
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-
3430 Reserved for Prepaids	-	-	-	-	-	-	-	-	-
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-
3440 Reserved for Outstanding Encumbrances	-	-	-	-	-	-	-	-	-
3590 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-
3590 Reserved-Other	-	-	-	-	-	-	-	-	-
3600 Undesignated - Special Revenue Fund	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	\$ 85,090	\$ 22,376	\$ 138,713	\$ 6,832	\$ 54,830	\$ 101,196	\$ 34,668	\$ 15,366	\$ 282,351

(continued)

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2006**

Data Control Codes	298	300	305	306	308	309	311	312	313
	Texas Women's University	Title I School Improvement	Texas 21st Century Success Express	Texas 21st Century Passing Zone	Texas 21st Century Bridge to Success	Adult Ed English Literacy	Title I SIP Program	Texas 21st Century Neighborhood Now	Texas 21st Century The Learning Zone
1110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1190	-	-	-	-	-	-	-	-	-
1120	-	-	-	-	-	-	-	-	-
Receivables									
1225	19,763	2,202,949	491,941	489,363	464,932	53,597	987,450	398,972	511,287
1240	-	-	-	-	-	-	-	-	-
1260	-	-	-	-	-	-	-	-	-
1280	-	-	-	-	-	-	-	-	-
1290	-	-	-	-	-	-	-	-	-
1300	-	-	-	-	-	-	-	-	-
1320	-	-	-	-	-	-	-	-	-
1400	-	-	-	-	-	-	-	-	-
Total Assets	19,763	2,202,949	491,941	489,363	464,932	53,597	987,450	398,972	511,287
Liabilities and Fund Balance									
Current Liabilities									
2110	-	170,081	37,487	60,270	60,350	-	-	47,214	32,736
2140	-	-	-	-	-	-	-	-	-
2160	-	47,954	99,003	43,410	53,744	-	14,806	78,763	128,074
2170	19,715	1,984,914	335,612	384,350	342,342	53,597	968,897	235,967	349,831
2180	-	-	-	-	-	-	-	-	-
2190	-	-	-	-	-	-	-	-	-
2200	48	-	19,839	1,333	8,496	-	3,947	37,028	2,656
2980	-	-	-	-	-	-	-	-	-
2300	-	-	-	-	-	-	-	-	-
Total Liabilities	19,763	2,202,949	491,941	489,363	464,932	53,597	987,450	398,972	511,287
Fund Balance									
3410	-	-	-	-	-	-	-	-	-
3430	-	-	-	-	-	-	-	-	-
3450	-	-	-	-	-	-	-	-	-
3440	-	-	-	-	-	-	-	-	-
3500	-	-	-	-	-	-	-	-	-
3590	-	-	-	-	-	-	-	-	-
3600	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	19,763	2,202,949	491,941	489,363	464,932	53,597	987,450	398,972	511,287

(continued)

Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

Data Control Codes	314 Adult Ed. Regional Centers of Excellence	318 IDEA B High Cost Risk Pool	319 Texas 21st Century Achievement Connection	320 Texas 21st Century Project Success	321 Texas 21st Century Learning After the Bell	322 Texas 21st Century Achievement Ave	325 Student Voluntary Drug Testing	326 COPS In Schools	327 Texas 21st Century After School
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1190 Cash	-	-	-	-	-	-	-	-	-
1120 Investment, at cost	-	-	-	-	-	-	-	-	-
Receivables									
1225 Taxes Receivable, net									
1240 Due from Federal Agencies		207,488	551,598	567,000	610,888	497,316	23,044	512,632	547,159
1250 Accrued Interest	104,212	-	-	-	-	-	-	-	-
1250 Due from other Funds	-	-	-	-	-	-	-	-	-
1260 Other Receivables	-	-	-	-	-	-	-	-	-
1290 Inventories, at Cost	-	-	-	-	-	-	-	-	-
1300 Other Current Assets	-	-	-	-	-	-	-	-	-
1400	-	-	-	-	-	-	-	-	-
Total Assets	104,212	207,488	551,598	567,000	610,888	497,316	23,044	512,632	547,159
Liabilities and Fund Balance									
Current Liabilities									
2110 Accounts Payable	3,595	-	20,301	51,518	28,287	15,550	-	-	240
2140 Bond Interest Payable	-	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	1,836	-	65,409	111,400	85,354	97,154	-	3,115	66,723
2170 Due to Other Funds	98,781	207,488	461,965	382,803	415,546	359,447	20,445	508,517	466,993
2180 Due to Other Governments	-	-	-	-	-	-	-	-	-
2190 Due to Student Groups	-	-	-	21,279	81,701	25,165	2,599	-	8,203
2200 Accrued Expenditures	-	-	3,922	-	-	-	-	-	-
2990 Other Payables	-	-	-	-	-	-	-	-	-
2300 Deferred Revenues	-	-	-	-	-	-	-	-	-
Total Liabilities	104,212	207,488	551,598	567,000	610,888	497,316	23,044	512,632	547,159
Fund Balance									
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-
3430 Reserved for Prepaids	-	-	-	-	-	-	-	-	-
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-
3440 Reserved for Outstanding Encumbrances	-	-	-	-	-	-	-	-	-
3560 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-
3590 Reserved-Other	-	-	-	-	-	-	-	-	-
3800 Undesignated - Special Revenue Fund	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	\$ 104,212	\$ 207,488	\$ 551,598	\$ 567,000	\$ 610,888	\$ 497,316	\$ 23,044	\$ 512,632	\$ 547,159

(continued)

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2006**

Data Control Codes	328 Texas 21st Century Learning Place	341 Title I Comp School Reform	342 Title II Part D Wilmer Hutchins	343 IDEA B Wilmer Hutchins	356 N.E.A. Foundation	368 Foreign Language	371 Abstinence Education (TDH)	377 Schools To Careers	381 GR Adult Education
1110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1190	-	-	-	-	-	-	-	-	-
1120	-	-	-	-	-	-	-	-	-
Receivables									
1225									
1240	512,818	140,651	24,602	-	-	-	78,532	-	538,543
1250	-	-	-	-	-	-	-	-	-
1260	-	-	-	-	2,572	1,339	-	95,187	-
1290	-	-	-	-	-	-	-	-	-
1300	-	-	-	-	-	-	-	-	-
1300	-	-	-	-	-	-	-	-	-
1400	-	-	-	-	-	-	-	-	-
Total Assets	512,818	140,651	24,602	-	2,572	1,339	78,532	95,187	538,543
Liabilities and Fund Balance									
Current Liabilities									
2110	851	897	-	-	-	-	1,611	-	-
2140	-	-	-	-	-	-	-	-	-
2160	94,280	9,390	-	-	-	-	12,241	-	109,585
2170	411,680	109,102	24,602	-	-	-	61,446	-	428,858
2180	-	-	-	-	-	-	-	95,187	-
2190	-	-	-	-	-	-	-	-	-
2200	6,007	21,202	-	-	-	-	3,234	-	-
2990	-	-	-	-	-	-	-	-	-
2990	-	-	-	-	-	1,339	-	-	-
2300	-	-	-	-	-	-	-	-	-
Total Liabilities	512,818	140,651	24,602	-	2,572	1,339	78,532	95,187	538,543
Fund Balance									
3410	-	-	-	-	-	-	-	-	-
3430	-	-	-	-	-	-	-	-	-
3450	-	-	-	-	-	-	-	-	-
3440	-	-	-	-	-	-	-	-	-
3560	-	-	-	-	-	-	-	-	-
3590	-	-	-	-	-	-	-	-	-
3600	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	512,818	140,651	24,602	-	2,572	1,339	78,532	95,187	538,543

(continued)

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2006**

Data Control Codes	382 Temporary Asst. for Needy Families	385 State Visually Handicapped	386 State Deaf	387 Texas Effectiveness Study	388 Adult Apprenticeship Training	393 Texas Successful Schools	394 Pregnancy Education Parenting	396 Smaller Learning Communities	397 AP/IB Incentive
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1190 Unapplied Cash	-	-	-	-	-	-	-	-	-
1120 Investment, at cost	-	-	-	-	-	-	-	-	-
Receivables									
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-	-
1240 Due from other Governments	36,453	36,138	-	813	49,442	-	202,495	571,739	-
1250 Accrued Interest	-	-	-	-	-	-	-	-	-
1260 Due from other Funds	-	-	122,626	-	-	178,451	-	-	52,557
1290 Other Receivables	-	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-	-
Total Assets	36,453	36,138	122,626	813	49,442	178,451	202,495	571,739	52,557
Liabilities and Fund Balance									
Current Liabilities									
2110 Accounts Payable	-	-	-	-	-	-	-	491	-
2140 Bond Interest Payable	-	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	-	-	-	733	81	-	11,211	157,917	-
2170 Due to Other Funds	35,206	34,525	-	80	48,059	-	191,284	403,873	-
2180 Due to Other Governments	-	-	122,626	-	-	178,451	-	-	-
2190 Due to Student Groups	-	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	1,247	1,613	-	-	302	-	-	9,458	-
2300 Deferred Revenues	-	-	-	-	-	-	-	-	52,557
Total Liabilities	36,453	36,138	122,626	813	49,442	178,451	202,495	571,739	52,557
Fund Balance									
3000									
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-
3430 Reserved for Prepaids	-	-	-	-	-	-	-	-	-
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-
3590 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-
3600 Undesignated - Special Revenue Fund	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	\$ 36,453	\$ 36,138	\$ 122,626	\$ 813	\$ 49,442	\$ 178,451	\$ 202,495	\$ 571,739	\$ 52,557

Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

Data Control Codes	399	401	403	404	411	412	414	415	418
	Investment Capital	Optional Extended Year	Pre-K Wilmer Hutchins	ARI & AML	State Technology Fund	Child Care Draw	Texas Accelerated Science	Pre-Kindergarten Expansion	TRS Supplemental Payment
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1190 Unapplied Cash	-	-	-	-	-	-	-	-	-
1120 Investment, at cost	-	-	-	-	-	-	-	-	-
Receivables									
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-	-
1240 Due from other Governments	9,824	636,962	157,609	6,475,913	458,344	-	71,533	1,894,668	340,548
1250 Accrued Interest	-	-	-	-	-	-	-	-	-
1260 Due from other Funds	-	-	-	-	-	151,898	-	2,989,007	-
1280 Other Receivables	-	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-	-
Total Assets	9,824	636,962	157,609	6,475,913	458,344	151,898	71,533	4,863,675	340,548
Liabilities and Fund Balance									
Current Liabilities									
2110 Accounts Payable	-	-	-	-	-	-	25,000	-	-
2140 Bond Interest Payable	-	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	131	461,480	-	1,527,880	-	-	14,547	-	-
2170 Due to Other Funds	8,859	175,482	157,609	4,677,687	416,715	-	31,986	1,630,030	340,548
2180 Due to Other Governments	-	-	-	-	-	-	-	-	-
2190 Due to Student Groups	-	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	854	-	-	270,346	41,828	-	-	85,617	-
2300 Deferred Revenues	-	-	-	-	-	151,898	-	-	-
Total Liabilities	9,824	636,962	157,609	6,475,913	458,344	151,898	71,533	1,715,647	340,548
Fund Balance									
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-
3430 Reserved for Prepaids	-	-	-	-	-	-	-	-	-
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-
3590 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-
3600 Undesignated - Special Revenue Fund	-	-	-	-	-	-	-	3,148,028	-
Total Fund Balance	-	-	-	-	-	-	-	3,148,028	-
Total Liabilities and Fund Balance	\$ 9,824	\$ 636,962	\$ 157,609	\$ 6,475,913	\$ 458,344	\$ 151,898	\$ 71,533	\$ 4,863,675	\$ 340,548

(continued)

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2006**

Date Control Codes	419	421	423	424	425	426	428	435	439
	ARIAMI Wilmer Hutchins	One Community One Child	LEP Student Success Initiative	City of Dallas Child Care	Urban School (Environment)	Urban School Grant	Optional Extended Year Wilmer Hutchins	Out-of-District Tuition for RDSPD	Reading Initiatives
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1180 Unapplied Cash	-	-	-	-	-	-	-	-	-
1120 Investment, at cost	-	-	-	-	-	-	-	-	-
Receivables									
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-	-
1240 Due from other Governments	232,129	-	64,930	165,942	-	1,717	7,928	-	-
1250 Accrued Interest	-	-	-	-	-	-	-	-	-
1260 Due from other Funds	-	25,069	-	-	15,087	-	-	38,719	3,270
1290 Other Receivables	-	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-	-
Total Assets	232,129	25,069	64,930	165,942	15,087	1,717	7,928	38,719	3,270
Liabilities and Fund Balance									
Current Liabilities									
2110 Accounts Payable	-	-	13	-	-	-	-	-	-
2140 Bond Interest Payable	-	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	58,177	-	-	-	-	-	6,302	-	-
2170 Due to Other Funds	169,927	-	84,917	165,942	-	1,717	1,626	-	-
2180 Due to Other Governments	-	25,069	-	-	15,087	-	-	-	-
2190 Due to Student Groups	-	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	4,025	-	-	-	-	-	-	38,719	3,270
2300 Deferred Revenues	-	-	-	-	-	-	-	-	-
Total Liabilities	232,129	25,069	84,930	165,942	15,087	1,717	7,928	38,719	3,270
Fund Balance									
3000									
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-	-
3430 Reserved for Prepaids	-	-	-	-	-	-	-	-	-
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-	-
3590 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-	-
3600 Undesignated - Special Revenue Fund	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	\$ 232,129	\$ 25,069	\$ 84,930	\$ 165,942	\$ 15,087	\$ 1,717	\$ 7,928	\$ 38,719	\$ 3,270

Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

Data Control Codes	441	448	449	450	453	454	456	457	461
	Postsecondary Success Initiative	Texas Grants to Reduce Academic Dropouts	Texas High School Completion & Success	Parent and Family Literacy	Texas Middle College	Laura Bush Foundation for Libraries	Fidelity Children's Learning Fund	Early College High School	Campus Activity Fund
1110	-	-	-	-	-	-	-	-	-
1190	-	-	-	-	-	-	-	-	-
1120	-	-	-	-	-	-	-	-	854,238
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Receivables									
1225	-	-	-	-	-	-	-	-	-
1240	-	-	-	28,695	50,455	-	-	74	-
1250	-	-	-	-	-	-	-	-	13,410
1260	-	118	870	-	-	10,021	5,231	-	1,262,044
1280	-	-	-	-	-	-	-	-	-
1290	-	-	-	-	-	-	-	-	-
1300	-	-	-	-	-	-	-	-	-
1400	-	-	-	-	-	-	-	-	-
Total Assets	-	118	870	28,695	50,455	10,021	5,231	74	2,128,692
Liabilities and Fund Balance									
Current Liabilities									
2110	-	-	-	-	-	-	-	-	-
2140	-	-	-	-	-	-	-	-	-
2160	-	-	-	-	4,223	-	-	-	-
2170	-	-	-	28,695	46,232	-	-	74	-
2180	-	118	870	-	-	10,021	5,231	-	-
2190	-	-	-	-	-	-	-	-	-
2200	-	-	-	-	-	-	-	-	99
2300	-	-	-	-	-	-	-	-	-
Total Liabilities	-	118	870	28,695	50,455	10,021	5,231	74	99
Fund Balance									
3000	-	-	-	-	-	-	-	-	-
3410	-	-	-	-	-	-	-	-	-
3430	-	-	-	-	-	-	-	-	-
3450	-	-	-	-	-	-	-	-	-
3590	-	-	-	-	-	-	-	-	2,128,593
3600	-	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-	2,128,593
Total Liabilities and Fund Balance	-	118	870	28,695	50,455	10,021	5,231	74	2,128,692

(continued)

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2006**

Data Control Codes	474 ABE Regional Local Contract	480 Funds for Family Literacy	481 Gifts and Donations	482 P.C.A.T Grant	483 Honors Development Grant	484 Project Ropes	485 Greenworks Project	486 Texas Instruments
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1190 Unapplied Cash	-	-	-	-	-	-	-	-
1120 Investment, at cost	-	-	33,965	-	-	-	-	-
Receivables								
1225 Taxes Receivable, net	-	-	-	-	-	-	-	-
1240 Due from other Governments	-	-	-	-	-	-	-	-
1250 Accrued Interest	-	-	-	-	-	-	-	-
1280 Due from other Funds	13,236	3,262	2,228,909	32,204	178,574	2,524	5,000	178,454
1290 Other Receivables	-	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	-	-
1400 Other Current Assets	-	-	-	-	-	-	-	-
Total Assets	13,236	3,262	2,262,874	32,204	178,574	2,524	5,000	178,454
Liabilities and Fund Balance								
Current Liabilities								
2110 Accounts Payable	-	-	-	-	-	-	-	-
2140 Bond Interest Payable	-	-	-	-	-	-	-	-
2160 Accrued Wages Payable	-	-	-	-	-	-	-	-
2170 Due to Other Funds	-	-	-	-	-	-	-	-
2180 Due to Other Governments	13,236	-	-	32,204	-	2,524	5,000	-
2190 Due to Student Groups	-	-	-	-	-	-	-	-
2200 Accrued Expenditures	-	3,262	2,262,874	-	178,574	-	-	178,454
2300 Deferred Revenues	-	-	-	-	-	-	-	-
Total Liabilities	13,236	3,262	2,262,874	32,204	178,574	2,524	5,000	178,454
Fund Balance								
3000 Reserved for Investment in Inventories	-	-	-	-	-	-	-	-
3410 Reserved for Prepaids	-	-	-	-	-	-	-	-
3430 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	-	-
3450 Designated - Campus Activity Fund	-	-	-	-	-	-	-	-
3590 Undesignated - Special Revenue Fund	-	-	-	-	-	-	-	-
3600	-	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	\$ 13,236	\$ 3,262	\$ 2,262,874	\$ 32,204	\$ 178,574	\$ 2,524	\$ 5,000	\$ 178,454

(continued)

**Dallas Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2006**

Data Control Codes	488	490	491	493	495	497	Totals June 30, 2006
	Reflect Loses	HIPPY NCJW	Fast-Track Grant	Sun and Star Japanese Study	Best Practice Meadows	Toward no Tobacco	
1110 Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
1190 Unapplied Cash	-	-	-	-	-	-	-
1120 Investment, at cost	-	-	-	-	-	-	888,203
Receivables							
1225 Taxes Receivable, net	-	-	-	-	-	-	-
1240 Due from other Governments	-	-	-	-	-	-	70,017,602
1250 Accrued Interest	-	-	-	-	-	-	18,753
1260 Due from other Funds	36	5,075	2,057	344	-	94,019	42,932,903
1290 Other Receivables	-	-	-	-	-	-	-
1300 Inventories, at Cost	-	-	-	-	-	-	2,911,500
1400 Other Current Assets	-	-	-	-	-	-	645
Total Assets	36	5,075	2,057	344	-	94,019	116,769,606
Liabilities and Fund Balance							
Current Liabilities							
2110 Accounts Payable	-	-	-	-	-	-	5,362,361
2140 Bond Interest Payable	-	-	-	-	-	-	-
2160 Accrued Wages Payable	-	-	-	-	-	-	11,416,756
2170 Due to Other Funds	-	-	-	-	-	-	74,596,178
2180 Due to Other Governments	36	5,075	2,057	-	-	-	1,490,071
2190 Due to Student Groups	-	-	-	-	-	-	-
2200 Accrued Expenditures	-	-	-	-	-	94,019	1,443,449
2300 Deferred Revenues	-	-	-	344	-	-	2,965,409
Total Liabilities	36	5,075	2,057	344	-	94,019	97,274,224
Fund Balance							
3000	-	-	-	-	-	-	-
3410 Reserved for Investment in Inventories	-	-	-	-	-	-	2,911,500
3430 Reserved for Prepaids	-	-	-	-	-	-	645
3450 Reserved for Food Service and Child Nutrition	-	-	-	-	-	-	11,305,816
3590 Designated - Campus Activity Fund	-	-	-	-	-	-	2,129,593
3600 Undesignated - Special Revenue Fund	-	-	-	-	-	-	3,146,028
Total Fund Balance	-	-	-	-	-	-	19,495,382
Total Liabilities and Fund Balance	\$ 36	\$ 5,075	\$ 2,057	\$ 344	\$ -	\$ 94,019	\$ 116,769,606

Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

Exhibit H-2

Data Control Codes	201	202	204	205	206	207	208	209	211
	Abstinence (Smart-2)	Title I Part A Wilmer Hutchins	Drug Free Schools	Title II Part A Wilmer Hutchins	McKinney Homeless Children	Academics 2000 Reading Impr.	School Health	Adult Education Corr./Inst	ESEA Title I Regular
Revenues									
5700 Local	-	-	-	-	-	-	-	-	-
5800 State Program	-	-	-	-	-	-	-	-	-
5900 Federal Program	181,832	1,111,701	1,193,006	124,029	238,271	-	-	71,690	63,030,752
5020 Total Revenues	181,832	1,111,701	1,193,006	124,029	238,271	-	-	71,690	63,030,752
Expenditures									
Current-									
0011 Instruction	-	867,892	33,848	9,728	40,885	-	-	52,036	40,793,852
0012 Instructional resources and media services	-	10,376	-	-	-	-	-	-	804,663
0013 Curriculum and staff development	2,704	59,361	1,025,686	114,301	-	-	-	19,654	5,972,987
0021 Instructional leadership	179,128	-	30,948	-	-	-	-	-	2,688,314
0023 School leadership	-	-	-	-	-	-	-	-	104,527
0031 Guidance, counseling, and evaluation services	-	16,298	102,524	-	-	-	-	-	4,584,757
0032 Social work services	-	-	-	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-	1,389,108
0035 Food services	-	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-	-
0041 General administration	-	104,462	-	-	-	-	-	-	330
0051 Plant maintenance and operations	-	-	-	-	-	-	-	-	1,005,535
0052 Security and monitoring services	-	-	-	-	-	-	-	-	9,569
0053 Data processing services	-	-	-	-	-	-	-	-	56,145
0061 Community services	-	33,312	-	-	197,366	-	-	-	5,410,932
Debt Service-									
0071 Debt Service	-	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-
6030 Total Expenditures	181,832	1,111,701	1,193,006	124,029	238,271	-	-	71,690	33
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	-	-	-	-	-	-	-	-	-

(continued)

Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

Exhibit H-2

Data Control Codes	212	213	214	215	216	218	219	220	222
	ESEA Title I Migrant	Even Start	Title I Part C Summer Prog.	Temporary Emergency Impact Aid	Title III Wilmer Hutchins	Title III LEP Wilmer Hutchins	Bilingual Education	Adult Basic Education	Title IV Wilmer Hutchins
Revenues									
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	-	-	-	-	124,722	-	-	-	-
5900 Federal Program	307,163	346,965	8,641	11,418,128	-	2,478	-	2,791,464	19,964
5020 Total Revenues	307,163	346,965	8,641	11,418,128	124,722	2,478	-	2,791,464	19,964
Expenditures									
Current:									
0011 Instruction	13,336	239,006	8,641	8,588,217	7,719	2,478	-	1,121,834	-
0012 Instructional resources and media services	-	-	-	228,104	-	-	-	-	-
0013 Curriculum and staff development	1,662	-	-	140,784	-	-	-	1,137,655	19,964
0021 Instructional leadership	-	-	-	169,297	-	-	-	7,895	-
0023 School leadership	-	-	-	823,311	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	-	-	463,336	4,000	-	-	156,615	-
0032 Social work services	400	-	-	24,949	-	-	-	-	-
0033 Health services	-	-	-	126,526	-	-	-	-	-
0034 Student transportation	-	-	-	108,705	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-	-
0041 General administration	-	-	-	110,487	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	133,653	-	-	-	2,359	-
0052 Security and monitoring services	-	-	-	167,513	-	-	-	460	-
0053 Data processing services	-	-	-	245,924	-	-	-	322,570	-
0061 Community services	-	-	-	87,322	113,003	-	-	42,076	-
Debt Service-	291,765	107,959	-	-	-	-	-	-	-
0071 Debt Service	-	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-
6030 Total Expenditures	307,163	346,965	8,641	11,418,128	124,722	2,478	-	2,791,464	19,964
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

Exhibit H-2

Data Control Codes	223	224	225	226	227	228	233	236	239
	Temp Assistance Families	IDEA-B Formula	IDEA-B Preschool	IDEA-B Preschool Deaf	IDEA Formula Deaf	IDEA-B Pre-School Deaf	Juvenile Mentoring Program	Elem. & Secondary School Counseling Program	Title V Winner Hutchins
Revenues									
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5900 State Program	-	-	-	-	-	-	-	-	-
5900 Federal Program	333,210	24,178,610	274,155	200,919	189,656	28,049	79,829	366,720	7,459
Total Revenues	333,210	24,178,610	274,155	200,919	189,656	28,049	79,829	366,720	7,459
Expenditures									
Current:									
0011 Instruction	147,280	12,522,055	-	200,919	189,656	1,162	-	-	-
0012 Instructional resources and media services	-	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	151,345	4,696,951	273,767	-	-	-	-	-	7,459
0021 Instructional leadership	-	1,083,645	-	-	-	-	42,590	-	-
0023 School leadership	-	-	-	-	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	4,329,899	388	-	-	-	18,000	366,720	-
0032 Social work services	-	-	-	-	-	-	-	-	-
0033 Health services	-	52,822	-	-	-	-	-	-	-
0034 Student transportation	-	1,387,585	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-	-
0041 General administration	-	57,703	-	-	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	-	-	-	-	-
0052 Security and monitoring services	-	-	-	-	-	-	-	-	-
0053 Data processing services	34,585	46,000	-	-	-	-	-	-	-
0061 Community services	-	1,950	-	-	-	26,887	19,239	-	-
Debt Service-									
0071 Debt Service	-	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-
Total Expenditures	333,210	24,178,610	274,155	200,919	189,656	28,049	79,829	366,720	7,459
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

Exhibit H-2

Data Control Codes	240	244	255	256	257	258	260	261	262
	Food Service	Carl D. Perkins Title I Part C	Title II Teacher Principal Training	Title I Comprehensive School Reform	Read for Tx Local Reading Improvement	Refuge Children Impact	ESEA Part D Title I	Texas Reading Initiative for Grades K-3	ESEA Title II Part D
Revenues									
5700 Local	\$ 7,130,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	552,409	-	-	-	-	-	-	-	-
5900 Federal Program	58,055,890	2,135,984	10,652,751	-	-	10,759	39,711	5,961,921	1,573,535
5020 Total Revenues	65,778,145	2,135,984	10,652,751	-	-	10,759	39,711	5,961,921	1,573,535
Expenditures									
Current:									
0011 Instruction	-	1,594,058	5,768,952	-	-	6,163	39,711	1,551,354	1,068,850
0012 Instructional resources and media services	-	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	-	131,374	2,863,406	-	-	-	-	4,111,319	327,685
0021 Instructional leadership	-	81,157	309,717	-	-	-	-	107,813	152,715
0023 School leadership	-	-	186,802	-	-	-	-	1,091	285
0031 Guidance, counseling, and evaluation services	-	329,395	123,650	-	-	275	-	108,000	24,000
0032 Social work services	-	-	-	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-	-
0035 Food services	59,155,082	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	2,602	-	-	-	-	-	-	-	-
0041 General administration	-	-	1,397,514	-	-	-	-	-	-
0051 Plant maintenance and operations	-	-	353	-	-	-	-	-	-
0052 Security and monitoring services	1,803,466	-	357	-	-	-	-	-	-
0053 Data processing services	-	-	-	-	-	-	-	-	-
0061 Community services	-	-	-	-	-	4,321	-	82,344	-
Debt Service-									
0071 Debt Service	-	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-
6030 Total Expenditures	60,961,130	2,135,984	10,652,751	-	-	10,759	39,711	5,961,921	1,573,535
1100 Excess (Deficiency) of Revenues Over Expenditures	4,817,015	-	-	-	-	-	-	-	-
7900 Transfer in / Out	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	9,400,745	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$ 14,217,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

Exhibit H-2

Data Control Codes	263	265	269	271	272	274	275	277	278
	Title III LEP/Immigrant	21st Century New Neighborhood	ESEA Title V Innovative Programs	Teaching American History	Early Childhood Intervention	IDEA Visually Impaired	Improving Health Education	Carl Perkins Wilmar Hutchins	Tools for Schools
Revenues									
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	-	-	-	-	592,800	-	-	-	-
5900 Federal Program	4,664,426	17,895	525,651	71,735	1,248,327	12,478	178,277	60,426	27,481
Total Revenues	4,664,426	17,895	525,651	71,735	1,841,127	12,478	178,277	60,426	27,481
Expenditures									
Current:									
0011 Instruction	2,381,281	(42)	81,354	(20)	160	12,478	1,172	47,615	-
0012 Instructional resources and media services	-	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	752,334	-	382,361	64,755	11,186	-	9,670	12,811	-
0021 Instructional leadership	36,600	-	11,895	7,000	-	-	163,759	-	-
0023 School leadership	21	-	-	-	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	(335)	36,000	-	-	-	-	-	-
0032 Social work services	-	-	-	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	664,590	-	-	-	-
0035 Food services	-	-	-	-	727	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	-	-	-	-	-
0052 Security and monitoring services	367	-	-	-	-	-	-	-	27,481
0053 Data processing services	-	-	-	-	-	-	-	-	-
0051 Community services	1,493,823	18,272	14,041	-	1,164,464	-	3,676	-	-
Debt Service-									
0071 Debt Service	-	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-
Total Expenditures	4,664,426	17,895	525,651	71,735	1,841,127	12,478	178,277	60,426	27,481
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

Exhibit H-2

Data Control Codes	279	281	283	289	291	294	295	296	297
	Urban Systemic (NSF)	American Indian Program	Foreign Language Assistance	IDEA C Early Intervention	IDEA B Formula Wilmer Hutchins	IDEA B Capacity Bldg	School Improvement Wilmer Hutchins	IDEA Part B Preschool Wilmer Hut.	Asthma Grant
Revenues									
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	-	-	-	-	-	-	-	-	-
5900 Federal Program	67,156	127,981	164,892	13,278	481,601	102,291	62,955	27,120	-
5020 Total Revenues	67,156	127,981	164,892	13,278	481,601	102,291	62,955	27,120	-
Expenditures									
Current-									
0011 Instruction	39	-	162,093	13,278	330,721	-	62,240	27,120	-
0012 Instructional resources and media services	-	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	57,517	-	199	-	75,880	102,291	-	-	-
0021 Instructional leadership	9,600	124,603	-	-	-	-	-	-	-
0023 School leadership	-	-	-	-	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	-	2,400	-	75,000	-	-	-	-
0032 Social work services	-	-	-	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-	-	-	-
0051 Plant maintenance and operations	-	1,176	-	-	-	-	-	-	-
0052 Security and monitoring services	-	2,202	-	-	-	-	715	-	-
0053 Data processing services	-	-	-	-	-	-	-	-	-
0061 Community services	-	-	-	-	-	-	-	-	-
Debt Service-									
0071 Debt Service	-	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-
6030 Total Expenditures	67,156	127,981	164,892	13,278	481,601	102,291	62,955	27,120	-
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	-	-	-	-	-	-	-	-	-

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006**

Exhibit H-2

Data Control Codes	298 Texas Women's University	300 Title I School Impr. Program	305 Texas 21st Century Success Express	306 Texas 21st Century Passing Zone	308 Texas 21st Century Bridge to Success	309 Adult Ed. English Literacy	311 Title I SIP	312 Texas 21st Century Neighborhood Now	313 Texas 21st Century The Learning Zone
Revenues									
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program									
5900 Federal Program	19,763	4,196,398	702,293	677,849	687,492	85,800	1,035,046	579,490	694,059
Total Revenues	19,763	4,196,398	702,293	677,849	687,492	85,800	1,035,046	579,490	694,059
Expenditures									
Current-									
0011 Instruction	-	2,453,201	12,666	25,867	8,876	52,452	779,697	7,151	7,876
0012 Instructional resources and media services	-	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	19,763	1,123,730	-	-	-	33,348	45,482	-	-
0021 Instructional leadership	-	-	-	-	-	-	-	-	-
0023 School leadership	-	465,578	-	-	-	-	161,310	-	-
0031 Guidance, counseling, and evaluation services	-	66,374	11,846	11,854	11,281	-	40,800	9,600	8,556
0032 Social work services	-	-	-	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-	-	-	-
0051 Plant maintenance and operations	-	2,832	-	-	-	-	819	-	-
0052 Security and monitoring services	-	17,351	-	-	-	-	1,047	-	-
0053 Data processing services	-	-	-	-	-	-	-	-	-
0061 Community services	-	67,332	677,981	640,128	667,335	-	5,891	562,739	677,627
Debt Service-									
0071 Debt Service	-	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-
Total Expenditures	19,763	4,196,398	702,293	677,849	687,492	85,800	1,035,046	579,490	694,059
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006**

Exhibit H-2

Data Control Codes	314	318	319	320	321	322	325	326
	Adult Ed. Regional Centers of Excellence	IDEA B High Cost Risk Pool	Texas 21st Century Achievement Connection	Texas 21st Century Project Success	Texas 21st Century Learning After the Bell	Texas 21st Century Achievement Ave	Student Volunteer Drug Testing	COPS In Schools
Revenues								
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	-	-	-	-	-	-	-	-
5900 Federal Program	262,880	283,763	809,929	804,542	757,061	677,751	45,107	549,064
Total Revenues	262,880	283,763	809,929	804,542	757,061	677,751	45,107	549,064
Expenditures								
Current-								
0011 Instruction	1,666	-	4,198	3,580	2,644	6,083	-	-
0012 Instructional resources and media services	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	209,902	-	-	376	-	-	25,107	-
0021 Instructional leadership	-	-	-	-	-	-	-	-
0023 School leadership	-	-	-	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	283,763	10,400	10,800	10,445	8,842	20,000	-
0032 Social work services	-	-	-	-	2	-	-	-
0033 Health services	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-	-	-
0051 Plant maintenance and operations	1,654	-	-	-	-	-	-	-
0052 Security and monitoring services	1,729	-	-	-	-	-	-	-
0053 Data processing services	47,929	-	-	-	-	-	-	-
0061 Community services	-	-	795,331	795,786	743,970	662,826	-	549,064
Debt Service-								
0071 Debt Service	-	-	-	-	-	-	-	-
0171 Interest on long-term debt	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-
6030 Total Expenditures	262,880	283,763	809,929	804,542	757,061	677,751	45,107	549,064
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006**

Exhibit H-2

Data Control Codes	327	328	341	342	343	356	368	371	377	381
	Texas 21st Century After School	Texas 21st Century Learning Place	Title I Comp. School Reform	Title II Part D Wilmer Hutchins	IDEA B Wilmer Hutchins	NEA Foundation	Foreign Language	Abstinence Education (TDH)	Schools to Careers	GR Adult Education
Revenues										
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,682	\$ -	\$ -	\$ -
5800 State Program	-	-	-	-	-	2,750	-	-	-	582,188
5900 Federal Program	725,131	701,644	432,791	24,285	6,349	-	-	126,364	-	-
Total Revenues	725,131	701,644	432,791	24,285	6,349	2,750	1,682	126,364	-	-
Expenditures										
Current-										
0011 Instruction	5,315	2,655	262,406	17,450	6,349	2,750	1,682	23,674	-	178,854
0012 Instructional resources and media services	-	-	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	-	-	165,058	6,835	-	-	-	-	-	198,915
0021 Instructional leadership	-	-	-	-	-	-	-	102,690	-	45,339
0023 School leadership	-	-	4,882	-	-	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	10,925	10,400	323	-	-	-	-	-	-	59,075
0032 Social work services	-	41	-	-	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	-	-	-	-	-	-
0052 Security and monitoring services	-	-	-	-	-	-	-	-	-	-
0053 Data processing services	-	-	-	-	-	-	-	-	-	-
0061 Community services	708,891	688,548	122	-	-	-	-	-	-	95,618
Debt Service-										
0071 Debt Service	-	-	-	-	-	-	-	-	-	4,387
0171 Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-	-
6030 Total Expenditures	725,131	701,644	432,791	24,285	6,349	2,750	1,682	126,364	-	582,188
1100 Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

Exhibit H-2

Data Control Codes	382 Temporary Asst. for Needy Families	385 State Visually Handicapped	386 State Deaf	387 Texas Effectiveness Study	389 Adult Apprenticeship Training	393 Texas Successful Schools	394 Pregnancy Education Parenting	396 Smaller Learning Communities	397 AP/IB Incentive
Revenues									
5700 Local	-	-	-	-	-	-	-	-	-
5800 State Program	160,018	49,393	2,493,252	-	138,284	14,974	434,334	-	-
5900 Federal Program	-	-	-	813	-	-	-	939,923	-
Total Revenues	160,018	49,393	2,493,252	813	138,284	14,974	434,334	939,923	-
Expenditures									
Current-									
0011 Instruction	109,717	41,894	2,405,504	-	118,162	14,974	-	597,260	-
0012 Instructional resources and media services	-	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	50,301	-	-	-	-	-	-	282,641	-
0021 Instructional leadership	-	-	-	-	20,122	-	-	4,246	-
0023 School leadership	-	-	-	-	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	-	-	813	-	-	-	53,172	-
0032 Social work services	-	-	-	-	-	-	295,175	-	-
0033 Health services	-	-	-	-	-	-	139,159	-	-
0034 Student transportation	-	7,499	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	-	-	-	-	-
0052 Security and monitoring services	-	-	-	-	-	-	-	-	-
0053 Data processing services	-	-	-	-	-	-	-	-	-
0061 Community services	-	-	-	-	-	-	-	-	-
Debt Service-	-	-	87,748	-	-	-	-	2,604	-
0071 Debt Service	-	-	-	-	-	-	-	-	-
171 Interest on long-term debt	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-
Total Expenditures	160,018	49,393	2,493,252	813	138,284	14,974	434,334	939,923	-
1100 Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	-	-	-	-	-	-	-	-	-

(continued)

Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

Exhibit H-2

Data Control Codes	399	401	403	404	411	412	414	415	418
	Investment Capital	Optional Extended Year	Pre-K Wilmer Hutchins	ARI & AMI	State Technology Fund	Child Care Draw	Texas Accelerated Science	Pre-Kindergarten/Expansion	TRS Supplemental Payment
Revenues									
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ 17,598	\$ -	\$ -	\$ -	\$ -
5800 State Program	32,915	593,807	157,609	8,737,868	4,046,851	15,864	467,992	4,753,769	8,834,664
5900 Federal Program	-	-	-	-	-	-	-	-	-
5020 Total Revenues	32,915	593,807	157,609	8,737,868	4,064,249	15,864	467,992	4,753,769	8,834,664
Expenditures									
Current-									
0011 Instruction	-	593,807	157,609	5,422,369	2,771,614	-	447,753	4,125,706	5,716,162
0012 Instructional resources and media services	-	-	-	-	-	-	-	184	151,970
0013 Curriculum and staff development	32,915	-	-	2,211,137	1,282,635	-	17,839	627,879	121,447
0021 Instructional leadership	-	-	-	81,464	-	-	-	-	75,819
0023 School leadership	-	-	-	-	-	-	-	-	398,657
0031 Guidance, counseling, and evaluation services	-	-	-	22,800	-	-	2,400	-	301,794
0032 Social work services	-	-	-	-	-	-	-	-	15,043
0033 Health services	-	-	-	-	-	15,864	-	-	129,469
0034 Student transportation	-	-	-	-	-	-	-	-	2,625
0035 Food services	-	-	-	-	-	-	-	-	598,071
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-	8,042
0041 General administration	-	-	-	-	-	-	-	-	100,029
0051 Plant maintenance and operations	-	-	-	-	-	-	-	-	861,422
0052 Security and monitoring services	-	-	-	-	-	-	-	-	209,876
0053 Data processing services	-	-	-	-	-	-	-	-	74,610
0051 Community services	-	-	-	-	-	-	-	-	105,570
Debt Service-									
0071 Debt Service	-	-	-	-	-	-	-	-	-
171 Interest on long-term debt	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	98	-	-	-	-	3,959
6030 Total Expenditures	32,915	593,807	157,609	8,737,868	4,064,249	15,864	467,992	4,753,769	8,834,664
1100 Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	3,148,028	-
3000 Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,148,028	\$ -

(continued)

Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

Exhibit H-2

Data Control Codes	419 ARI/AMI Wilmer Hutchins	421 One Community One Child	423 LEP Student Success Initiative	424 City of Dallas Child Care	425 Urban School (Environment)	428 Urban School Grant	428 Optional Extended Yr Wilmer Hutchins	435 Out-of-District Tuition for RDSPD
Revenues								
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	232,129	19,636	147,165	-	16,994	1,717	8,264	605,286
5900 Federal Program	-	-	-	-	-	-	-	-
5020 Total Revenues	232,129	19,636	147,165	-	16,994	1,717	8,264	605,286
Expenditures								
Current-								
0011 Instruction	227,038	2,419	82,915	-	-	1,717	8,264	433,342
0012 Instructional resources and media services	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	5,091	-	64,250	-	-	-	-	18,414
0021 Instructional leadership	-	-	-	-	-	-	-	78,163
0023 School leadership	-	-	-	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	-	-	-	-	-	-	75,367
0032 Social work services	-	-	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	-	-	-	-
0052 Security and monitoring services	-	-	-	-	-	-	-	-
0053 Data processing services	-	-	-	-	-	-	-	-
0061 Community services	-	17,217	-	-	16,994	-	-	-
Debt Service-								
0071 Debt Service	-	-	-	-	-	-	-	-
171 Interest on long-term debt	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-
5030 Total Expenditures	232,129	19,636	147,165	-	16,994	1,717	8,264	605,286
1100 Excess(Deliciency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006**

Exhibit H-2

Data Control Codes	439	441	448	449	450	453	454	456	457
	Reading Initiatives	Postsecondary Success Initiative	Texas Grants to Reduce Academic Dropouts	Texas High School Completion & Success	Parent And Family Literacy	Texas Middle College	Laura Bush Foundation	Fidelity Children's Learning	Early College High School
Revenues									
5700 Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program	19	1,711,456	67,655	100,897	23,355	54,460	21,707	10,762	74
5900 Federal Program	-	-	-	-	-	-	-	-	-
Total Revenues	19	1,711,456	67,655	100,897	23,355	54,460	21,707	10,762	74
Expenditures									
Current:									
0011 Instruction	-	1,711,456	44,605	100,491	23,355	31,931	-	10,762	74
0012 Instructional resources and media services	19	-	-	-	-	-	21,707	-	-
0013 Curriculum and staff development	-	-	691	-	-	19,877	-	-	-
0021 Instructional leadership	-	-	-	-	-	-	-	-	-
0023 School leadership	-	-	-	-	-	2,652	-	-	-
0031 Guidance, counseling, and evaluation services	-	-	-	406	-	-	-	-	-
0032 Social work services	-	-	-	-	-	-	-	-	-
0033 Health services	-	-	-	-	-	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	-	-	-	-	-	-
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	-	-
0041 General administration	-	-	-	-	-	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-	-	-	-	-	-
0052 Security and monitoring services	-	-	-	-	-	-	-	-	-
0053 Data processing services	-	-	-	-	-	-	-	-	-
0061 Community services	-	-	22,359	-	-	-	-	-	-
Debt Service-									
0071 Debt Service	-	-	-	-	-	-	-	-	-
171 Interest on long-term debt	-	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-	-
6030 Total Expenditures	19	1,711,456	67,655	100,897	23,355	54,460	21,707	10,762	74
1100 Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

Exhibit H-2

Data Control Codes	461 Campus Activity Fund	474 ABE Regional Contract	480 Funds For Family Literacy	481 Gifts and Donations	482 P.C.A.T Grant	483 Honors Development Grant	484 Project Ropes	485 Greenworks Project
Revenues								
5700 Local	\$ 4,031,467	\$ -	\$ -	\$ 2,246,665	\$ -	\$ -	\$ -	\$ -
5800 State Program	-	45,871	-	-	-	76,654	2,523	-
5900 Federal Program	-	-	-	-	-	-	-	-
5020 Total Revenues	4,031,467	45,871	-	2,246,665	-	76,654	2,523	-
Expenditures								
Current-								
0011 Instruction	4,379,020	-	-	824,465	-	76,654	-	-
0012 Instructional resources and media services	-	-	-	-	-	-	-	-
0013 Curriculum and staff development	-	45,871	-	147,038	-	-	1,718	-
0021 Instructional leadership	-	-	-	-	-	-	805	-
0023 School leadership	-	-	-	-	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	-	-	11,749	-	-	-	-
0032 Social work services	-	-	-	-	-	-	-	-
0033 Health services	-	-	-	3,395	-	-	-	-
0034 Student transportation	-	-	-	-	-	-	-	-
0035 Food services	-	-	-	50,131	-	-	-	-
0036 Cocommunications/extracurricular Activities	-	-	-	800,928	-	-	-	-
0041 General administration	-	-	-	242,089	-	-	-	-
0051 Plant maintenance and operations	-	-	-	18,326	-	-	-	-
0052 Security and monitoring services	-	-	-	1,559	-	-	-	-
0053 Data processing services	-	-	-	-	-	-	-	-
0061 Community services	-	-	-	146,985	-	-	-	-
Debt Service-								
0071 Debt Service	-	-	-	-	-	-	-	-
171 Interest on long-term debt	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	-
6030 Total Expenditures	4,379,020	45,871	-	2,246,665	-	76,654	2,523	-
1100 Excess(Deficiency) of Revenues Over Expenditures	(347,553)	-	-	-	-	-	-	-
7900 Transfer In / Out	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	2,477,146	-	-	-	-	-	-	-
3000 Fund Balances, end of year	\$ 2,129,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

**Dallas Independent School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006**

Data Control Codes	486	488	490	491	493	495	497	Totals June 30, 2006
	Texas Instruments	Reflect Lowes	HIPPY NCJW	Fast-Track Grant	Sun and Star Japanese Study	Best Practice Meadows	Toward no Tobacco	
Revenues								
5700 Local	\$ 67,030	\$ -	\$ -	\$ -	\$ 312	\$ -	\$ 54,741	\$ 13,549,541
5800 State Program	-	-	-	-	-	6,806	-	35,979,683
5900 Federal Program	-	-	-	-	-	-	-	208,614,399
5020 Total Revenues	67,030	-	-	-	312	6,806	54,741	258,143,633
Expenditures								
Current-								
0011 Instruction	67,030	-	-	-	-	-	-	113,422,600
0012 Instructional resources and media services	-	-	-	-	-	-	-	1,218,705
0013 Curriculum and staff development	-	-	-	-	312	-	-	28,295,640
0021 Instructional leadership	-	-	-	-	-	-	-	5,825,324
0023 School leadership	-	-	-	-	-	-	-	2,151,116
0031 Guidance, counseling, and evaluation services	-	-	-	-	-	-	-	11,794,907
0032 Social work services	-	-	-	-	-	-	-	335,210
0033 Health services	-	-	-	-	-	-	-	2,528,432
0034 Student transportation	-	-	-	-	-	-	-	1,466,642
0035 Food services	-	-	-	-	-	-	-	59,763,264
0036 Cocurricular/extracurricular Activities	-	-	-	-	-	-	-	922,389
0041 General administration	-	-	-	-	-	-	-	2,907,332
0041 General administration	-	-	-	-	-	-	-	2,863,477
0051 Plant maintenance and operations	-	-	-	-	-	-	-	1,008,118
0052 Security and monitoring services	-	-	-	-	-	-	-	867,236
0053 Data processing services	-	-	-	-	-	-	-	17,266,680
0061 Community services	-	-	-	-	-	6,806	54,741	-
Debt Service-								
0071 Debt Service	-	-	-	-	-	-	-	-
171 Interest on long-term debt	-	-	-	-	-	-	-	-
0081 Facilities acquisition & construction	-	-	-	-	-	-	-	4,089
6030 Total Expenditures	67,030	-	-	-	312	6,806	54,741	253,674,171
1100 Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	4,469,462
7900 Transfer In / Out	-	-	-	-	-	-	-	-
0100 Fund Balances, beginning of year	-	-	-	-	-	-	-	15,025,919
3000 Fund Balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,495,382

(continued)

Dallas Independent School District
Budgetary Comparison Schedule - Major Fund
Debt Service Fund
June 30, 2006

Exhibit H -3

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
0100	Fund Balance, July 1, 2005	<u>\$ 72,294,545</u>	<u>\$ 72,294,545</u>	<u>\$ 72,294,545</u>	<u>\$ -</u>
	RESOURCES (Inflows)				
7900	Sale of Bonds	-	-	44,135,000	44,135,000
	Premium on Bonds	-	-	6,507,642	6,507,642
5700	Local and intermediate sources	<u>108,569,673</u>	<u>108,569,673</u>	<u>115,194,261</u>	<u>6,624,588</u>
5000	Amounts available for appropriation	<u>108,569,673</u>	<u>108,569,673</u>	<u>165,836,903</u>	<u>57,267,230</u>
	CHARGES TO APPROPRIATIONS (Outflows)				
0071	Principal and interest on long-term debt	108,569,673	108,569,673	111,029,698	(2,460,025)
8940	8949 Payment to bond refunding escrow agent	<u>-</u>	<u>-</u>	<u>47,949,020</u>	<u>47,949,020</u>
6030	Total charges to appropriations	<u>108,569,673</u>	<u>108,569,673</u>	<u>158,978,718</u>	<u>45,488,995</u>
3000	Fund balance, June 30, 2006	<u>\$ 72,294,545</u>	<u>\$ 72,294,545</u>	<u>\$ 79,152,730</u>	<u>\$ 6,858,185</u>

Dallas Independent School District
 Budgetary Comparison Schedule - Nonmajor Fund
 Food Service Fund
 June 30, 2006

Exhibit H - 4

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
0100	Fund Balance, July 1, 2005	\$ -	\$ -	\$ -	\$ -
	RESOURCES (Inflows)				
5700	Local and intermediate sources	12,821,494	12,821,492	-	(12,821,492)
5800	State program revenues	814,159	814,159	-	(814,159)
5900	Federal program revenues	52,987,865	52,987,867	79,829	(52,908,038)
5000	Amounts available for appropriation	66,623,518	66,623,518	79,829	(66,543,689)
	CHARGES TO APPROPRIATIONS				
0035	Food Service	64,036,878	64,436,878	-	64,436,878
	Co-Curricular Activities	-	-	-	-
0051	Plant maintenance and operations	2,586,640	2,186,640	-	2,186,640
6000	Total charges to appropriations	66,623,518	66,623,518	0	66,623,518
3000	Fund balance, June 30, 2006	\$ 0	\$ 0	\$ 79,829	\$ 79,829

**Dallas Independent School District
Schedule of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Fiscal Year Ended June 30, 2006**

	<u>Agency Funds</u>
Cash and cash equivalents	
Beginning	\$ 4,341,574
Additions	9,003,620
Deletions	<u>9,290,496</u>
Ending	<u><u>\$ 4,054,698</u></u>
Due to student groups	
Beginning	\$ 4,341,574
Additions	9,003,620
Deletions	<u>9,290,496</u>
Ending	<u><u>\$ 4,054,698</u></u>

EXHIBIT J-1

Dallas Independent School District
Schedule of Delinquent Taxes Receivable
For the Year Ended June 30, 2006

Last Ten Years Ended August 31	1		2	3	10 Beginning Balance 7/1/2005	20 Current Year's Total Levy	31 Maintenance Total Collections	32 Debt Service Total Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/2006
	Maintenance	Tax Rates								
1997 and prior years	Various	Various	Various	38,106,648,354	12,747,206	-	594,940	46,275	(1,905,535)	10,200,456
1998	1.3740	0.8650	0.8650	40,469,448,988	2,598,585	-	145,312	9,148	(249,119)	2,195,006
1999	1.3740	0.8650	0.8650	44,624,425,308	3,198,380	-	194,135	12,222	(352,021)	2,640,002
2000	1.3980	0.0663	0.0663	49,107,307,100	3,919,073	-	327,349	20,639	(669,117)	2,901,968
2001	1.4780	0.0695	0.0695	53,136,828,664	6,320,974	-	421,245	19,929	(1,262,644)	4,617,156
2002	1.4780	0.0695	0.0695	57,284,326,734	7,929,326	-	677,587	31,986	(1,773,724)	5,446,029
2003	1.4780	0.1095	0.1095	58,464,300,287	9,357,474	-	1,071,992	79,705	(345,791)	7,859,986
2004	1.5000	0.1395	0.1395	58,380,724,174	13,861,930	-	2,102,713	196,329	(1,631,805)	9,931,083
2005	1.5000	0.1669	0.1669	59,372,699,642	32,676,352	-	14,040,379	1,591,589	(4,368,767)	12,675,617
2006	1.5000	0.1884	0.1884	62,682,170,090		1,016,398,514	872,234,867	109,530,762		34,632,885
1000 TOTALS					\$ 92,609,300	\$ 1,016,398,514	\$ 891,810,519	\$ 111,538,584	\$ (12,558,523)	\$ 93,100,188
9000 - Portion of Row 1000 for Taxes Paid into Tax Incremental Zone Under Chapter 311, Tax Code							\$ 1,871,119			

Dallas Independent School District
Schedule of Expenditures for Computations of Indirect Cost for 2005-2006
General and Special Revenue Funds
Year Ended June 30, 2006

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	\$ 318,559	-	\$ 488,805	\$ 12,062,481	\$ (248,283)	\$ 1,380,394	\$ 13,981,956
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	4,309,985	-	-	-	-	-	\$ 4,309,985
6212	Audit Services	-	-	-	-	-	-	\$ -
6213	Tax Appraisal and Collection	-	4,021,423	-	208,900	-	-	\$ 208,900
621X	Other Prof. Services	118,678	-	201,840	-	-	-	\$ 4,021,423
6220	Tuition and Transfer Payments	-	-	-	1,795,456	287	31,781	\$ 2,148,042
6240	Contr. Maint. and Repair	-	-	-	-	-	2,842	\$ 2,842
6260	Rentals	13,097	-	34,355	-	20,778	-	\$ 20,778
6290	Miscellaneous Contr.	27,655	-	5,418	214,722	60,094	36,227	\$ 358,495
6310	Supplies and Materials	-	-	-	171,392	-	9,426	\$ 213,891
6320	Textbooks and Reading Materials	727	-	39	2,452	-	-	\$ 2,452
63XX	Other Supplies Materials	28,174	-	55,279	21,735	-	-	\$ 22,501
6410	Travel, Subsistence, Stipends	16,822	-	9,697	706,023	(153,182)	118,768	\$ 755,062
6420	Insurance	-	-	1,050	167,407	-	309,551	\$ 503,477
6430	Election Costs	454,455	-	-	-	-	-	\$ 1,050
6490	Miscellaneous Operating	171,294	-	46,907	-	-	-	\$ 454,455
6600	Capital Outlay	-	-	-	1,621,933	-	543,175	\$ 2,383,309
6000	TOTAL	\$ 5,459,446	\$ 4,021,423	\$ 843,390	\$ 16,972,501	\$ (320,308)	\$ 3,014,536	\$ 29,990,990

Total expenditures for General and Special Revenue Funds

1,368,440,595

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)(Only Funds 100-199/200-499/810-879)

10 \$74,754,409

Total Debt & Lease (6500)(Only Funds 100-199/200-499/810-879)

11 8,153,251

Plant Maintenance (Function 51, 6100-6400)

12 151,709,355

Food (Function 35, 6341)

13 16,051,740

Stipends (6132 and 6412)

14 -

Subtotal:

\$250,668,755

Net Allowed Direct Cost

\$1,117,771,840

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)

15 1,484,417,094

Historical Cost of Buildings over 50 years old

16 121,907,590

Amount of Federal Money in building Cost (Net of Above)

17 10,000

Total Cost of Furniture & Equipment before Depreciation (1530&1540)

18 154,497,651

Historical Cost of Furniture & Equipment over 16 years old

19 39,181,261

Amount of Federal Money in Furniture & Equipment (Net of Above)

20 \$31,181,261

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

Exhibit J-3

**Dallas Independent School District
Fund Balance and Cash Flow Calculation Worksheet
General Fund as of June 30, 2006**

Data Control Code	Explanation	Amount
1	Total General Fund Balance 6/30/06 (Exhibit C-1 object 3000 for the General Fund Only)	<u>\$ 135,844,170</u>
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	<u>\$ 19,618,139</u>
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	<u>\$ -</u>
4	Estimated amount needed to cover all cash flow deficits in General Fund (net of borrowed funds and funds representing deferred revenues) (unaudited)	<u>\$ 85,415,610</u>
5	Estimate of one month's average cash disbursements during the regular school session (9/1/05-5/31/06) (unaudited)	<u>\$ 92,858,664</u>
6	Optimum Fund Balance and Cash Flow (2 + 3 + 4 + 5) (unaudited)	<u>\$ 197,892,413</u>
7	Excess/(Deficit) Undesignated Unreserved General Fund Fund Balance (1 - 6) (unaudited)	<u>\$ (62,048,243)</u>

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

	2002	2003	2004	2005	2006
Current-					
Instruction	\$ 657,964,234	\$ 717,479,558	\$ 734,514,593	\$ 747,224,509	\$ 769,680,052
Instructional Resources and Media Services	19,276,924	18,836,667	19,981,062	21,061,655	21,370,429
Curriculum and Staff Development	37,049,471	31,303,411	34,086,359	35,649,248	41,281,393
Instructional Leadership	24,259,931	20,612,925	23,691,584	24,202,091	21,056,447
School Leadership	60,841,057	61,082,797	71,056,165	75,549,944	77,479,246
Guidance and Counseling Services	38,891,333	41,007,861	47,597,254	50,925,260	53,820,287
Social Work Services	2,329,771	2,176,802	2,645,235	2,608,185	2,411,111
Health Services	11,236,356	11,029,193	12,878,668	14,258,749	14,294,361
Student Transportation	16,925,053	18,444,181	14,622,840	11,487,837	18,362,393
Food Services	53,719,671	53,559,421	59,503,710	57,362,310	58,421,135
Cocurricular/Extracurricular Activities	9,815,744	9,489,533	11,067,978	10,256,766	11,310,793
General Administration	37,447,203	37,633,240	33,374,643	30,848,032	30,353,806
Plant Maintenance and Operation	118,503,640	104,300,326	128,973,176	142,252,813	157,373,172
Security and Monitoring Services	8,847,056	8,744,934	13,768,123	16,268,821	17,926,967
Data Processing Services	32,336,892	25,808,191	20,910,929	20,460,843	16,618,677
Community Services	20,414,284	19,566,322	24,132,230	26,647,200	25,886,918
Debt Service	20,905,252	34,705,368	39,848,218	43,497,537	61,607,998
Capital Outlay	169,578	11,105,668	24,349,526	45,684,074	33,271,944
Payments to Juvenile Justice	-	365,024	624,298	765,000	647,509
Payments to Tax Increment Fund	9,248,085	4,551,449	4,621,391	2,185,650	1,873,098
Total Expenditures	\$ 1,180,181,535	\$ 1,231,802,871	\$ 1,322,247,982	\$ 1,379,196,524	\$ 1,435,047,735

Source: Dallas ISD records

Notes:

(1) GASB 34 implemented in 2002.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Program Revenues:					
Charges for Services	\$ 12,905,484	\$ 7,466,888	\$ 8,167,296	\$ 9,284,825	\$ 9,384,126
Operating Grants and Contributions	162,730,210	203,775,324	235,315,383	235,461,335	258,295,530
General Revenues:					
Property Taxes - General	808,892,570	849,858,791	829,003,189	855,833,262	901,474,792
Property Taxes - Debt Service	38,674,522	64,221,808	77,173,360	95,881,230	112,846,459
State aid-formula Grants	151,752,063	150,640,924	162,295,685	168,588,692	167,540,662
Grants and Contributions not Restricted	-	-	3,220,045	1,189,564	4,621,359
Unrestricted Investment Earnings	7,338,237	12,341,249	15,389,491	18,709,381	24,658,069
Gain (Loss) on Sale of Equipment	-	-	(671,773)	-	-
Miscellaneous	<u>21,911,844</u>	<u>10,703</u>	<u>4,156,673</u>	<u>24,995,782</u>	<u>54,259,092</u>
Total Revenues	\$ <u>1,204,204,930</u>	\$ <u>1,288,315,687</u>	\$ <u>1,334,049,349</u>	\$ <u>1,409,944,071</u>	\$ <u>1,533,080,089</u>

Source: Dallas ISD records

Notes:

(1) GASB 34 implemented in 2002.

Dallas Independent School District
Net Assets by Components
Last Five Fiscal Years
(Accrual basis of accounting - Unaudited)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:					
Invested in capital assets, net of related debt	\$ 17,773,797	\$ 20,489,231	\$ 31,083,362	\$ 198,781,406	\$ 231,121,354
Restricted	33,468,982	93,601,174	49,847,046	55,051,251	82,149,491
Unrestricted	127,017,010	120,682,200	165,643,564	23,488,862	62,083,028
Total Governmental Activities Net Assets	<u>\$ 178,259,789</u>	<u>\$ 234,772,605</u>	<u>\$ 246,573,972</u>	<u>\$ 277,321,519</u>	<u>\$ 375,353,874</u>
% change from prior year	N/A (1)	31.7%	5.0%	12.5%	35.3%

Source: Dallas ISD records

Notes:

(1) The District implemented GASB 34 in fiscal year 2002. Therefore, 10 years of data is not available but will be accumulated over time.

**Dallas Independent School District
Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)**

Program Revenues	2006	2005	2004	2003	2002
Governmental Activities:					
Fees and charges for services:					
11 Instruction	\$ 803,448	\$ 1,070,947	\$ 1,352,081	\$ 705,026	\$ 1,037,999
35 Food services	7,130,046	6,851,514	5,715,748	5,653,162	10,330,312
36 Cocurricular/extracurricular activities	812,253	796,511	712,225	706,858	1,154,300
51 Plant maintenance and operations	638,379	565,853	387,242	401,842	382,873
Operating grants and contributions	258,295,530	235,461,335	235,315,383	203,775,324	162,730,210
Total governmental activities program revenues	267,679,656	244,746,160	243,482,679	211,242,212	175,635,694
Expenses					
Governmental Activities:					
11 Instruction	769,680,052	747,224,509	734,514,593	717,479,558	657,964,235
12 Instructional resources and media services	21,370,429	21,061,655	19,981,062	18,836,667	19,276,924
13 Curriculum and staff development	41,281,393	35,649,248	34,086,359	31,303,411	37,049,471
21 Instructional leadership	21,056,447	24,202,091	23,691,584	20,612,925	24,259,931
23 School leadership	77,479,246	75,549,944	71,056,165	61,082,797	60,841,057
31 Guidance, counseling, and evaluation services	53,820,287	50,925,260	47,597,254	41,007,861	38,891,333
32 Social work services	2,411,111	2,608,185	2,645,235	2,176,802	2,329,771
33 Health services	14,294,361	14,258,749	12,878,668	11,029,193	11,236,356
34 Student transportation	18,362,393	11,487,837	14,622,840	18,444,181	16,925,053
35 Food services	58,421,135	57,362,310	59,503,710	53,559,421	53,719,671
36 Cocurricular/extracurricular activities	11,310,793	10,256,766	11,067,978	9,489,533	9,815,744
41 General administration	30,353,806	30,848,032	33,374,643	37,633,240	37,447,203
51 Plant maintenance and operations	157,373,172	142,252,813	128,973,176	104,300,326	118,503,640
52 Security and monitoring services	17,926,967	16,268,821	13,768,123	8,744,934	8,847,056
53 Data processing services	16,618,677	20,460,843	20,910,929	25,808,191	32,336,892
61 Community services	25,886,918	26,647,200	24,132,230	19,566,322	20,414,284
71 Debt service	61,607,998	43,497,537	39,848,218	34,705,368	20,905,252
81 Facilities acquisition & construction	33,271,944	45,684,074	24,349,526	11,105,668	169,578
95 Payments to juvenile justice AE	647,509	765,000	624,298	365,024	-
97 Payments to tax increment fund	1,873,098	2,185,650	4,621,391	4,551,449	9,248,085
Total governmental activities	1,435,047,735	1,379,196,524	1,322,247,982	1,231,802,871	1,180,181,536
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes:					
Property taxes, levied and collected for general purposes	901,474,792	855,833,262	829,003,189	849,858,791	808,892,570
Property taxes, levied and collected for debt service	112,846,459	95,881,230	77,173,360	64,221,808	38,674,522
State aid-formula grants not restricted to specific programs	167,540,662	168,588,692	162,295,685	150,640,924	151,752,063
Grants and contributions not restricted to specific programs	4,621,359	1,189,564	3,220,045	-	-
Investment earnings	24,658,069	18,709,381	15,389,491	12,341,249	7,338,237
Gain/(Loss) on sale of equipment	-	-	(671,773)	-	-
Miscellaneous	54,259,092	24,995,782	4,156,673	10,703	21,911,844
	1,265,400,433	1,165,197,911	1,090,566,670	1,077,073,475	1,028,569,236
Change in Net Assets	\$ 98,032,354	\$ 30,747,547	\$ 11,801,367	\$ 56,512,816	\$ 24,023,394

Source: Dallas ISD records

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

	<u>1997</u>	<u>1998</u>	<u>1999</u>
Current-			
Instruction	\$ 485,851,584	\$ 496,733,130	\$ 508,492,721
Instructional Resources and Media Services	19,310,139	16,901,965	17,956,177
Curriculum and Staff Development	17,220,766	20,117,974	22,545,533
Instructional Leadership	16,042,329	19,266,465	20,335,600
School Leadership	50,622,528	51,353,173	52,082,863
Guidance and Counseling Services	26,366,999	28,509,988	30,027,196
Social Work Services	3,860,553	4,196,571	4,937,158
Health Services	8,327,368	8,723,902	9,184,448
Student Transportation	3,347,807	5,968,119	3,626,344
Food Services	45,178,204	48,881,720	50,114,906
Cocurricular/Extracurricular Activities	6,331,271	6,755,829	7,602,452
General Administration	19,463,942	24,414,975	24,173,821
Plant Maintenance and Operation	106,790,445	95,995,295	104,312,977
Security and Monitoring Services	5,179,582	6,843,801	6,889,954
Data Processing Services	10,656,718	26,794,531	25,940,188
Community Services	11,059,469	10,760,298	13,029,918
Debt Service	41,981,076	44,902,514	50,195,561
Capital Outlay	109,934,035	24,353,676	15,096,146
Payments to Juvenile Justice	-	-	-
Payments to Tax Increment Fund	-	-	-
Total Expenditures	\$ 987,524,815	\$ 941,473,926	\$ 966,543,963

Source: Dallas ISD records

Notes:

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

	2000	2001	2002	2003	2004	2005	2006
\$	574,084,455	\$ 643,919,253	\$ 644,992,655	\$ 699,188,897	\$ 728,518,271	\$ 732,858,728	\$ 745,816,430
	17,982,627	19,276,462	18,879,947	18,845,055	19,842,246	20,784,328	20,775,981
	23,619,481	31,293,486	36,690,757	30,498,743	33,845,064	35,305,725	40,663,323
	21,642,393	21,819,049	23,979,712	20,099,051	23,501,712	23,795,075	20,484,892
	56,358,934	60,842,443	59,468,757	59,489,049	70,447,035	73,981,938	74,888,612
	34,449,484	36,647,130	38,116,914	39,944,825	47,218,784	49,995,687	52,218,032
	3,369,455	3,266,708	2,280,383	2,119,985	2,622,549	2,555,637	2,331,507
	9,894,083	10,742,150	11,011,242	10,741,358	12,768,289	13,973,821	13,818,045
	13,653,221	16,140,861	15,953,079	17,396,450	14,585,426	11,080,741	17,927,519
	52,326,652	52,794,233	54,944,328	53,325,715	61,650,740	58,091,038	59,763,264
	7,198,685	9,010,046	9,721,398	9,601,887	10,973,098	10,305,213	11,305,025
	25,906,983	29,559,255	36,712,657	36,913,775	33,157,778	30,649,941	29,990,990
	105,098,316	116,451,273	117,501,239	102,242,690	127,717,344	140,891,459	154,572,830
	7,576,668	8,151,889	8,785,521	8,476,879	14,169,748	16,048,009	17,985,927
	18,003,486	16,968,653	43,345,262	26,782,708	22,719,642	22,624,639	17,671,353
	12,331,992	16,245,011	20,305,558	19,179,951	23,929,987	26,232,113	25,219,969
	48,658,508	52,033,911	50,876,965	35,915,558	87,130,026	98,691,697	119,182,949
	8,998,364	7,276,083	16,332,969	19,423,408	195,484,571	513,844,636	446,549,523
	-	-	-	365,024	624,298	765,000	647,509
	-	-	9,248,085	4,551,449	4,621,391	2,185,650	1,873,098
\$	<u>1,041,153,787</u>	<u>\$ 1,152,437,896</u>	<u>\$ 1,219,147,428</u>	<u>\$ 1,215,102,457</u>	<u>\$ 1,535,527,999</u>	<u>\$ 1,884,661,075</u>	<u>\$ 1,873,686,778</u>

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

<u>Source</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Revenue From Local Sources-				
Local Maintenance and Debt Service Tax (2),	\$ 545,217,946	\$ 587,472,941	\$ 633,063,886	\$ 687,309,641
Tuition from Patrons	1,164,666	1,133,693	1,284,511	1,860,722
Other Revenue From Local Sources	30,645,708	29,069,943	26,988,662	25,011,015
Cafeteria and Co-Curricular Revenue	8,589,067	8,851,900	9,639,273	10,529,990
Total Revenue from Local Sources	<u>585,617,387</u>	<u>626,528,477</u>	<u>670,976,332</u>	<u>724,711,368</u>
Revenue from State Sources-				
Per Capita and Foundation	141,324,467	154,205,079	143,802,199	165,295,026
Other Foundation Revenue from State	5,144,221	7,233,397	10,350,523	20,900,556
Other State Revenue	37,814,764	40,791,921	40,723,721	38,441,822
Total Revenue from State Sources	<u>184,283,452</u>	<u>202,230,397</u>	<u>194,876,443</u>	<u>224,637,404</u>
Revenue from Federal Sources-				
Federal Source Revenues	56,694,332	64,737,008	62,295,219	72,084,813
Other Revenue	35,389,035	33,957,529	43,815,036	37,961,327
Total Revenue from Federal Sources	<u>92,083,367</u>	<u>98,694,537</u>	<u>106,110,255</u>	<u>110,046,140</u>
Total Revenues	<u>\$ 861,984,206</u>	<u>\$ 927,453,411</u>	<u>\$ 971,963,030</u>	<u>\$ 1,059,394,912</u>

Source: Dallas ISD records

Notes:

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

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 783,761,872 1,415,844	\$ 843,113,045 1,037,999	\$ 863,504,556 962,152	\$ 909,763,717 809,374	\$ 949,972,626 1,175,679	\$ 1,014,321,250 920,432
30,538,469 11,774,070	26,502,354 11,347,593	35,794,447 8,513,434	41,077,631 (1,867,831)	80,702,881 4,115,960	99,438,672 7,445,340
<u>827,490,255</u>	<u>882,000,991</u>	<u>908,774,589</u>	<u>949,782,891</u>	<u>1,035,967,146</u>	<u>1,122,125,694</u>
131,538,298 32,907,045 39,671,388	106,131,452 24,933,199 49,023,876	126,929,612 21,631,876 60,338,816	117,817,370 24,093,675 57,994,455	120,586,116 20,284,233 59,069,896	121,362,902 20,205,685 57,338,524
<u>204,116,731</u>	<u>180,088,527</u>	<u>208,900,304</u>	<u>199,905,500</u>	<u>199,940,245</u>	<u>198,907,111</u>
75,381,869 46,569,259	91,624,757 46,129,723	95,338,318 56,931,388	118,083,199 70,536,700	119,690,331 69,147,999	145,066,523 70,002,044
<u>121,951,128</u>	<u>137,754,480</u>	<u>152,269,706</u>	<u>188,619,899</u>	<u>188,838,330</u>	<u>215,068,567</u>
<u>\$ 1,153,558,114</u>	<u>\$ 1,199,843,998</u>	<u>\$ 1,269,944,599</u>	<u>\$ 1,338,308,290</u>	<u>\$ 1,424,745,721</u>	<u>\$ 1,536,101,372</u>

**Dallas Independent School District
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting - Unaudited)**

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General fund:				
Reserved	\$ 22,236,494	\$ 21,122,637	\$ 27,455,748	\$ 19,895,891
Unreserved	5,103,174	23,902,581	34,067,377	74,410,922
Total General Fund	<u>\$ 27,339,668</u>	<u>\$ 45,025,218</u>	<u>\$ 61,523,125</u>	<u>\$ 94,306,813</u>
 All other governmental funds:				
Reserved	\$ 56,280,232	\$ 40,404,011	\$ 38,206,892	\$ 32,357,312
Unreserved, reported in:				
Special Revenue Funds	-	-	-	(8,692,984)
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
	<u>\$ 56,280,232</u>	<u>\$ 40,404,011</u>	<u>\$ 38,206,892</u>	<u>\$ 23,664,328</u>

Source: Dallas ISD records

	2001		2002		2003		2004		2005		2006
\$	16,130,675	\$	13,614,609	\$	17,902,046	\$	13,870,965	\$	17,909,710	\$	19,618,139
	74,631,835		80,859,011		108,280,351		101,919,681		84,151,575		116,226,031
\$	<u>90,762,510</u>	\$	<u>94,473,620</u>	\$	<u>126,182,397</u>	\$	<u>115,790,646</u>	\$	<u>102,061,285</u>	\$	<u>135,844,170</u>
\$	62,935,288	\$	351,674,381	\$	429,866,796	\$	552,479,743	\$	511,722,191	\$	440,830,945
	(106,439)		1,034,926		2,701,763		5,596,131		5,625,175		5,277,621
	-		-		-		-		-		-
\$	<u>62,828,849</u>	\$	<u>352,709,307</u>	\$	<u>432,568,559</u>	\$	<u>558,075,874</u>	\$	<u>517,347,366</u>	\$	<u>446,108,566</u>

Dallas Independent School District
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting - Unaudited)

	1997	1998	1999	2000
REVENUES				
5700 Local and intermediate sources	\$ 585,617,387	\$ 626,528,477	\$ 670,976,332	\$ 724,711,368
5800 State program revenues	184,283,452	202,230,397	194,876,443	224,637,404
5900 Federal program revenues	92,083,367	98,694,537	106,110,255	110,046,140
Total revenues	<u>861,984,206</u>	<u>927,453,411</u>	<u>971,963,030</u>	<u>1,059,394,912</u>
EXPENDITURES				
Current:				
11 Instruction	485,851,584	496,733,130	508,492,721	574,084,455
12 Instructional resources and media services	19,310,139	16,901,965	17,956,177	17,982,627
13 Curriculum and staff development	17,220,766	20,117,974	22,545,533	23,619,481
21 Instructional leadership	16,042,329	19,266,465	20,335,600	21,642,393
23 School leadership	50,622,528	51,353,173	52,082,863	56,358,934
31 Guidance, counseling, and evaluation services	26,366,999	28,509,988	30,027,196	34,449,484
32 Social work services	3,860,553	4,196,571	4,937,158	3,369,455
33 Health services	8,327,368	8,723,902	9,184,448	9,894,083
34 Student transportation	3,347,807	5,968,119	3,626,344	13,653,221
35 Food services	45,178,204	48,881,720	50,114,906	52,326,652
36 Cocurricular/extracurricular activities	6,331,271	6,755,829	7,602,452	7,198,685
41 General administration	19,463,942	24,414,975	24,173,821	25,906,983
51 Plant maintenance and operations	106,790,445	95,995,295	104,312,977	105,098,316
52 Security and monitoring services	5,179,582	6,843,801	6,889,954	7,576,668
53 Data processing services	10,656,718	26,794,531	25,940,188	18,003,486
61 Community services	11,059,469	10,760,298	13,029,918	12,331,992
Debt service				
71 Principal on long-term debt	41,981,076	44,902,514	50,195,561	48,658,508
171 Interest on long-term debt				
Capital outlay				
81 Facilities acquisition and construction	109,934,035	24,353,676	15,096,146	8,998,364
Intergovernmental charges				
95 Payments juvenile justice AE			-	-
97 Payments to tax increment fund			-	-
Total expenditures	<u>987,524,815</u>	<u>941,473,926</u>	<u>966,543,963</u>	<u>1,041,153,787</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(125,540,609)</u>	<u>(14,020,515)</u>	<u>5,419,067</u>	<u>18,241,125</u>
OTHER FINANCING SOURCES (USES)				
7901 Proceeds of refunding bonds	-	-	(176,940,479)	-
7911 Proceeds from bonds	10,000,000	-	178,234,862	-
7912 Sale of real and personal property	-	6,100,000	-	-
7913 Proceeds from capital leases	-	9,729,844	7,587,338	-
7914 Proceeds from notes and loans	-	-	-	-
7915 Transfer out/in	-	-	-	-
7916 Premium on bonds	-	-	-	-
7999 Other nonrevenue receipts	14,297,892	-	-	-
8940 Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources and uses	<u>24,297,892</u>	<u>15,829,844</u>	<u>8,881,721</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (101,242,717)</u>	<u>\$ 1,809,329</u>	<u>\$ 14,300,788</u>	<u>\$ 18,241,125</u>
Debt service as a percentage of noncapital expenditures	4.78%	4.90%	5.28%	4.71%

Source: Dallas ISD records

	2001	2002	2003	2004	2005	2006
\$	827,490,255	\$ 882,000,991	\$ 908,774,589	\$ 949,782,891	\$ 1,035,967,146	\$ 1,122,125,694
	204,116,731	180,088,527	208,900,304	199,905,500	199,940,245	198,907,111
	121,951,128	137,754,480	152,269,706	188,619,899	188,838,330	215,068,567
	<u>1,153,558,114</u>	<u>1,199,843,998</u>	<u>1,269,944,599</u>	<u>1,338,308,290</u>	<u>1,424,745,721</u>	<u>1,536,101,372</u>
	643,919,253	644,992,655	699,188,897	728,518,271	732,858,728	745,816,430
	19,276,462	18,879,947	18,845,055	19,842,246	20,784,328	20,775,981
	31,293,486	36,690,757	30,498,743	33,845,064	35,305,725	40,663,324
	21,819,049	23,979,712	20,099,051	23,501,712	23,795,075	20,484,892
	60,842,443	59,468,757	59,489,049	70,447,035	73,981,938	74,888,612
	36,647,130	38,116,914	39,944,825	47,218,784	49,995,687	52,218,032
	3,266,708	2,280,383	2,119,985	2,622,549	2,555,637	2,331,507
	10,742,150	11,011,242	10,741,358	12,768,289	13,973,821	13,818,045
	16,140,861	15,953,079	17,396,450	14,585,426	11,080,741	17,927,519
	52,794,233	54,944,328	53,325,715	61,650,740	58,091,038	59,763,264
	9,010,046	9,721,398	9,601,887	10,973,098	10,305,213	11,305,025
	29,559,255	36,712,657	36,913,775	33,157,778	30,649,941	29,990,990
	116,451,273	117,501,239	102,242,690	127,717,344	140,891,459	154,572,830
	8,151,889	8,785,521	8,476,879	14,169,748	16,048,009	17,985,927
	16,968,653	43,345,262	26,782,708	22,719,642	22,624,639	17,671,353
	16,245,011	20,305,558	19,179,951	23,929,987	26,232,113	25,219,969
	52,033,911	32,178,345	10,496,302	51,385,339	44,762,845	56,310,700
		18,698,620	25,419,256	35,744,687	53,928,852	62,872,249
	7,276,083	16,332,969	19,423,408	195,484,571	513,844,636	446,549,523
		-	365,024	624,298	765,000	647,509
		9,248,085	4,551,449	462,139.1	2,185,650	1,873,098
	<u>1,152,437,896</u>	<u>1,219,147,429</u>	<u>1,215,102,457</u>	<u>1,535,527,999</u>	<u>1,884,661,075</u>	<u>1,873,686,778</u>
	<u>1,120,218</u>	<u>(19,303,431)</u>	<u>54,842,142</u>	<u>(197,219,709)</u>	<u>(459,915,354)</u>	<u>(337,585,406)</u>
	-	37,458,258	104,615,000	-	12,700,000	44,135,000
	30,300,000	306,880,000	53,170,000	300,000,000	387,300,000	290,205,000
	-	-	-	-	-	-
	-	-	-	-	-	-
	4,200,000	6,000,000	-	-	-	-
	-	-	-	-	-	-
	-	-	10,098,277	12,332,273	18,425,526	13,738,511
	-	-	-	-	-	-
	-	(37,443,258)	(111,157,389)	-	(12,965,041)	(47,949,020)
	<u>34,500,000</u>	<u>312,895,000</u>	<u>56,725,888</u>	<u>312,332,273</u>	<u>405,460,485</u>	<u>300,129,491</u>
\$	<u>35,620,218</u>	<u>293,591,569</u>	<u>111,568,030</u>	<u>115,112,564</u>	<u>(54,454,869)</u>	<u>(37,455,915)</u>
	4.54%	4.23%	3.00%	6.50%	7.20%	8.35%

**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 Tax Collections</u>
1997	\$ 544,528,653	\$ 533,801,391	98.1%	\$ 8,831,961
1998	578,793,538	566,383,970	97.9%	12,818,492
1999	635,512,919	625,528,479	98.4%	6,788,024
2000	699,990,930	682,870,950	97.6%	(41,171)
2001	795,652,305	775,850,115	97.5%	9,249,616
2002	856,939,679	825,090,533	96.3%	13,199,634
2003	891,957,975	856,131,078	96.0%	11,336,826
2004	913,002,082	881,424,143	96.5%	20,550,959
2005	947,689,831	915,013,479	96.6%	22,906,960
2006	1,016,398,514	981,765,629	96.6%	21,583,474

Source: Dallas County Tax Office and Dallas ISD records

Notes:

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

	<u>Total Tax Collections</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>
\$	542,633,352	99.7%	\$	13,435,525	2.47%
	579,202,462	100.1%		12,535,916	2.17%
	632,316,503	99.5%		13,752,574	2.16%
	682,829,779	97.5%		16,626,849	2.38%
	785,099,731	98.7%		20,193,612	2.54%
	838,290,167	97.8%		25,235,288	2.94%
	867,467,904	97.3%		35,826,897	4.02%
	901,975,102	98.8%		31,577,939	3.46%
	937,920,439	99.0%		32,676,352	3.45%
	1,003,349,103	98.7%		34,632,885	3.41%

**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
1997	1,047,350	\$ 38,106,648,354	\$ 415,089,294	\$ 14,576,082
1998	1,052,300	40,469,448,988	394,072,365	13,920,870
1999	1,068,800	44,624,425,308	381,112,730	19,886,557
2000	1,083,508	49,107,307,100	359,452,300	17,763,584
2001	1,188,580	53,136,828,664	333,613,743	17,865,455
2002	1,199,809	57,284,326,734	641,844,869	17,787,297
2003	1,211,000	58,484,300,287	693,695,315	60,482,695
2004	1,214,800	58,380,724,174	949,764,644	62,081,501
2005	1,232,100	59,372,699,642	1,298,905,821	72,294,545
2006	1,260,950 [1]	62,682,170,090	1,539,963,889	79,152,730

Source: North Central Texas Council of Governments (NCTCOG)

<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
\$ 400,513,212	1.05%	\$ 382
380,151,495	0.94%	361
361,226,173	0.81%	338
341,688,716	0.70%	315
315,748,288	0.59%	266
624,057,572	1.09%	520
633,212,620	1.08%	523
887,683,143	1.52%	731
1,226,611,276	2.07%	996
1,460,811,159	2.33%	1,159

**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>
1997	\$ 0.44750	\$ 0.60430	\$ 0.55762	\$ 0.65160	\$ 0.44000	\$ 0.70432	\$ 0.29700
1998	0.40000	0.60430	0.53779	0.64910	0.44000	0.77183	0.26930
1999	0.38460	0.60430	0.53779	0.66750	0.44000	0.75202	0.25750
2000	0.38100	0.59930	0.58000	0.66750	0.44000	0.77047	0.24620
2001	0.38480	0.59930	0.58000	0.66750	0.44000	0.77047	0.22900
2002	0.39990	0.59930	0.58000	0.66750	0.44000	0.74507	0.22900
2003	0.39990	0.59930	0.65000	0.69980	0.44000	0.74036	0.22080
2004	0.42280	0.59930	0.65000	0.69980	0.46000	0.77349	0.23000
2005	0.47600	0.59930	0.63500	0.71970	0.49450	0.73379	0.23000
2006	0.47600	0.63288	0.63500	0.74170	0.49450	0.76159	0.23000
Tax Levies							
1997	\$ 9,548,109	\$ 32,776,117	\$ 1,046,137	\$ 309,537,142	\$ 13,437,872	\$ 311,046	\$ 4,827,925
1998	9,978,264	34,981,648	1,050,367	353,459,317	14,750,312	351,846	4,806,346
1999	10,674,928	38,265,900	1,117,120	373,157,247	15,590,179	354,755	4,994,830
2000	11,845,515	42,222,913	1,241,839	397,700,226	16,229,195	386,526	5,285,023
2001	12,363,129	45,442,240	1,241,639	401,692,233	16,229,185	388,596	5,534,428
2002	12,635,835	44,906,599	1,452,744	431,723,805	17,208,856	402,287	5,534,639
2003	12,547,096	48,958,223	1,803,458	463,732,762	16,655,284	436,980	5,804,651
2004	13,053,709	48,780,688	2,030,544	459,255,036	16,123,261	476,888	6,334,454
2005	12,835,294	48,199,167	2,251,114	482,673,498	16,089,199	485,376	6,696,521
2006	13,296,460	51,833,698	2,349,930	520,166,539	16,377,015	510,378	7,303,760

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>
\$ 0.58148	\$ 0.45995	\$ 0.63360	\$ 0.59000	\$ 0.20100	\$ 0.18577	\$ 0.05000	\$ 1.46053
0.58148	0.45995	0.63360	0.62000	0.19720	0.17990	0.05000	1.46053
0.54148	0.39537	0.61360	0.62000	0.19600	0.19600	0.05000	1.46053
0.54148	0.37159	0.63360	0.59990	0.19600	0.19600	0.05000	1.46053
0.54148	0.39537	0.64111	0.59990	0.19600	0.25400	0.05000	1.54753
0.54148	0.33999	0.64111	0.62900	0.19600	0.25400	0.05000	1.54753
0.54148	0.32932	0.64110	0.61700	0.19600	0.25400	0.06000	1.58753
0.54148	0.32601	0.64110	0.54000	0.20390	0.25400	0.07780	0.16395
0.58148	0.32539	0.64110	0.52547	0.20390	0.25400	0.08030	0.16694
0.60148	0.30958	0.66610	0.55571	0.21390	0.25400	0.08160	1.68836
\$ 21,986,000	\$ 9,798,958	\$ 41,517,758	\$ 1,888,316	\$ 180,930,939	\$ 159,000,000	\$ 45,378,529	\$ 544,528,653
23,139,046	10,180,938	43,443,608	2,029,486	192,056,214	171,565,000	49,783,480	578,793,538
23,283,587	10,471,200	45,657,685	2,029,486	207,984,019	177,418,943	54,583,760	635,512,919
24,459,205	1,076,608	55,219,518	2,204,860	225,372,886	208,937,157	58,701,000	699,990,930
24,555,379	10,766,466	54,656,628	2,204,600	223,440,740	314,100,138	58,801,337	795,652,305
29,003,036	11,126,787	55,160,051	2,396,554	242,376,596	314,100,335	76,722,467	856,939,679
28,851,628	11,783,798	58,589,581	2,676,476	251,709,607	326,195,157	79,860,135	891,957,975
30,399,070	12,247,097	59,226,635	2,679,911	259,797,076	323,597,654	103,121,004	913,002,082
33,302,393	12,780,441	61,180,242	2,895,924	264,290,296	329,228,684	107,927,272	947,689,831
13,359,331	13,359,331	66,001,395	3,348,643	290,173,312	344,572,289	114,957,170	1,016,398,514

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

Fiscal Year	Real Property		Personal Property	(2) Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property			
1997	\$ 12,716,622,795	\$ 15,632,989,819	\$ 9,757,035,740	\$ 38,106,648,354	1.460530
1998	12,274,901,576	17,668,022,112	10,526,525,300	40,469,448,988	1.460530
1999	13,315,688,491	20,615,202,147	10,693,534,670	44,624,425,308	1.460530
2000	14,768,275,043	19,570,757,014	14,768,275,043	49,107,307,100	1.460530
2001	16,627,580,401	24,767,842,375	11,741,405,888	53,136,828,664	1.547530
2002	18,857,608,395	25,924,067,495	12,502,650,844	57,284,326,734	1.547530
2003	21,319,305,143	24,784,524,923	12,380,470,221	58,484,300,287	1.547530
2004	22,946,647,615	24,026,908,084	11,407,168,475	58,380,724,174	1.639500
2005	24,952,604,886	23,630,456,779	10,789,637,977	59,372,699,642	1.669400
2006	27,054,587,102	24,956,963,514	10,670,619,474	62,682,170,090	1.688360

Source: Dallas Central Appraisal District and Dallas ISD records

Notes:

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

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

Name of Governmental Unit Overlapping:	Net General Bonded Debt Outstanding	Percentage Overlapping Debt to this Governmental Unit (1)	Value of Overlapping Debt
Addison, Town of	\$ 38,480,291	94.10%	\$ 36,209,954
Balch Springs, City of	10,005,000	37.50%	3,751,875
Carrollton, City of	137,640,893	8.98%	12,360,152
Dallas County	156,200,761	45.69%	71,368,128
Dallas County CCD	100,380,000	45.69%	45,863,622
Dallas, City of	1,449,292,608	80.32%	1,164,071,823
Dallas, City of-TIFRZ #2	13,140,000	100.00%	13,140,000
DeSoto, City of	57,417,752	11.67%	6,700,652
Farmers Branch, City of	10,363,486	29.04%	3,009,556
Garland, City of	209,795,842	1.25%	2,622,448
Mesquite, City of	79,175,000	3.53%	2,794,878
Seagoville, City of	3,655,396	99.64%	3,642,237
Subtotal - Overlapping Debt			<u>\$ 1,365,535,325</u>
Direct:			
Dallas Independent School District, at 6/30/06	\$ 1,539,963,889	100.00%	<u>\$ 1,539,963,889</u>
Total Direct and Overlapping Bonded Debt			<u><u>\$ 2,905,499,214</u></u>

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

Notes:

(1) Percentage of overlapping debt-per TMR

**Dallas Independent School District
Computation of Legal Debt Margin
Last Ten Fiscal Years
(Unaudited)**

	<u>2005-2006</u>	<u>2004-2005</u>	<u>2003-2004</u>	<u>2002-2003</u>
Assessed Value	\$ 62,682,170,090	\$ 59,372,699,642	\$ 58,380,724,174	\$ 58,484,300,287
Debt Limit, at Ten Percent of Assessed Value	6,268,217,009	5,937,269,964	5,838,072,417	5,848,430,029
Amount of Debt Applicable to Debt Limit:				
Gross Bonded Debt	1,539,963,889	1,298,905,821	949,764,644	693,695,315
Less - Net Assets in Debt Service Fund	<u>79,152,730</u>	<u>72,294,545</u>	<u>62,081,501</u>	<u>60,482,695</u>
Total Net Debt Applicable to Debt Limit	<u>1,460,811,159</u>	<u>1,226,611,276</u>	<u>887,683,143</u>	<u>633,212,620</u>
Legal Debt Margin:	<u>\$ 4,807,405,850</u>	<u>\$ 4,710,658,688</u>	<u>\$ 4,950,389,274</u>	<u>\$ 5,215,217,409</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	23.31%	20.66%	15.21%	10.83%

Source: Dallas Central Appraisal District and Dallas ISC

Schedule 12
(cOntinued)

<u>2001-2002</u>	<u>2000-2001</u>	<u>1999-2000</u>	<u>1998-1999</u>	<u>1997-1998</u>	<u>1996-1997</u>
\$ 57,284,326,734	\$ 53,136,828,664	\$ 49,107,307,100	\$ 44,624,425,308	\$ 40,469,448,988	\$ 38,106,648,354
5,728,432,673	5,313,682,866	4,910,730,710	4,462,442,531	4,046,944,899	3,810,664,835
641,844,869	333,613,743	359,452,300	381,112,730	394,072,365	415,089,294
17,787,297	17,865,455	17,763,584	19,886,557	13,920,870	14,576,082
<u>624,057,572</u>	<u>315,748,288</u>	<u>341,688,716</u>	<u>361,226,173</u>	<u>380,151,495</u>	<u>400,513,212</u>
<u>\$ 5,104,375,101</u>	<u>\$ 4,997,934,578</u>	<u>\$ 4,569,041,994</u>	<u>\$ 4,101,216,358</u>	<u>\$ 3,666,793,404</u>	<u>\$ 3,410,151,623</u>
10.89%	5.94%	6.96%	8.09%	9.39%	10.51%

**Dallas Independent School District
Principal Property Tax Payers
Current Year and Nine Years Ago
(Unaudited)**

2005-2006				1996-1997			
Name of Taxpayer	Nature of Property	Assessed Valuation (000's)	Percent of Total Taxable Assessed Valuation (1)	Name of Taxpayer	Nature of Property	Assessed Valuation (000's)	Percent of Total Taxable Assessed Valuation (2)
Southwestern Bell/Cingular	Telephone Company	\$ 1,045,967	1.67%	Southwestern Bell Telephone	Telephone Company	\$ 934,547	2.45%
Crescent Real Estate	Real Estate	663,690	1.06%	Crescent Real Estate	Real Estate	548,513	1.44%
Texas Utilities Electric Company	Electric Utility	573,552	0.92%	Southwest Airlines	Real Estate/Aircraft	486,795	1.28%
Southwest Airlines	Real Estate/Aircraft	535,959	0.86%	Texas Utilities Electric Company	Electric Utility	455,610	1.20%
Trammel Crow/Anatole	Real Estate	291,422	0.46%	Metropolitan Life	Insurance	323,305	0.85%
Post Apartment Homes	Real Estate	276,921	0.44%	Gerald D. Hines	Real Estate	283,605	0.74%
Galleria Mall Investments LP	Real Estate	225,151	0.36%	NationsBank	Banking	281,237	0.74%
PC Village Apartments Dallas	Real Estate	220,238	0.35%	Trammel Crow	Real Estate	279,832	0.73%
Northpark Land Partners	Real Estate	217,078	0.35%	American Telephone & Telegraph	Telephone Company	220,206	0.58%
Metropolitan Life Insurance	Insurance	213,045	0.34%	Lincoln Properties	Real Estate	218,186	0.57%
Total		\$ 4,263,023	6.80%			\$ 4,031,836	10.58%

Source: Dallas County Tax Office and Dallas ISD 1996-1997 CAFR

Notes:

- (1) Total taxable value including real and personal property for tax year 2005 (fiscal year 2005-2006) is \$62,682,170,090
 (2) Total taxable value including real and personal property for tax year 1996 (fiscal year 1996-1997) is \$38,106,648,354

**Dallas Independent School District
Ratios of Outstanding Debt (1)
Last Ten Fiscal Years
(Unaudited)**

Governmental-Type Activities						
Fiscal Year	General Obligation Bonds (2)	Contractual Obligation Bonds (3)	Maintenance Tax Notes (4)	Capital Leases	Long-term Loans	
1997	\$ 34,773,070	\$ 6,915,450	\$ -	\$ 288,387	\$ -	
1998	36,628,070	6,933,346	-	1,279,205	-	
1999	33,047,370	6,891,546	-	8,410,566	-	
2000	33,919,448	6,908,570	-	7,739,697	-	
2001	37,490,003	6,934,983	-	7,601,969	-	
2002	40,428,110	210,244	945,240	7,466,974	1,758,262	
2003	26,572,103	-	344,321	5,332,919	2,340,167	
2004	75,424,008	-	355,428	5,294,085	2,575,438	
2005	88,783,487	-	355,521	5,244,304	2,575,439	
2006	108,334,718	-	355,521	5,206,746	1,758,262	

Source: Dallas Central Appraisal District, North Central Texas Council of Governments (NCTCOG) and Dallas ISD records

Notes:

- (1) Outstanding debt excludes debt issuance and other costs
- (2) Excludes \$281,665,000 in defeased bonds.
- (3) Contractual Obligation Bonds were refunded in fiscal year 2002
- (4) Oracle Maintenance Tax Notes (MTN's) were issued and refunded in fiscal year 2002; Qualified Zone Academy Bonds MTN's #1 and #2 were also issued in fiscal year 2002

Total Debt	Assessed Values	Ratio of Debt Service to Assessed Value	Population (5)	Outstanding Debt Per Capita
\$ 41,976,907	\$ 38,106,648,354	0.11%	1,047,350	\$ 40
44,840,621	40,469,448,988	0.12%	1,052,300	43
48,349,482	44,624,425,308	0.13%	1,068,800	46
48,567,715	49,107,307,100	0.13%	1,083,508	46
52,026,955	53,136,828,664	0.14%	1,188,580	50
50,808,830	57,284,326,734	0.13%	1,199,809	49
34,589,510	58,484,300,287	0.09%	1,211,000	33
83,648,959	58,380,724,174	0.22%	1,214,800	80
96,958,751	59,372,699,642	0.25%	1,232,100	93
115,655,247	62,682,170,090	0.30%	1,260,950	110

**Dallas Independent School District
Pledged-Revenue Coverage
Ten Fiscal Years
(Unaudited)**

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Less: Expenditures (2)</u>	<u>Net Available Revenue</u>	<u>Average Annual Requirement (1)</u>	<u>Times Coverage</u>
1997	\$ 861,984,206	\$ 835,609,704	\$ 26,374,502	\$ 7,203,837	3.66
1998	927,453,411	872,217,736	55,235,675	8,212,551	6.73
1999	971,963,030	901,252,256	70,710,774	15,302,112	4.62
2000	1,059,394,912	983,496,915	75,897,997	14,648,267	5.18
2001	1,153,558,114	1,093,127,902	60,430,212	14,536,952	4.16
2002	1,199,843,998	1,151,937,494	47,906,504	10,380,720	4.61
2003	1,269,944,599	1,159,763,491	110,181,108	8,017,407	13.74
2004	1,338,308,290	1,252,913,402	85,394,888	8,224,951	10.38
2005	1,424,745,721	1,272,124,742	152,620,979	8,175,264	18.67
2006	1,536,101,372	1,307,954,306	228,147,066	7,320,529	31.17

Notes:

- (1) Non-general Obligation Debt
- (2) Excludes Capital Outlay and Debt Service Expenditures

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

Calendar Year	Population	Personal Income (in millions)	Per Capita Personal Income	School Average Daily Attendance	Civilian Labor Force	Average # Unemployed Monthly	Unemployment Rate
1997	2,118,835	62,908.3	29,690	149,535	1,174,238	49,318	4.2%
1998	2,163,082	68,574.9	31,702	152,555	1,222,111	43,996	3.6%
1999	2,197,658	71,648.0	32,602	154,759	1,250,832	87,515	7.0%
2000	2,218,899	80,217.3	36,047	155,427	1,235,879	42,795	3.5%
2001	2,262,154	82,271.6	36,373	157,726	1,265,215	67,174	5.3%
2002	2,273,205	82,281.5	36,205	150,742	1,294,526	94,728	7.3%
2003	2,281,411	83,550.5	36,617	149,597	1,271,486	96,304	7.6%
2004	2,291,071	88,450.1	38,606	148,131	1,285,486	71,804	5.6%
2005	2,305,454	N/A	N/A	146,216	1,190,541	67,602	5.7%
2006	2,383,300	N/A	N/A	149,544	1,183,702	67,471	5.7%

Source: Texas Workforce Commission and current and prior years Dallas ISD records

**Dallas Independent School District
Miscellaneous Statistical Data
June 30, 2006
(Unaudited)**

Form of Government: Independent School District

Geographic Area: 351 square miles

Instruction Sites:

	<u>Number</u>	<u>Capacity/Sq. Ft.</u>	<u>Acreage</u>
Senior High Schools	36	4,985,985	639.33
Middle Schools	26	3,202,786	534.71
Elementary Schools	<u>155</u>	<u>9,432,212</u>	<u>1,224.19</u>
Totals	<u>217</u>	<u>17,620,983</u>	<u>2,398.23</u>

Source: Dallas ISD records



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

Board of Trustees
Dallas Independent School District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dallas Independent School District (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated November 10, 2006.

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

KPMG LLP

November 10, 2006



KPMG LLP
Suite 3100
717 North Harwood Street
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 year ended June 30, 2006. 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.

As described in items 06-03, 06-05 and 06-06 in the accompanying schedule of findings and questioned costs, the District did not comply with the requirement regarding allowable costs/cost principles that is applicable to its Title II, Part A Program; Special Tests and Provisions – documentation of enrollment status that is applicable to its Hurricane Education Recovery Act – Emergency Impact Aid; and matching, level of effort and earmarking that is applicable to its Special Education Cluster and Hurricane Education Recovery Act – Emergency Impact Aid Program. Compliance with such requirements is necessary, in our opinion, for the district to comply with requirements applicable to these programs.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, the District did not comply in all material respects, with the requirements referred to above that are applicable to the Hurricane Education Recovery Act – Emergency Impact Aid. Also, in our opinion, except for the noncompliance described in the preceding paragraph, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. The results of our auditing procedures also disclosed other instances of noncompliance with these requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 06-04, 06-07 and 06-08.

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 the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgment, could adversely affect District's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 06-01 through 06-08.

A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we considered items 06-03, 06-05 and 06-06 to be material weaknesses.

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

KPMG LLP

November 10, 2006

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2006

(1) Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

- Material weaknesses identified: ☐ Yes ☒ No
 - Reportable conditions identified that are not considered to be material weaknesses: ☐ Yes ☒ None reported
- Noncompliance material to financial statements noted: ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weaknesses identified: ☒ Yes ☐ No
- Reportable conditions identified that are not considered to be material weaknesses: ☒ Yes ☐ No

Type of auditor's report issued on compliance for major programs: Unqualified for all major programs except for Title II, Part A – Teacher and Principal Training and Recruiting, Special Education Cluster which were qualified and Hurricane Education Recovery Act – Emergency Impact Aid which was adverse.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A133: ☒ Yes ☐ No

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2006

Identification of major programs:

Program	CFDA number
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Adult Education – Family Literacy	84.002A
Title I, Part A – Improving Basic Programs	84.010
21st Century Community Learning Centers	84.287
Special Education Cluster:	
IDEA-B-Formula	84.027
IDEA-B-Preschool	84.173
Title III, Part A – LEP and Immigrant Children	84.365
Title II, Part A – Teacher and Principal Training & Recruiting	84.367
Hurricane Education Recovery Act – Emergency Impact Aid	84.938C

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

Auditee qualified as a low-risk auditee: Yes X No

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

None

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

Finding #: 06-01

CFDA Title:	21st Century Community Learning Centers	CFDA Number:	84.287
	Title III, Part A – LEP and Immigrant Children		84.365
	Title II, Part A – Teacher and Principal Training Recruiting		84.367
	Hurricane Education Recovery Act – Emergency Impact Aid		84.938C

Federal Award Number: N/A

Federal Award Year: 05/06

Federal Agency: U.S. Department of
Education

Pass-Through Entity: Texas Education
Agency

Type of Finding: Reportable Condition

Suspension and Debarment

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2006

Criteria or Specific Requirement:

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. The non-Federal entity must verify that the contracted entity is not suspended or debarred or otherwise excluded. (34 CFR Section 85)

Condition:

This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration, collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

The District is in compliance with the requirement; however, the District did not consistently document adherence to the internal controls put in place to ensure compliance with this requirement by retaining a copy of the website review printout in the vendor file, with each purchase order issued.

Questioned Costs:

Not Applicable

Context:

It was found that the suspension and debarment requirement covering transactions for contracted goods or services over \$25,000 were not properly documented with a certification or review of the Excluded Parties List System for the following programs:

<u>Program</u>	<u>Exception Rate</u>
21st Century	1 of 45
Title III, Part A	1 of 30
Title II, Part A	3 of 30
Hurricane Education Recovery Act	2 of 30

Effect:

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

Cause:

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

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2006

Recommendation:

We recommend that the District reinforce to the respective departments the procedures that were established to ensure compliance with the suspension and debarment requirement. Additionally, a periodic review of vendor files should occur throughout the year to monitor compliance.

Views of Responsible Officials and Planned Corrective Action:

In February 2005, the board removed the ability of the district to use exempt professional services, and required a competition. In designing the competition, all areas were researched and addressed, and the long form certification document addressing the EPLS and other state certifications and standings was included for each vendor.

Services below \$25,000 were not competed, and below \$25,000, certification was not required.

The district will print the EPLS Web site page for all contracts, regardless of dollar amount or competitive status. The EPLS printout will be filed in the purchase order file. The district will perform a periodic review of the vendor file to ensure compliance.

The contact person is John Tucker, Director – Contract Services.

Finding 06-02

CFDA Title:	Title I Part A – Improving Basic Programs	CFDA Numbers:	84.010
	Title II, Part A – Teacher and Principal		
	Training and Recruiting		84.367
	Title III, Part A – LEP and Immigrant Children		84.365

Federal Award Number: N/A

Federal Award Year: 05/06

Federal Agency: U.S. Department of
Education

Pass-Through Entity: Texas Education
Agency

Type of Finding: Reportable Condition

Maintenance of Effort

Criteria or Specific Requirement:

A Local Education Agency (LEA) may receive funds under an applicable program only if the State Education Agency (SEA) finds that the combined fiscal effort per student or the aggregate expenditures of the LEA from State and local funds for free public education for the preceding year was not less than 90% of the combined fiscal effort or aggregate expenditures for the second preceding year, unless specifically waived by the Department of Education. (34 CFR Section 299.5)

An LEA's expenditures from State and local funds for free public education include expenditures for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities. They do not include the following expenditures: (a) any expenditures for community

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2006

services, capital outlay, debt service, and supplementary expenses as a result of a President-declared disaster and (b) any expenditures made from funds provided by the Federal government.

Condition:

It was noted that the District is in compliance with the requirement; however, the District's controls in place to monitor the requirement were not designed effectively.

Questioned Costs:

Not Applicable

Context:

We reviewed the Maintenance of Effort Certification provided by the District, noting that the calculation included expenditures for community services, capital outlay, and debt services. Also, the calculation only included expenditures from the general fund and excluded applicable expenditures from other funds, including the special revenue fund. We noted that although the calculation was not correct, it was approved by the authorized individual.

Effect:

Potential instances of noncompliance.

Cause:

The Budget Department was not aware of expenditures that should be excluded/included in the calculation.

Recommendation:

We recommend the District review the compliance supplement to become familiar with the guidelines and procedures surrounding Maintenance of Effort. The personnel responsible for the computation and review of the maintenance of effort calculation should also be provided appropriate training and/or process manuals outlining the maintenance of effort requirements to ensure that the calculation is done correctly.

Views of Responsible Officials and Planned Corrective Actions:

The district included three functions that are not a component of the "official calculation." Since these functions were similar for both years of comparison and amount to approximately 10% of the total, the inclusion of these functions did not materially impact the district's capability to monitor maintenance of effort for Titles I, II, and III.

The Budget Office completes a mid-year calculation that projects total general fund expenditure through the end of the year. The calculation is also made following the close of the fiscal year to determine our compliance with the maintenance of effort requirements. Student enrollment is also a component of the calculations to determine per pupil expenditures.

The district has noted and is aware of the appropriate functions to include in the calculation and will monitor the maintenance of effort as defined.

DALLAS INDEPENDENT SCHOOL DISTRICT

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The contact person is John McGee, Division Manager – Budget Development and Control.

Finding: 06-03

CFDA Title: Title II, Part A – Teacher and Principal
Training and Recruiting

CFDA Numbers: 84.367

Federal Award Number: N/A

Federal Award Year: 05/06

Federal Agency: U.S. Department of
Education

Pass-Through Entity: Texas Education
Agency

Type of Finding: Material Weakness and Material Noncompliance

Allowable Costs/Cost Principles

Criteria or Specific Requirement:

OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with states, local governments, and non-profit organization. To be allowable under federal awards, costs must meet certain general criteria. Those criteria require, amongst other things, that the expenditure be adequately documented. If payroll expenditures for employees working on multiple projects are charged to a federal grant, the State, local government, or non-profit organization is required to support the allocation of these costs with periodic personnel activity reports unless a statistical sampling system as described in OMB A-87, *Cost Principles for State, Local and Indian Tribal Governments*, section 11(h) subsection (6) or other substitute system has been approved by the cognizant Federal agency. When employees work solely on a single federal award, a periodic certification that the employee worked solely on the award is required. Both the personnel activity reports and the effort certifications are required to be signed by the employee or by a responsible official having first-hand knowledge of the work performed in order to confirm that the distribution of activity represents a reasonable estimate of the work performed.

The State of Texas has been approved for the Education Flexibility Partnership Act (Ed-Flex) and the Title II, Part A grant falls under this Act. The Ed-Flex eliminates the requirement that charges that an employee's salaries and wages that are paid 100% from a single federal award be supported by a semi-annual certification that the employee worked solely on that program for the period covered by the certification. The waiver is allowable as long as the employee's job description clearly states that the employee is assigned 100% to the program or single cost objective.

Condition:

It was noted in 22 instances that the employee's salary and wages was not supported by the appropriate periodic certification, nor did their job description clearly state that the employee is assigned 100% to the program or single cost objective.

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Questioned Costs:

Though there was no indication that the actual work was not performed by the personnel, the payroll costs related to the employees is \$902,895. This is considered questioned costs as the selected payroll expenditures charged to the grant did not have adequate supporting documentation in accordance with the Ed-Flex waiver.

Context:

KPMG selected 30 employees to obtain periodic certification or job descriptions for, noting that all employees were paid 100% from the Title II, Part A grant. It was noted that periodic certifications were obtained for eight employees and job descriptions were obtained for the remaining 22. KPMG notes that the job descriptions acquired did not state that the employee was assigned 100% to the Title II, Part A grant.

Effect:

Instances of material noncompliance.

Cause:

The District did not adequately review the provisions of the Ed-Flex waiver.

Recommendation:

We recommend that the District review the Ed-Flex waiver to become familiar with the respective requirements. Then the District should update the job descriptions for each employee that is paid 100% from the Title II, Part A grant to clearly state that the employee is assigned 100% to the program.

Views of Responsible Officials and Planned Corrective Actions:

Job postings with Dallas ISD Human Resources include a job description and a notation of special revenue funding: *This position is funded by the _____ grant. Federally funded personnel must comply with time and effort reporting requirement through personnel activity reports or periodic certifications, as appropriate.*

For any jobs posted for hire in 2005-2006, HR can provide a copy of the job description/posting showing the notation of the funding source and the obligation for time and effort records.

The Grants Office will work with Human Resources to ensure that the employee's job description clearly states that the employee is assigned 100% to the program or single cost objective. We will also instruct campuses and departments to update job descriptions for currently filled positions to include this same notation.

The contact person is Ray Wilks, Coordinator – Federal Funds.

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2006

Finding #: 06-04

CFDA Title: Title I, Part A – Improving Basic Programs

CFDA Numbers: 84.010

Federal Award Number: N/A

Federal Award Year: 05/06

Federal Agency: U.S. Department of
Education

Pass-Through Entity: Texas Education
Agency

Type of Finding: Reportable Condition and Noncompliance

Special Test & Provisions: Highly Qualified Teachers and Paraprofessionals

Criteria or Specific Requirement:

An LEA must ensure that any teacher who is hired after the first day of the 2002-2003 school year to teach a core academic subject and who works in a program supported with Title I, Part A funds is highly qualified as defined in 34 CFR section 200.56. This requirement applies to teachers in Title I targeted assistance programs who teach a core academic subject and are paid with Title I, Part A funds and to all teachers who teach a core academic subject in a Title I schoolwide program school. All teachers of core academic subjects, whether or not they work in a program supported with Title I, Part A funds, must be highly qualified by the end of the 2005-06 school year. Core academic subjects means English, reading or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography (Title I, Section 1119(a) of ESEA (20 USC 6319(a)); 34 CFR sections 200.55 and 200.56).

Qualifications of paraprofessionals:

- a. An LEA must ensure that each paraprofessional who is hired by the LEA after January 8, 2002 and who works in a program supported with Title I, Part A funds meets specific qualification requirements. Paraprofessionals who work in a program supported with Title I, Part A funds and who were hired by an LEA prior to January 8, 2002, must meet these requirements by the end of the 2005-2006 school year. The term "paraprofessional" means an individual who provides instructional support; it does not include individuals who have only non-instructional duties (such as providing technical support for computers, providing personal care services, or performing clerical duties). A paraprofessional works in a program supported with Title I, Part A funds if the paraprofessional is paid with Title I, Part A funds in a Title I targeted assistance school or any paraprofessional in a schoolwide program school.
- b. A paraprofessional must hold a high school diploma or its recognized equivalent and meet one of the following requirements:
 - (1) Have completed at least two years of study at an institution of higher education.
 - (2) Have obtained an associate's or higher degree.

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- (3) Have met a rigorous standard of quality, and can demonstrate through a formal State or local academic assessment knowledge of, and the ability to assist in instructing, reading/language arts, writing, and mathematics, or reading readiness, writing readiness, and mathematics readiness.
- c. A paraprofessional who is proficient in English and a language other than English and acts as a translator or who has duties that consist solely of conducting parental involvement activities need only have a high school diploma or its recognized equivalent.

Condition:

The appropriate supporting documentation to note meeting the highly qualified (HQ) requirements was not maintained in the personnel files of three paraprofessionals.

Questioned Costs:

\$29,509 (salary for the one paraprofessional)

Context:

During the testing of this requirement, it was found that two paraprofessionals out of the 30 teachers and paraprofessionals selected for testing and that were hired prior to January 2, 2002, did not have the adequate supporting documentation to substantiate the highly qualified requirement. It is noted that the Human Resource department requested and received the documentation needed during the audit.

We also note that one paraprofessional was not considered highly qualified by the end of the school year. The employee's file included letters to the employee notifying the highly qualified requirement. It is noted that this employee was working as a paraprofessional as of June 30, 2006.

Effect:

The granting agency could render the salaries paid to the non highly qualified paraprofessionals as unallowable and the District could be required to repay the amounts that were charged to the grant.

Recommendation:

We recommend that the District review all files of paraprofessionals and ensure that all the required documentation is obtained to ensure that the paraprofessionals in the program are highly qualified.

Views of Responsible Officials and Planned Corrective Actions:

The employee's non-HQ status was discovered on June 20, 2006 during a biannual audit of paraprofessional credentials. The termination process was delayed for reasons unknown at this time.

The District will increase the frequency of the credential checks to quarterly. A defined window of compliance with non-HQ notifications to employees will be defined. (i.e., 1, 2 or 3 months to comply)

The contact person is Linda Chance, Executive Director – Human Resource Services

DALLAS INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2006

Finding: 06-05

CFDA Title: Hurricane Education Recovery Act –
Emergency Impact Aid

CFDA Numbers: 84.938C

Federal Award Number: N/A

Federal Award Year: 05/06

Federal Agency: U.S. Department of
Education

Pass-Through Entity: Texas Education
Agency

Type of Finding: Material Weakness and Material Noncompliance

Documentation of Enrollment Status – Emergency Impact Aid

Criteria or Specific Requirement:

LEAs are required to keep records to show compliance with program requirements (34 CFR section 76.731). Therefore, LEAs must document that, on August 22, 2005, each student reported as a displaced student was enrolled, or eligible to be enrolled, in a public or non-public school within the disaster areas covered by the declarations for Hurricane Katrina or Hurricane Rita and resided in that area on that date. Examples of such documentation include, but are not limited to, the following kinds of documentation that establish the displaced student's residence in the disaster area on August 22, 2005: a transcript from the student's former school; a student registration form with a former address; verification of enrollment from an SEA; a utility bill; or a copy of a parent's driver's license.

Condition:

The District did not have specific controls in place to ensure enrollment of students displaced by Hurricanes Katrina and Rita. It was noted in 12 instances that the student's enrollment status was not supported by the appropriate documentation.

Questioned Costs:

\$89,808 (based on students times the reimbursable rate)

Context:

KPMG selected 35 students to obtain the appropriate enrollment documentation noting that the District did not obtain the appropriate documentation mentioned above for 12 of the students tested.

Effect:

The granting agency could render the amounts received as reimbursement as inappropriately requested and the District could be required to repay the amounts that were charged to the grant.

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Cause:

Initially, the District was instructed to enroll the students and not be concerned with obtaining the necessary documentation that is generally required when enrolling a student in school. Additionally, the District did not follow the subsequent guidance related to require documentation that was included in the application signed by the District authorized official on January 6, 2006.

Recommendation:

We recommend that the District obtain the necessary documentation as identified above for each student that has been enrolled as a displaced student to ensure compliance with this requirement.

Views of Responsible Officials and Planned Corrective Actions:

Enrollment information for students was noted with an R (Rita) or K (Katrina) on enrollment forms and then entered into the student data system. During this tragic time, many families were not able to produce the standard enrollment information or documentation.

The Office of Inspector General, in collaboration with the Dallas ISD Grants Office and Special Education Office, pulled random samples of enrollment forms from campuses showing enrollment of displaced Hurricane Rita/Katrina students. They were reviewed by OIG auditors for acceptable levels of documentation. The OIG auditors reported a percentage of unacceptable enrollment forms for each quarter. The district decreased the reported numbers of displaced students by that percentage prior to final submission and acceptance of the funds.

The contact person is Ray Wilks, Coordinator Federal Funds.

Finding #: 06-06

CFDA Title: Hurricane Education Recovery Act –
Emergency Impact Aid
Special Education Cluster

CFDA Numbers: 84.938C

84.027 & 84.173

Federal Award Number: N/A

Federal Award Year: 05/06

Federal Agency: U.S. Department of
Education

Pass-Through Entity: Texas Education
Agency

Type of Finding: Material Weakness and Material Noncompliance

Matching, Level of Effort, and Earmarking

Criteria or Specific Requirement:

IDEA, Part B funds received by an LEA cannot be used, except under certain limited circumstances, to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds, or a combination of State and local funds, below the level of those expenditures for the preceding

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fiscal year. To meet this requirement, an LEA must expend, in any particular fiscal year, an amount of local funds, or a combination of State and local funds, for the education of children with disabilities that is at least equal, on either an aggregate or per capita basis, to the amount of local funds, or a combination of State and local funds, expended for this purpose by the LEA in the prior fiscal year. (34 CFR section 300.231)

Condition:

The District performs the maintenance of effort calculation only once a year which is as of year end.

Questioned Costs:

\$1,252,656 based on the comparison of current year general operating expenditures to the prior year general operating procedures reduced by allowable adjustments.

Context:

KPMG reviewed the maintenance of effort calculation noting noncompliance. We agreed current year expenditures to the general ledger and prior year expenditures to prior year. The calculation noted a \$3,163,257 decrease in expenditures from 2004-2005 school year. KPMG reviewed and recalculated the adjustments allowed to offset the decrease noting agreement to the District's calculation.

Effect:

The noncompliance with this requirement could require the District to reimburse these funds back to the Texas Education Agency.

Cause:

The District believes the noncompliance is a result of the influx of students due to Hurricanes Katrina and Rita.

Recommendation:

We recommend that the District monitor expenditures on a periodic basis and perform the maintenance of effort calculation during the year to ensure that compliance will be met by the end of the year.

Views of Responsible Officials and Planned Corrective Actions:

In the process of closing an approximate gap of \$25 million during the development of the 2005-06 Budget, the District wide Resource Allocation Committee made the recommendation to reduce Special Education by \$2 million. The reduction was made in a manner that did not impact the delivery of services to students.

The Budget Office completes a mid-year calculation that projects special education expenditures through the end of the year. The calculation is also made following the close of the fiscal year to determine our compliance with the maintenance of effort requirements. The number of special education students is also a component of the calculations to determine per pupil expenditure.

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The district will monitor the budget and actual to ensure that the compliance level is met.

The contact person is John McGee, Division Manager – Budget Development and Control.

Finding #: 06-07

CFDA Title: Hurricane Education Recovery Act –
Emergency Impact Aid

CFDA Numbers: 84.938C

Federal Award Number: N/A

Federal Award Year: 05/06

Federal Agency: U.S. Department of
Education

Pass-Through Entity: Texas Education
Agency

Type of Finding: Reportable Condition and Noncompliance

Eligibility

Criteria or Specific Requirement:

Title IV, Hurricane Education Recovery Act, Subtitle A Sec. 107(b)(3), establishes principles and standards for determining eligibility of non-public and charter schools. A non-public school, including a charter school, is eligible to participate if (1) it is accredited or otherwise operates in accordance with State law, (2) was in existence on August 22, 2005, and (3) serves at least one displaced student whose family has applied for assistance under the program. Non-public schools must waive tuition or reimburse tuition paid, in order to receive funds under this program.

Condition:

KPMG noted that the District does not have the appropriate controls in place to determine eligibility of nonpublic, including charter schools. KPMG also noted one instance in which the appropriate documentation was not received to verify that the family of a displaced student had applied for assistance under the program.

Questioned Costs:

None.

Context:

KPMG reviewed the procedures that the District has in place regarding eligibility of non-public, including charter schools, noting that although the District received documentation from the schools, no controls are in place to ensure that the documentation is accurate and that the schools are eligible for funding.

During our testwork over compliance of eligibility, KPMG chose five students from five different private schools receiving funding to ensure that the family had applied for assistance under the program. In one instance the appropriate documentation was not received to support this requirement.

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Effect:

Potential instances of noncompliance.

Cause:

Failure to have the proper controls in place surrounding the eligibility compliance requirements.

Recommendation:

We recommend that the District establish controls to ensure that the eligibility requirements are being met for non-public, including charter schools.

Views of Responsible Officials and Planned Corrective Actions:

In the context section, it states that in one instance the appropriate documentation was not received to support this requirement. Since that time, the documentation was received from the private school and provided to the auditor.

This was a new program with no prior processes established at the federal, state or local level. The District used the forms generated by the Texas Department of State Health Services and prior reports of private school students participating in other federally funded programs.

The contact person is Ray Wilks, Coordinator – Federal Funds.

Finding #: 06-08

CFDA Title: Hurricane Education Recovery Act –
Emergency Impact Aid

CFDA Numbers: 84.938C

Federal Award Number: N/A

Federal Award Year: 05/06

Federal Agency: U.S. Department of
Education

Pass-Through Entity: Texas Education
Agency

Type of Finding: Reportable Condition and Noncompliance

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Criteria or Specific Requirement:

Title IV, Hurricane Education Recovery Act, Subtitle A Sec. 107(e), establishes principles and standards for use of funds. Per the Act, LEAs may use Emergency Impact Aid funds to provide instructional opportunities for displaced students without disabilities who enroll in their schools and for expenses the recipient incurs in serving those displaced students. Allowable expenses are: (1) Paying the compensation of personnel, including teacher aides, in schools enrolling displaced students; (2) Identifying and acquiring

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curricular material and classroom supplies; (3) Acquiring or leasing mobile educational units or leasing sites and spaces; (4) Providing basic instructional services for displaced students, including tutoring, mentoring, or academic counseling; (5) Paying reasonable transportation costs; (6) Providing health and counseling services; and (7) Providing education and support services.

Condition:

KPMG noted eleven instances in which the costs included in the allocation of expenses to the grant were not allowable.

Questioned Costs:

\$321,228. The total amount of costs chosen for testwork that were found to be unallowable.

Context:

Because the District allocated costs to the grant based on general fund expenses, KPMG chose the sample for non-payroll costs from the applicable general fund line codes used in determining the District's cost per student. KPMG evaluated each cost chosen to determine if it was allowable under the grant. KPMG noted eleven instances in which the costs included in the allocation were not allowable.

Effect:

The granting agency could seek reimbursement for the unallowable costs noted.

Cause:

The District indicates it utilized a methodology agreed to by the Office of Inspector General and Texas Education Agency.

Recommendation:

We recommend that the District review the allocation of costs from the general fund used to seek reimbursement to ensure that all costs are deemed reimbursable.

Views of Responsible Officials and Planned Corrective Actions:

The district proceeded to allocate cost based upon a formula that includes the district's maintenance cost, function (51). During the Office of Inspector General visit this process was reviewed and discussed with the inspector, who provided guidance that the process seemed acceptable and it would be taken back for concurrence. The district review of the allowable cost would have noted that function 51 would not have remained in the allocation. A closer review of the Notice of Grant Award documentation will be made, especially in hurried situations like the natural disasters of hurricanes Katrina and Rita.

The contact person is Ray Wilks, Coordinator – Federal Funds.

**Dallas Independent School District
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2006**

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			
Q216E030078-04	ESEA Counseling Demonstration Program	84.215E	\$ 374,028
S287A012622-03	21st Century-The New Neighborhood	84.287A	18,185
S287A011919-03	21st Century-The Beacons in the Community	84.287A	-
S215X020386	Teaching American History	84.215X	72,608
B060A050194	Indian Education	84.060A	130,190
T293B040113	Foreign Languages Assistance Program	84.293B	187,457
V215L042007	Smaller Learning Communities	84.215L	967,747
	Total Direct		1,730,215
Passed Through Texas Education Agency			
068600010579056600	IDEA-B Formula	84.027	24,554,585
068600020579056673	IDEA-B Discretionary (Deaf)	84.027	200,919
068600010579056601	IDEA-B Formula (Deaf)	84.027	192,234
068600010579056600	IDEA-B Formula	84.027	488,318
568002212010	IDEA-B Visually Impaired	84.027	12,478
068600060579056680	Idea B High Cost Risk Pool	84.027	287,161
068610010579056610	IDEA-B Preschool	84.173	278,747
068610010579056611	IDEA-B Preschool (Deaf)	84.173	28,519
63911010579053911	IDEA- Part C, Early Intervention	84.181	13,278
068600040579056604	IDEA-B Cap Bldg & Impr. (Deaf)	84.027	104,004
068610010579056610	IDEA B Preschool	84.173	27,574
068600040579056604	IDEA-B Cap Bldg & Impr.	84.027	6,349
68018057905	McKinney-Vento Homeless Education	84.196	245,384
05814027110001	Refugee Children School Impact Grant Program	93.578	11,254
064100017110059	Adult Education & Family Literacy Section 231	84.002A	73,053
064100017110059	Adult Education & Family Literacy Section 231	84.002A	2,835,101
064100087110077	Adult Ed Engl Lit & Civics Education	84.002A	87,237
064100037110018	Adult Education - State Leadership, Project Great	84.002A	289,166
06810101057920	Title I, Part A-Improving Basic Programs	84.010A	1,123,643
06810101057905	Title I, Part A-Improving Basic Programs	84.010A	64,037,684
06810104057920042	Title I School Improvement Program	84.010A	84,736
06810103057905	Title I, Part D, Subpart 2-Delinquent Program	84.010A	40,235
05810104057905	Title I School Improvement Program	84.010A	4,284,540
068101040579050	Title I School Improvement Program	84.010A	1,055,644
05815001057905	Title I, Part C- Migrant	84.011A	5,145
06815001057905	Title I, Part C- Migrant	84.011A	307,163
05815024057905	Title I, Part C, Migrant Summer Program	84.011A	8,708
0642000805790510	Carl D. Perkins, Title I, Part C	84.048A	2,148,447
842000805792010	Carl D. Perkins, Title I, Part C	84.048A	60,426
Q184D050011A	Student Voluntary Drug Testing Program	84.184D	45,819
06891001057905	Title IV, Part A-Safe & Drug Free School & Communities	84.188A	1,212,301
06891001057920	Title IV, Part A-Safe & Drug Free School & Communities	84.188A	20,159
058120017110105	Even Start Literacy Program - Hog	84.213C	26,638
058120017110181	Even Start Literacy Program - Cochran	84.213C	52,731
068120017110224	Even Start Literacy Program - Peeler	84.213C	124,949
068120017110225	Even Start Literacy Program - Cochran	84.213C	142,649
058950087110011	TX 21st Century Learning Center, Cycle 1 - Success Express	84.287C	702,293
058950087110010	TX 21st Century Learning Center, Cycle 1 - Passing Zone	84.287C	677,849
058950087110009	TX 21st Century Learning Center, Cycle 1 - Bridge to Success	84.287C	687,492
058950087110007	TX 21st Century Learning Center, Cycle 1 - Neighborhood Now	84.287C	578,490
058950087110008	TX 21st Century Learning Center, Cycle 1 - The Learning Zone	84.287C	694,059
058950087110009	TX 21st Century Learning Center, Cycle 2 - Achievement Connection	84.287C	822,821
058950087110012	TX 21st Century Learning Center, Cycle 2 - Project Success	84.287C	817,071
058950087110011	TX 21st Century Learning Center, Cycle 2 - After School/Lab Learning	84.287C	768,555
058950087110010	TX 21st Century Learning Center, Cycle 2 - Achievement Avenue	84.287C	687,927
068950087110009	TX 21st Century Learning Center, Cycle 3 - After-School Ambassador	84.287C	743,414
068950017110008	TX 21st Century Learning Center, Cycle 3 - The Learning Place	84.287C	723,374
06885001057920	Title V, Part A Innovative Programs	84.298A	7,581
06885001057905	Title V, Part A Innovative Programs	84.298A	534,455
06830001057905	Title II, Part D, Enhancing Education Through Technology	84.318X	1,584,394
06830001057920	Title II, Part D, Enhancing Education Through Technology	84.318X	24,602
0681600171100	Title I, Part F, Comprehensive School Reform	84.332A	437,469
048455017110017	Texas Reading First Initiative for Grades K-3	84.357A	451,344
058455057110018	Texas Reading First Initiative for Grades K-3	84.357A	5,637,082
06871001057920	Title III, Part A- LEP	84.365A	2,520
06871001057905	Title III, Part A- LEP	84.365A	3,978,478
06871003057905	Title III, Part A- Immigrant	84.365A	757,620
06894501057920	Title II, Part A-Teacher and Principal Training & Recruiting	84.367A	126,107
06894501057905	Title II, Part A-Teacher and Principal Training & Recruiting	84.367A	10,830,415
06520301057905	Temporary Emergency Impact Aid	84.938C	11,548,823
	Total Passed Through Texas Education Agency		148,278,220
Passed Through State Department Of Health			
53802C6018	Special Education Grants for Infants and Families with Disabilities	84.181	1,081,431
C5018	Special Education Grants for Infants and Families with Disabilities	84.181	197,189
	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	183,241
U87/CCJ822815-01	Total Passed Through State Department Of Health		1,461,861
	TOTAL U.S. DEPARTMENT OF EDUCATION		151,479,296
Passed Through State Department Of Health			
APHPA002073-04	Promoting Safe and Stable Families	93.995	186,640
7560012787-2005	Abstinence Education	93.235	126,840
	Total Passed Through State Department Of Health		313,480
Passed Through Texas Education Agency			
063825017110052	Federal-TANF	93.558	337,284

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Pass-Through Grantor's Number	Federal/State Grantor-Pass Through Grantor/Program Title	Federal CFDA Number	Audit Period Expenditures
	Total Passed Through Texas Education Agency		337,264
	TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		650,744
N/A	Passed Through Texas Education Agency		
N/A	National School Breakfast	10.553	9,166,487
	National School Lunch	10.555	44,333,029
	Total Passed Through Texas Education Agency		53,499,518
	Direct		
N/A	Schools/Child Nutrition Commodity Program (Noncash)	10.550	3,581,483
N/A	Summer Feeding Program	10.559	974,891
	Total Direct		4,556,174
	TOTAL U.S. DEPARTMENT OF AGRICULTURE		58,055,690
	NATIONAL SCIENCE FOUNDATION		
	Direct		
N/A	Urban Systemic Program	47.076	67,158
	TOTAL NATIONAL SCIENCE FOUNDATION		67,158
	OTHER FUNDING AGENCIES		
N/A	Juvenile Mentoring Program	16.728	81,262
N/A	Tools For Schools	66.606	28,023
N/A	Texas Women's University	45.313	19,763
N/A	COPS in Schools Award	16.710	549,064
N/A	Texas Effectiveness Study	84.027	813
N/A	Medicaid and School Health Related Services	93.778	2,294,010
N/A	JROTC	12.000	1,778,569
	TOTAL OTHER FUNDING AGENCIES		4,751,504
	TOTAL FEDERAL ASSISTANCE		\$ 214,995,390
	Reconciliation to Exhibit H-2		
	Total Federal Assistance		\$ 214,995,390
	Less:		
	Medicaid and School Health Related Services	(2,294,010)	
	JROTC Expenditures	(1,778,569)	
	Indirect Cost for Federal Awards Grants	(2,308,412)	
	Add:		
	Title XI Coordinated Services		
	Revised Total Federal Assistance		208,614,399

Note

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note A to the District's Basic Financial Statements. Schools/Child Nutrition Commodity Program is a non cash transaction for \$3,581,483