



Carrollton-Farmers Branch Independent School District

Comprehensive Annual Financial Report

Fiscal Year
Ended

August 31,
2007



Carrollton-Farmers Branch ISD
1445 North Perry Road
Carrollton, Dallas County, Texas 75011-5186

**CARROLLTON-FARMERS BRANCH
INDEPENDENT SCHOOL DISTRICT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
AUGUST 31, 2007**

Prepared By:
Division of Business Services
Mark Hyatt
Assistant Superintendent
Of Support Services

**1445 North Perry Road
Carrollton, Texas 75011-6186**



Carrollton · Farmers Branch
Independent School District

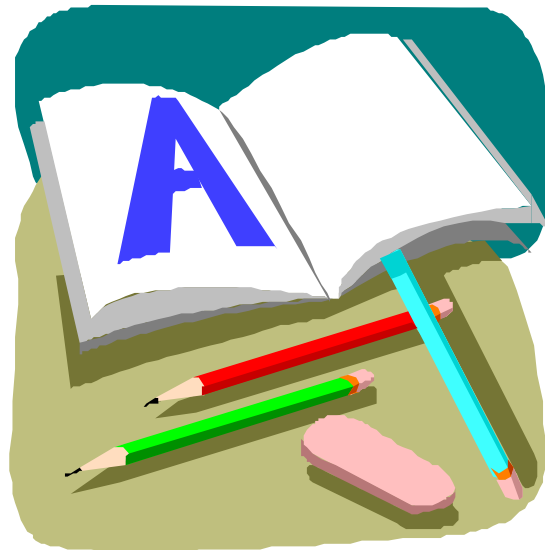


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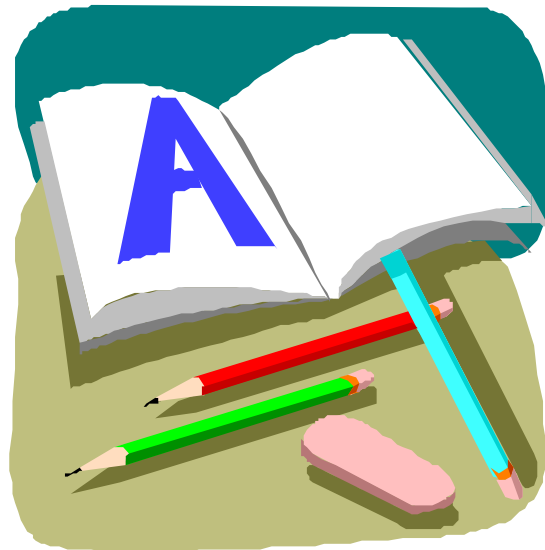
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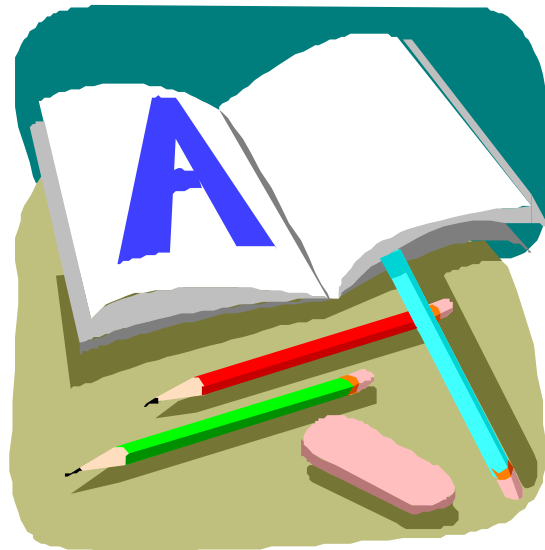
Carrollton · Farmers Branch
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INTRODUCTORY SECTION



Carrollton · Farmers Branch
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CERTIFICATE OF BOARD

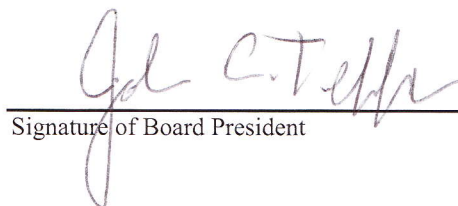
**CARROLLTON-FARMERS BRANCH
INDEPENDENT SCHOOL DISTRICT**
Name of School District

Dallas/Denton
County

057-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial report of the Carrollton-Farmers Branch Independent School District were reviewed and (check one) approved disapproved for the year ended August 31, 2007 at a meeting of the Board of Trustees of such school district on the 24th day of January, 2008.

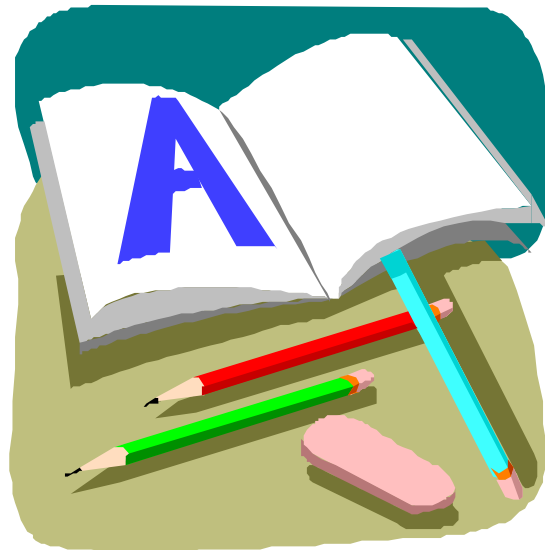

Signature of Board Secretary


Signature of Board President

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is(are):
(attach list as necessary)



Carrollton · Farmers Branch
Independent School District





Carrollton · Farmers Branch

Independent School District

December 17, 2007

Formal Transmittal of the Comprehensive Annual Financial Report (CAFR)

To the Citizens and Board of Trustees of the Carrollton-Farmers Branch Independent School District:

The CAFR of the Carrollton-Farmers Branch Independent School District (the District) for the fiscal year ended August 31, 2007, is hereby submitted. The report includes the unqualified opinion of our independent auditors, Hankins, Eastup, Deaton, Tonn & Seay, P.C. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and the 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 an understanding of the District's financial activities have been included. This report includes all funds of the District. The CAFR for the year ended August 31, 2007, is presented in conformance with the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. The CAFR also adheres to guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and the Association of School Business Officials International (ASBO).

The CAFR is presented in four sections: Introductory, Financial, Statistical and Federal Awards Section. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officers. The Financial Section includes the basic financial statements and the combining and individual fund financial statements and schedules, as well as the auditor's report on the financial statements and schedules and Management Discussion and Analysis (MD&A). The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the supplemental schedule of expenditures of federal awards, findings and recommendations, and the independent auditors' reports on internal control and compliance with applicable laws and regulations, is included in the Federal Awards Section of this report.

Generally Accepted Accounting Principles (GAAP) also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. MD&A is intended to give the reader an easy-to-understand overview of the school district's financial position and results of operations for the year. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

The remainder of this transmittal highlights the governance structure, the mission, the accomplishments and initiatives, the economic conditions and outlook, and the financial activities of the District.

Copies of this report will be provided to the city libraries, Moody's Investment Service, Fitch Investor Service and Standard and Poors and any other interested parties.

Profile of the District

GENERAL EDUCATION

As its mission states, together with families and community we commit all district resources to guide the learning of each student to graduate as: a responsible individual; a passionate life-long learner; a complex thinker; and effective communicator. Based on the philosophy that every child can learn, the District provides educational opportunities for students regardless of their needs and their abilities.

Towards that end, the District provides a fully comprehensive instructional program in grades K-12 with an expanding pre-kindergarten program. The District is committed to quality learning environments for all students offering a diversified curriculum that advocates the tailoring of instruction to individual student needs.

The Carrollton-Farmers Branch Independent School District embraces character values and ethics as fundamental to both educating and equipping our students to be productive, contributing members of society.

In addition to the regular curriculum, the District provides a comprehensive Career and Technology Education (CTE) program, including seven main areas: Agriculture Science and Technology Education, Health Occupations Education, Marketing and Business Education, Trade and Industrial Education, Family and Consumer Science Education, Technology Education and Technology Applications. In addition to numerous CTE courses, CFB ISD offers five Academies. They offer a concentrated four-year curriculum in the areas of 1) biomedical professions, 2) international business, 3) law and criminal justice, 4) math, engineering, science and technology, and 5) media arts and technology. Students participate in field trips, earn dual credit for college, receive certification in certain areas, and are placed in internships, clinical rotations, and co-operative education training placements in business related to their career interest. Students apply during their 8th grade year and are selected according to the criteria of grades, attendance records, TAKS scores, essays and teacher recommendations. Approximately fifty percent of students in grades 9-12 are enrolled in one or more CTE courses.

The fine arts program includes drama, speech, debate, choir, band, orchestra, theatre, elementary music, elementary art, secondary art, dance, and drill team. Over 22,000 students are involved district-wide in the fine arts program at various levels.

The Carrollton-Farmers Branch Independent School District demonstrates its commitment to educational excellence through the comprehensive programs developed for gifted and talented students in kindergarten through twelfth grade. Having a child-centered education program as its primary goal, the Carrollton-Farmers Branch ISD offers a two-tiered multifaceted program. These services are offered through the Academic Creative Education (ACE) program and the Leading Exceptional Academic Producers (LEAP) program. The structure of the District's programs form an inverted pyramid model beginning as a broad base designed to discover and nurture the intellectual talents of the young child and gradually move into specific specialized course offerings. Classroom teachers who work with gifted students are required to receive at least thirty hours of gifted education training.

Bus transportation is available to those children who live more than two miles from the school that they would normally attend. Additionally, students who attend more than one school to participate in career and technology or bilingual programs receive transportation between schools during school hours. Special education students are eligible for transportation services when need is established.

DESCRIPTION OF THE ENTITY

The Carrollton-Farmers Branch ISD is an independent public educational agency operating under applicable laws and regulations of the State of Texas. A seven-member Board of Trustees elected to staggered three-year terms by the District's residents autonomously governs the District. The Carrollton-Farmers Branch ISD Board of Education ("Board") is the level of government, which has oversight

responsibility and control over all activities related to public school education within the District. The District receives funding from local, state and federal government sources and must comply with all the requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in generally accepted accounting principles. The public elects board members who have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

The Texas Education Agency and Southern Association of Colleges and Schools provide the District’s K-12 education accreditation. Enrollment in the District’s 4 high, 6 middle, and 26 elementary, and alternative or special program centers is estimated to be 26,252 for the 2007-2008 budget year.

The District encompasses 53.42 square miles in northwest Dallas County with a smaller portion in southeast Denton County. The District provides instructional services to children who live in portions of Carrollton, Farmers Branch, Addison, Coppell, Dallas and Irving. Demographic information for the largest of these cities is included below.

City of Carrollton

Population 113,750; Male 49.5 percent, Female 50.5 percent

Population by Race

White 71.9 percent

Black 6.3 percent

American Indian .5 percent

Asian or Pacific Islander 11.0 percent

Other Race 7.7 percent

Two or more races 2.7 percent

Median age 33.0

18 years and over 71.7 percent

21 years and over 68.4 percent

62 years and over 6.6 percent

65 years and over 5.2 percent

Area 36.6 square miles

Average household size 2.78; average family size 3.25

Source: City of Carrollton, Texas Regional Almanac web page

City of Dallas

Population 1,211,000; Male 50.4 percent, Female 49.6 percent

Population by Race

White 50.8 percent

Black 25.9 percent

American Indian .5 percent

Asian or Pacific Islander 2.8 percent

Other Race 17.27 percent

Two or more races 2.7 percent

Median age 30.5

18 years and over 73.4 percent

21 years and over 69.0 percent

62 years and over 10.2 percent

65 years and over 8.6 percent

Area 384.7 square miles

Average household size 2.58; average family size 3.37

Source: City of Dallas, Texas Almanac web page

City of Farmers Branch

Population 28,000; Male 50.3 percent, Female 49.7 percent

Population by Race

White 78.4 percent

Black 2.4 percent
American Indian .5 percent
Asian or Pacific Islander 3 percent
Other Race 13 percent
Two or more races 2.7 percent
Median age 30.5
18 years and over 74.4 percent
21 years and over 70.2 percent
62 years and over 14.8 percent
65 years and over 12.1 percent
Area 12 square miles
Average household size 2.8; average family size 3.31
Source: City of Farmers Branch, Texas Almanac web page

City of Irving

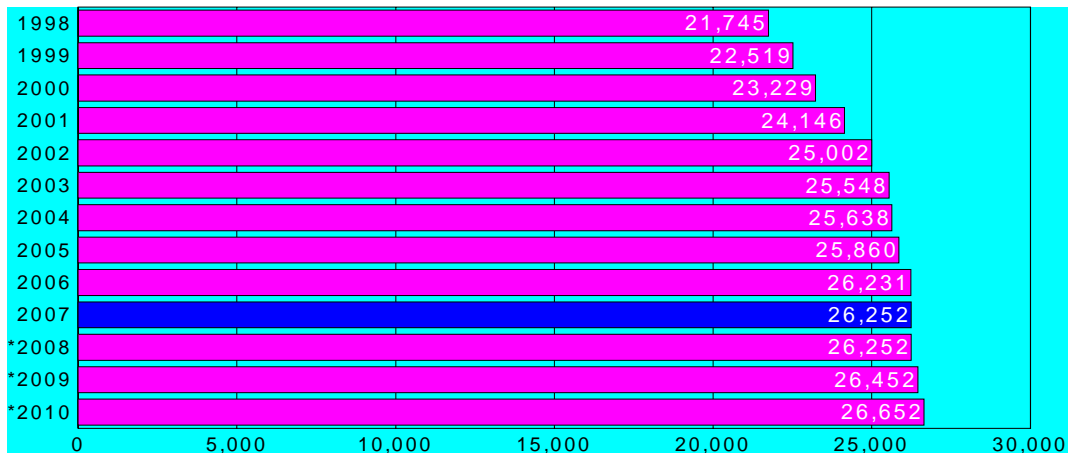
Population 197,850; Male 51 percent, Female 49 percent
Population by Race
White 64.2 percent
Black 10.2 percent
American Indian .6 percent
Asian or Pacific Islander 8.4 percent
Other Race 13.4 percent
Two or more races 3.2 percent
Median age 30.3
18 years and over 74.8 percent
21 years and over 70.5 percent
62 years and over 7.6 percent
65 years and over 6.1 percent
Area 67.6 square miles
Average household size 2.5; average family size 3.19
Source: City of Irving, Texas Almanac web page

The District offers a comprehensive instructional program from pre-kindergarten through grade 12. The Texas Education Agency accredits all schools in the District. Along with the regular curriculum, the District offers programs for gifted and talented students, advanced placement courses, career and technology education, services for children with disabilities from birth through 22 years of age, and bilingual education programs. The District has one of the leading technology programs in the state. All campuses are connected to a wide-area network and have direct Internet access. The broad range of elective courses and extracurricular activities includes athletics, fine arts, internship work experience, and special-interest activities. Other programs include drug awareness, research skills, environmental topics, and advanced technology and after-school enrichment. During the summer, students participate in a variety of summer recreation programs and summer school academic and enrichment courses. A large community education program provides academic and enrichment opportunities of adults and youngsters.

The District has an extensive Internet website with individual home pages for all departments and campuses. At www.cfbisd.edu families can locate a wealth of information, including a school locator package that identifies the schools which serve residential addresses.

Student Enrollment

(* estimated based on district demographic information)



FINANCIAL POLICIES

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

Budgetary Controls In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Board of Trustees. Every school district in Texas is required, by law, to prepare and file a budget with the Texas Education Agency. Activities of the General Fund, Food Service Fund, and Debt Service Fund are included in the District’s formally adopted budget. Budgets for Special Revenue funds (other than the Food Service Fund) and the Capital Projects Fund are prepared on a project basis, based on grant regulations or applicable bond ordinances. Budgetary control (the level at which expenditures cannot legally exceed appropriations) is maintained at the functional category level within each fund. These functional categories are defined by the Texas Education Agency and identify the purpose of transactions. A listing of these categories as well as related financial information is included. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are re-appropriated as part of the following year’s budget.

As demonstrated by the statements and schedules included in the financial section of this report, The District continues meeting its responsibility for sound financial management. As with the financial section and the Management’s Discussion and Analysis information, all amounts presented in this document are rounded dollar amounts.

Risk Management The District continues to protect its assets through a comprehensive insurance program. The District provides basic medical and makes available optional dental for all full-time employees. Employees may purchase dependent coverage and/or enhanced individual coverage. The medical coverage is via a self-funded program provided by the District and accounted for as an internal service fund.

District contributions for employees are expenditures in the fund where the payroll expenditures are charged. These contributions, as well as employee contributions for dependents and enhanced coverage, are revenues in the Internal Service Fund. {Internal Service Fund balances are generally eliminated for purposes of the basic financial statement presentation to prevent duplication of related flow of dollars to and from the various funds.} Claims paid and miscellaneous operating costs are expenses of the Fund.

Health Insurance contribution rates to the plan are reviewed annually and actuarially adjusted as appropriate to health and administrative costs.

The District became self-funded for workers' compensation as of September 1, 1993. As with the Health Fund, the District closely reviews the contribution rates to ensure adequate provisions are made to the fund. The total charge made by the Workers' Compensation Fund to the General Fund is based on an actuarial method and will be adjusted over time so that the revenues and expenses are approximately equal. These costs are reported as inter-fund transactions and are treated as operating revenues in the Internal Service Fund and as operating expenditures of the General Fund. Claims paid and operating costs are expenses of this Fund. {Again, Internal Service Fund balances are generally eliminated for purposes of the basic financial statement presentation to prevent duplication of related flow of dollars to and from the various funds.}

The liabilities associated with these funds include incurred but not reported claims. The liabilities reported in this financial report are based on the requirements of Governmental Accounting Standards Board Number 10.

Cash Management Cash temporarily idle during the year was invested in fully insured or secured certificates of deposit, agencies, and in the State Treasury Investment Pool (Tex-Pool). The District recognizes that it forgoes a certain amount of yield by operating with such a conservative investment philosophy. Although changes in Texas law allow investments in a broader range of investment vehicles, the District has determined that safety and simplicity outweigh the benefits of alternative investments. Collateral on secured investments is held by third parties with most being held by the Federal Reserve Bank of Dallas.

INDEPENDENT AUDIT

The Texas Education Code requires an annual audit of all public schools. This audit must be on an organization-wide basis and include all fund types and account groups that are the accounting responsibility of the District. The audit is performed by an independent certified public accountant firm selected by the District's Board of Trustees. The auditor's opinion has been included in this report.

ORGANIZATION OF THE DISTRICT

The Board of Trustees of the Carrollton-Farmers Branch ISD (the Board) is a seven-member body. The Board serves as the taxing authority, contracting body, policy maker, and ensures that all other general compliance laws and rules applicable to the District are followed in the expenditure of the District's funds, and approves the annual budget resolution and tax adoption.

MAJOR INIATIVES

Capital Projects Since 1990, in four separate elections, the voters of the Carrollton-Farmers Branch Independent School District have authorized over \$600 million in general obligation bonds. The most recent election in 2003 was for \$300.165 million alone and passed by more than 78 percent of the votes.

The District has already sold \$199.3 million of the bonds. The remaining bonds will be sold and the projects completed over the next five to seven years.

Our citizens have always put the education of children first because there is a realization that children are the leaders of tomorrow. With the exploding usage of technology, vast growth in student enrollment and the need to update aging facilities, all previous bond referendums in the District have been approved by the citizens who reside within the District boundaries.

In addition to new construction, there are major renovation projects ongoing within the District. The technology initiatives include improvements to the network infrastructure, computer hardware and software. The District completed a fiber optic network to provide connectivity for over 1,600 computers. The focus of this initiative is to integrate technology into the learning environment through technology rich classrooms. The District has established a baseline ratio of one computer for every three students at the elementary level, one to two and one half students at the middle schools and one computer for every two students in each of our high schools. All classroom teachers have a computer workstation complete with Internet access.

Curriculum and Instruction The Curriculum and Instruction division of CFB ISD is continuing work in the area of Content Literacy, Community of Learners (online curriculum system), and Benchmark testing for the 2007-2008 school year. In addition, nine research-based strategies, based on the work of Robert Marzano, continue to be a topic of staff development and dialogue. All schools participated in training designed to assist them in setting specific and measurable goals. This training is referred to as "SMART Schools." Two anchors for the district's instructional work include the components of the Standards Based Instructional System and the Principles of Learning, Teaching, and Curriculum. These components are aligned with the action strategies in Campus Improvement Plans and the District Improvement Plan.

The work with Content Literacy emphasizes strategies to assist students in becoming independent learners. The Community of Learners' work continues to be spearheaded by curriculum coordinators working with cadres of master teachers to assist teachers in interpreting and teaching the Texas Essential Knowledge and Skills, the state's educational standards. Teacher Leaders, in elementary and secondary schools, are being trained in processes to assist The District in working with the aforementioned research-based strategies as well as other critical planning and assessing issues.

Information Useful in Assessing the District's Economic Condition

ECONOMIC CONDITIONS AND OUTLOOK

Carrollton-Farmers Branch Independent School District is located in north central Texas on the northern edge of Dallas. The District overlaps a small area of the City of Dallas, and includes most of the City of Carrollton and about 70 percent of the City of Farmers Branch as well as portions of the Cities of Irving, Addison and Coppell. The local economy remains strong despite recent declines in property values. The diversity of the businesses located here and the range of housing available combined with the transportation grid and proximity to Dallas-Fort Worth and Alliance airports provide a degree of protection from the economic cycles that is not available to most school districts.

The Dallas-Fort Worth area is an important center of trade, finance and other major services. It is also a critical point in the national transportation complex. The District itself is a primary warehousing and distribution center. Due in part to the transportation infrastructure, cost of doing business and workplace, the Metroplex draws many new corporations and individuals to the area each year. In addition, the area attracts a vast array of high tech, e-commerce and telecommunications businesses such as Verizon, Southwestern Bell, Trinet and Boeing.

Dallas is a leader in high tech equipment manufacturing and support services. Dallas is among the largest technology employment centers in the U. S. The Dallas/Fort Worth area has 271,000 high-tech workers.

The Telecom Corridor composed of over 600 high tech companies and predicted to add 4,000 jobs to the Dallas area by 2010, is situated along State Highway 190 and U. S. 75 in the Dallas suburb of Richardson and represents the largest concentration of telecommunications firms in the U. S. and possibly the world.

Biotechnology applies technological advances to living things, and the University of Texas Southwestern Medical Center of Dallas recently teamed up with the Dallas Plan to create a “biotech corridor” along Harry Hines Blvd. in Dallas. The project has already received \$82.7 million in grants from the National Institute of Health, and that is estimated to be enough money to create the first six biotechnology firms which will concentrate in molecular biology, genetic research, and a number of other biotech fields.

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

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

The Dallas/Fort Worth Consolidated Metropolitan Statistical Area (the Metroplex) is becoming one of the nation’s major medical centers. Over 50 hospitals are located in the Metroplex. There are two major educational and research institutions and ten nursing schools located in Dallas. Numerous major hospitals are in the City of Dallas with over 12,500 beds and over 5,500 physicians, practicing a total of 72 specialties.

The District’s largest taxpayer, (Wells Operating/REIT), an Electronics Corporation, is only 1.43% of the taxable value of the District. This lack of dependence on a single employer or business segment means that the loss of even a large business will not significantly have a negative impact on the education of children, or imperil the future payment of obligations.

The location of the District along Interstate 35, Interstate 635, Bush Tollway and the Dallas North Tollway together with its proximity to the Dallas-Fort Worth International Airport (approximately eight miles from the District), has provided a major impetus for growth in the northwest quadrant of Dallas County and the school district. The upgrading of the road system within the metroplex continues to be a plus for the District. A combination of interstate highways, state highways, and toll roads insures that residents can easily commute to jobs anywhere in the metroplex and serves as a magnet for the location of new businesses coming into the area.

The Valwood Improvement Authority was created in 1974 as the Farmers Branch-Carrollton Flood Control District, thus extending the development of industrial land along the Trinity River flood plain as the largest planned industrial/business park in Dallas County. Wholly contained within the Cities of Carrollton and Farmers Branch, the Authority has major freeway access, rail and motor line services.

Valley Ranch, a mixed-use development of 2,400 acres, is located south of Beltline Road and north of the LBJ Freeway and is the home of the Dallas Cowboys. Approximately 1,800 acres of the development is located within the District and approximately 1,200 of those acres are devoted to residential property.

Las Colinas, a mixed-use development of some 12,000 acres, lies immediately east of the Dallas-Fort Worth International Airport. This master-planned community contains quality residential areas, business parks, shopping centers, green-belt areas, several country clubs, an equestrian center, office parks, luxury hotels, a complete recording and sound studio for motion picture production, hospital facilities, and a community college. Some 4,300 acres of Las Colinas lie within the District.

La Villita, a unique community in Las Colinas, has moved off the drawing board and into the early stages of construction. Construction has begun on the first phase of the 200 acre site. The project will contain multifamily, small office buildings, single-family and town home development. The project will include

300 single-family homes and up to 2,000 apartments, town homes and live/work units. Retail, restaurants and service-oriented businesses will follow the residential growth. La Villita’s master plan also calls for office development, which is envisioned as professional offices and small build-to-suites. The District has secured sites for an elementary school and a middle school, which can be developed to support La Villita’s future growth. Planning for the elementary school has begun with occupancy expected in August 2008. La Villita’s site is rich in water features, particularly the 30 acre Lake Royal and its two canals. Small parks and plazas will be scattered throughout the community, giving residents places to gather. There will also be a system of hiking and biking trails, both paved and natural-surface along the Elm Fork of the Trinity River.

HIGHER EDUCATION

Several major universities and colleges are located within a 40-mile radius of the District. Among these universities are:

<u>Institution</u>	<u>Location</u>
Austin College	Sherman, Texas
Collin County Community College Distrist (2 campuses)	Collin County, Texas
Dallas Baptist University	Dallas, Texas
Dallas County Community College Distrist (8 campuses)	Dallas County, Texas
Texas A&M at Commerce	Commerce, Texas
Southern Methodist University	Dallas, Texas
Texas Christian University	Fort Worth, Texas
Texas Wesleyan College	Fort Worth, Texas
Texas Woman's University	Denton, Texas
University of North Texas	Denton, Texas
University of Texas at Arlington	Arlington, Texas
University of Texas at Dallas	Richardson, Texas

Awards and Acknowledgements

SERVICE EFFORTS AND ACCOMPLISHMENTS

Accountability Ratings

In August, 2007, the Texas Education Agency announced individual school ratings based on student performance on the most recent Texas Assessment of Knowledge and Skills (TAKS) tests, and the previous year's dropout and attendance rates. The state's accountability ratings for schools and districts are based on scores of all students and each student group of qualified size (African-American, Hispanic, White and Economically Disadvantaged) with the following indicators:

Requirements for Each Ratings Category

Assessment Indicators	Academically Acceptable	Recognized	Exemplary
Spring 2007 TAKS All students and each student group that meets minimum size criteria: African American Hispanic White Econ Disadvantaged	Meet passing standard for each subject * Reading/ELA 65% * Writing 65% * Social Studies 65% * Mathematics 45% * Science 40% OR Meet required improvement	Meet 75% passing standard for each subject OR Meet 70% passing standard and meet required improvement	Meet 90% passing standard for each subject
Spring 2007 SDAA All students if meet minimum size criteria	Meet 50% passing standard (Met ARD Expectations) for single indicator	Meet 70% passing standard (Met ARD Expectations) for single indicator	Meet 90% passing standard (Met ARD Expectations) for single indicator

Completion & Dropout Indicators			
Completion Rate Class of 2006 All students and each student group that meets minimum size criteria: African American Hispanic White Econ Disadvantaged	Meet 75% completion rate standard OR Meet required improvement	Meets 85% completion rate standard OR Meets 80% and required improvement	Meet 95% completion rate standard

Assessment Indicators	Academically Acceptable	Recognized	Exemplary
Annual Dropout Rate 2005-06 All students and each student group that meets minimum size criteria: African American Hispanic White Econ Disadvantaged	Meet 1.0% dropout rate standard OR Meet required improvement	Meet .7% dropout rate standard OR Meet .9% dropout rate standard and required improvement	Meet .2% dropout rate standard

Additional Provisions		
	<p><u>Exceptions Provision (variable):</u> This provision may be applied if the district or campus would be <i>Academically Unacceptable</i> solely due to not meeting the <i>Academically Acceptable</i> criteria on up to 3 assessment measures. Additional conditions must be met.</p>	<p>Check for <i>Academically Unacceptable Campuses</i>: A district that has one or more campuses rated <i>Academically Unacceptable</i> cannot receive a rating of <i>Exemplary</i> or <i>Recognized</i>.</p> <p>Under-reported Students: A district that fails to meet accountability standards for under-reported students cannot receive a rating of <i>Exemplary</i> or <i>Recognized</i>.</p> <p>2005 standards are: No more than 500 under-reported students and no more than 5.0% under-reported students.</p>

The District received an overall accountability rating from the Texas Education Agency of “Academically Acceptable”.

Exemplary and Recognized Campuses are listed below. All other campuses were acceptable.

Exemplary Campuses	Recognized Campuses
Annie Heads Rainwater Elementary	Barbara Bush Middle School
Bernice Chatman Freeman Elementary	Carrollton Elementary
Country Place Elementary	Charles M. Blalack Middle School
E.L. Kent Elementary	Charlie McKamy Elementary
McCoy Elementary	Dale B. Davis Elementary
Rosemeade Elementary	Donald H. Sheffield Primary/Intermediate
	Farmers Branch Elementary
	Furneaux Elementary
	Janie Stark Elementary
	June R. Thompson
	Las Colinas Elementary
	R.E. Good Elementary
	Riverchase Elementary
	Tom Landry Elementary
	Vivian Field Middle School

The District will continue to tighten the structure of the curriculum—making sure that all teachers follow the same curriculum from school to school, as well as aligning the curriculum vertically from grade level to grade level. Vertical alignment means that teachers from different grades work together to ensure there are not gaps in instruction from, for example, grade one to grade two in math.

The District hopes that these changes, as well as increased assessment and monitoring and special programs will put C-FB on the road to exemplary status.

Texas Assessment of Knowledge and Skills (TAKS)

The Texas Assessment of Knowledge and Skills (TAKS) assess student mastery of the Texas Essential Knowledge and Skills (TEKS) in English/Language Arts, Mathematics, Social Studies, and Science. Students must demonstrate mastery on each section of the EXIT-Level examination to be eligible for a high school diploma. Students in grades 3 - 11 take the TAKS test annually.

2006-2007 TAKS Results by Subject and Grade					
Subject Area	Group	2006		2007	
		Met Expectation	Commended	Met Expectation	Commended
Reading/ELA	All Students	89%	30%	91%	36%
Math	All Students	80%	29%	82%	31%
Writing	All Students	93%	33%	94%	33%
Science	All Students	78%	21%	80%	26%
Social Studies	All Students	92%	39%	93%	45%
Reading/ELA	African Am.	88%	21%	90%	28%
Math	African Am.	70%	16%	74%	17%
Writing	African Am.	93%	26%	92%	30%
Science	African Am.	67%	12%	72%	13%
Social Studies	African Am.	91%	31%	92%	33%
Reading/ELA	Hispanics	83%	19%	86%	25%
Math	Hispanics	72%	19%	75%	21%
Writing	Hispanics	90%	21%	91%	24%
Science	Hispanics	66%	12%	69%	15%
Social Studies	Hispanics	85%	22%	87%	30%
Reading/ELA	White	96%	44%	97%	54%
Math	White	91%	41%	91%	43%
Writing	White	96%	45%	97%	47%
Science	White	91%	33%	91%	40%
Social Studies	White	98%	56%	98%	62%
Reading/ELA	Econ. Disadv.	83%	19%	86%	25%
Math	Econ. Disadv.	72%	20%	75%	22%
Writing	Econ. Disadv.	90%	22%	91%	24%
Science	Econ. Disadv.	67%	14%	71%	15%
Social Studies	Econ. Disadv.	86%	25%	88%	31%

The Results are Summed Across all Grades

The United States Department of Education has named eight of the District's schools as national Blue Ribbon Schools of Excellence, the highest distinction that a school can earn. Campuses complete a rigorous nomination process, including an extensive state review and a national review as well as on-site visitations.

Blue Ribbon Schools of Excellence
Turner High School
Smith High School, Fine Arts Emphasis Award, New American High School
Blalack Middle School
Field Middle School
Kent Elementary School
Las Colinas Elementary School
McCoy Elementary School, Character Education Emphasis Award
Montgomery Elementary School

Scholastic Achievement Test (SAT)

The SAT is administered by the College Board and is designed to measure the verbal and math aptitudes of high school students. The SAT takers are self-selected; that is, any student may opt to take the exam. The Campus Mean Scores for 2007 are listed in the chart below .

Mean Scores Campus	Critical Reading	Math	Writing
Turner	504	551	495
Smith	511	538	513
Creekview	502	536	491
Ranchview	470	508	463

	COUNT						
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
District	745	790	785	744	783	818	853
Turner	219	195	177	186	205	135	138
Smith	255	189	264	236	279	250	277
Creekview	271	359	309	322	299	351	329
Ranchview						82	109
	VERBAL						
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
District	511	514	510	523	516	511	501
Turner	505	506	508	515	511	533	504
Smith	514	522	511	523	510	510	511
Creekview	513	515	510	527	525	507	502
Ranchview						499	470
National State	506	504	507	508	508	503	502
State	493	491	493	493	493	491	492
	MATH						
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
District	538	541	535	548	541	548	535
Turner	515	530	524	538	537	567	551
Smith	549	546	529	545	535	545	538
Creekview	546	544	546	555	549	548	536
Ranchview						529	508
National State	514	516	519	518	520	518	515
State	499	500	500	499	502	506	507
	WRITING						
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
District						512	495
Turner						513	495
Smith						524	513
Creekview						507	491
Ranchview						493	463
National State						497	494
State						487	482

- For the sixth consecutive year, the District received funds from the Texas Workforce Commission to enhance tutoring at 15 elementary and middle schools in Dallas County. The District was awarded \$808,282 to provide additional learning opportunities for its students.
- The 2006-07 Budget Document, produced by the Finance Department, received the two awards: the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) of the United States and Canada and the Meritorious Budget Award for excellence from the Association of School Business Officials (ASBO) International.

OTHER INFORMATION

Awards The District has been awarded the certificate of Excellence in Financial Reporting by the Association of School Business Officials (ASBO) for thirty consecutive years. This award is for school districts whose comprehensive annual financial reports substantially conform to the recommended principles and standards of financial reporting adopted by that organization. We believe that our current report continues to conform to the Certificate of Excellence Program requirements, and we will again submit it to ASBO for review.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the year ended August 31, 2006. The District has achieved this prestigious award twenty-nine consecutive years. 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 by generally accepted accounting principles and applicable legal requirements.

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

In 1999, the 76th Texas Legislature approved legislation requiring the commissioner of education in consultation with the comptroller of public accounts to develop a rating system for school district financial accountability. The 77th Texas Legislature in 2001 subsequently adopted rules for the implementation and administration of the financial accountability rating system known as School FIRST, Financial Integrity Rating System of Texas. The financial accountability rating system benefits the public by having in place a system to ensure that school districts will be held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial management practices and achieve improved performance in the management of their financial resources. The Carrollton-Farmers Branch Independent School District has received a Superior Achievement rating since the implementation of the rating system in the 2002-03 fiscal year.

As mentioned previously, the District was an Academically Acceptable District by the Texas Education Agency through the state's Accountability System. Sixty-two percent of the CFB ISD's campuses received either an Exemplary or Recognized rating compared with 37% of the campuses statewide with comparable ratings.

The District's was one of five to receive an Award of Excellence for the district's website, www.cfbisd.edu. This is the second year the district's website received this top national award.

The Public Information Department received eight other national awards. They are: an Award of Excellence for the "Recognized Postcard". This was a postcard that was mailed to the CFB ISD citizens announcing the district's 2005-2006 Texas Education Agency's Accountability Rating and how it compared to other Texas public school districts. An Award of Excellence for *CFB News*, a CFB-TV segment produced by Emily Olson. An Award of Excellence for the Road Ahead Episode 7, a CFB-TV segment produced by Emily Olson which focuses on the district's vision of preparing students for college. An Award of Merit for "A morning for Children" video produced for the CFB ISD annual fund-raising

breakfast. An Award of Merit for *District Details*, an e-newsletter in the CFB E-Communications Network. An Award of Merit for *On the Grow*, an e-newsletter in the CFB E-Communications Network that keeps the community and staff informed about construction projects funded by the 2003 bond referendum.

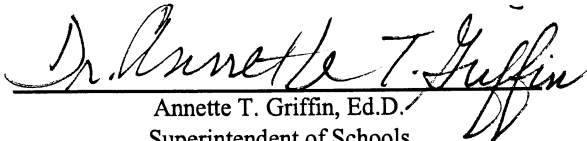
The Carrollton-Farmers Branch ISD was named one of the 100 The Best Communities for Music Education through a nationwide survey sponsored by the National Association of Music Merchants (NAMM) Foundation, its American Music Conference (AMC) division and a partnership of leading national associations working to promote the benefits of active participation in music and music education. It is the second time that CFB ISD made the list.


Dr. Annette T. Griffin, superintendent, was named one of the 10 Tech-Savvy Superintendents in the 2007 *eSchool News* Tech-Savvy Superintendent of the Year Awards program. The *eSchool News* Tech-Savvy Superintendent Awards program is an annual competition honoring the good work and accomplishments of the nation's most forward-thinking and innovative school chiefs.

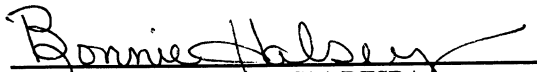
The R.L. Turner and DeWitt Perry Robotics teams competed in the International Botball Competition, which is held in conjunction with the National Conference on Educational Robotics. The DeWitt Perry team was ranked as the top middle school team at the conference and competed against high schools, college prep schools, vocational and technical schools and charter and magnet schools.


The Blalack Middle School Newspaper won an Award of Distinguished Merit, the highest rating possible from the University Interscholastic League (UIL) for the 2006-2007 school year.

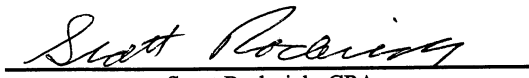
Acknowledgments The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the business office and tax office. Special thanks to Sara Gambrell, CTSBO-Director of Accounting; Stephanie Murphy, Accountant; Vicki Pippin, CPA-Accountant; Marcia Harbour, CTSBO-Special Revenue Funds Accountant, Scott Roderick, CPA-Director Financial Reporting; for their assistance in the preparation of this document. In addition, thanks to the Superintendent, Dr. Annette Griffin, and to the Board of Trustees for their continued commitment to the students and staff of the District and for their excellent leadership.


Annette T. Griffin, Ed.D.
Superintendent of Schools


Mark Hyatt, CPA
Assistant Superintendent for Support Services


Bonnie Halsey, CPA/RTSBA
Executive Director for Finance


Sara Gambrell, CTSBO
Director of Accounting


Scott Roderick, CPA
Director Financial Reporting

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Carrollton-Farmers Branch
Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2006

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.



Cherie S. Cox

President

Jeffrey R. Emer

Executive Director

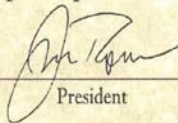
ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL



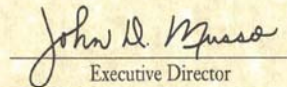
This Certificate of Excellence in Financial Reporting
is presented to

Carrollton-Farmers Branch Independent School District

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended August 31, 2006
upon recommendation of the Association's Panel of Review
which has judged that the Report substantially conforms
to principles and standards of ASBO's Certificate of Excellence Program



President



Executive Director

JSSCO

**Carrollton-Farmers Branch
Independent School District**

Principal Officials

Board Member	Service Began	Service Expires	Position	Occupation
John Tepper	1991	2009	President	Director of Operations, IntraSafe Medical, Inc.
Lynn Chaffin	1998	2010	Vice President	Communication and Information, City of Dallas
James Goode	1999	2008	Secretary	Vice President, Applied Data Sciences
Nancy Cline	2005	2008	Assistant Secretary	Director of Public Works, Town of Addison
Howard Fisher	2006	2009	Member	Attorney, Oncor Electric Delivery
Frank Shor	2007	2010	Member	Attorney
Nancy Watten	2007	2010	Member	Retired School Teacher

Appointed Officials

Name	Position	Years Service
Annette T. Griffin, Ed.D.	Superintendent * Total School district experience 34 years	14 years *
Bobby Burns, Ed.D.	Assistant Superintendent Administration * Total School district experience 27 years	19 years *
Charles Cole, Ed.D.	Assistant Superintendent Student, Family & Community Services * Total School district experience 39 years	17 years *
Mark Hyatt, CPA	Assistant Superintendent Support Services * Total School district experience 26 years	22 years *
Sheila Maher, Ed.D.	Assistant Superintendent Curriculum * Total School district experience 33 years	27 years *

Officials Issuing Report

Mark Hyatt, CPA	Assistant Superintendent Support Services * Total School district experience 26 years	22 years *
Bonnie Halsey, CPA/RTSBA	Executive Director of Finance * Total School district experience 21 years	5 years *
Sara Gambrell, CTSBO	Accounting Director * Total School district experience 36 years	36 years *
Stephanie Murphy	Accountant * Total School district experience 8 years	8 years *
Marcia Harbour, CTSBO	Special Revenue Accountant * Total School district experience 21 years	8 years *
Vicki Pippin, CPA	Accountant * Total School district experience 4 years	4 years *
Scott Roderick, CPA	Director of Financial Reporting * Total School district experience 2 years	3 months *

Carrollton-Farmers Branch Independent School District

Consultants and Advisors

Architects

SHW Group
4000 McEwen Road North
Dallas, Texas 75244-5083

Corgan Associates
401 North Houston
Dallas, Texas 75202

Auditors

Hankins, Eastup, Deaton, Tonn & Seay, P.C.
902 North Locust
Denton, Texas 76201

Bond Counsel

Fulbright & Jaworski, LLP
2200 Ross Avenue, Suite 2800
Dallas, Texas 75201

Financial Advisor

First Southwest Company
325 N. St. Paul Street, Suite 800
Dallas, Texas 75201

General Counsel

Robert Luna, Attorney at Law
4411 North Central Expressway
Dallas, Texas 75205

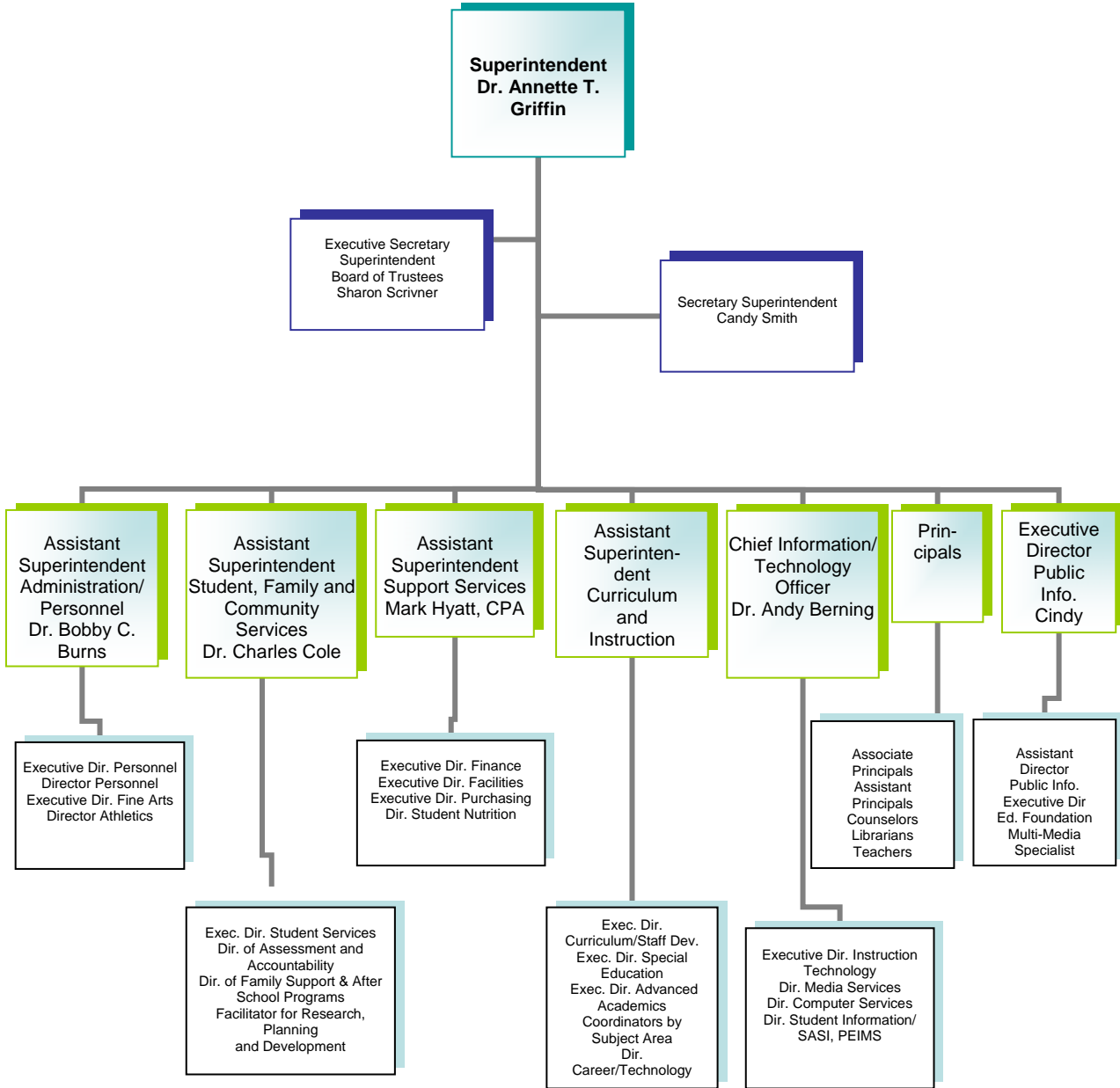
Depository Bank

Bank of America
901 Main Street
Dallas, Texas 75202-3714

Fiscal Agents

The Bank of New York
2001 Bryan Street 10th Floor
Dallas, Texas 75201

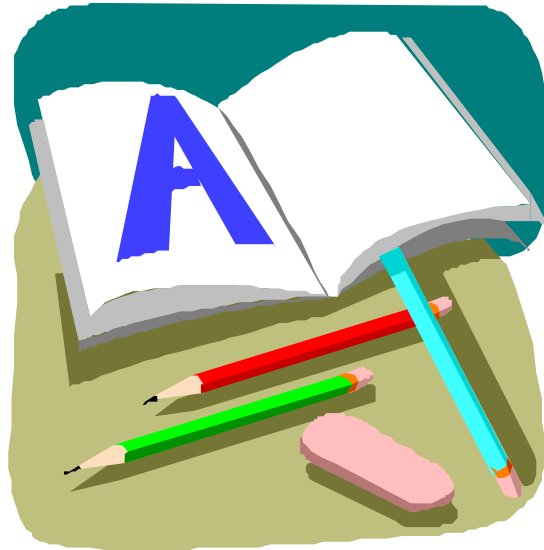
Carrollton-Farmers Branch ISD Organization Chart 2006-2007



FINANCIAL SECTION



Carrollton · Farmers Branch
Independent School District



Independent Auditor's Report

Board of Trustees
Carrollton-Farmers Branch Independent School District
Carrollton, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carrollton-Farmers Branch Independent School District (the District), as of and for the year ended August 31, 2007, 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 an opinion on them 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 respective financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carrollton-Farmers Branch Independent School District as of August 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis and budgetary comparison information on pages 5 through 16 and 57 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carrollton-Farmers Branch Independent School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and in addition to the combining statements, Schedule of Changes in Agency Assets and Liabilities, the schedules of capital assets used in the operation of Governmental Funds and the required TEA schedules listed in the table of contents, are not a required part of the basic financial statements. Such information, excluding the Fund Balance and Cash Flow Calculation Worksheet – General Fund (Exhibit J-3) which is marked unaudited and on which we express no opinion, has been subjected to the auditing procedures applied by us 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 listed in the table of contents 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2007, 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay
A Professional Corporation
Certified Public Accountants

December 17, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Carrollton-Farmers Branch Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2007. Please read it in conjunction with the District's transmittal letter at the front of this report and the financial statements, which follow this section beginning on page 19.

FINANCIAL HIGHLIGHTS

- The District's total combined net assets as presented on the government-wide Statement of Net Assets exceeded liabilities by \$135.0 million. The net assets of the District increased by \$23.8 million during the year ended August 31, 2007.
- The District's governmental funds financial statements reported combined ending fund balance of \$169,656,146. Of this amount, \$4,507,401 is reserved in the General Operating Funds for restricted purposes and \$60,506,233 is unreserved in the General Operating Fund and is available for spending at the District's discretion. Fund balance of \$104,642,512 is for use by the Debt Service Fund, Capital Projects Funds and Non-Major Funds.
- The District held a successful bond election to authorized \$300.165 million in general obligation bonds on October 25, 2003. The fourth bond sale for this authorization took place on February 22, 2007 when the District issued \$45 (par value) million in new debt and \$60.775 (par value) million in Refunding Bonds. \$100,865,000 of authorized debt remains unissued.
- Four major construction projects were essentially completed this year and six new major projects started. Construction related to this bond program will continue through 2009. Technology projects will continue throughout the program.
- The general fund reported a fund balance this year of \$65.0 million, which is an increase of \$9.5 million from the prior year fund balance of \$55.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statement comprises four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) Federal Awards Section. This report also contains supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the District:

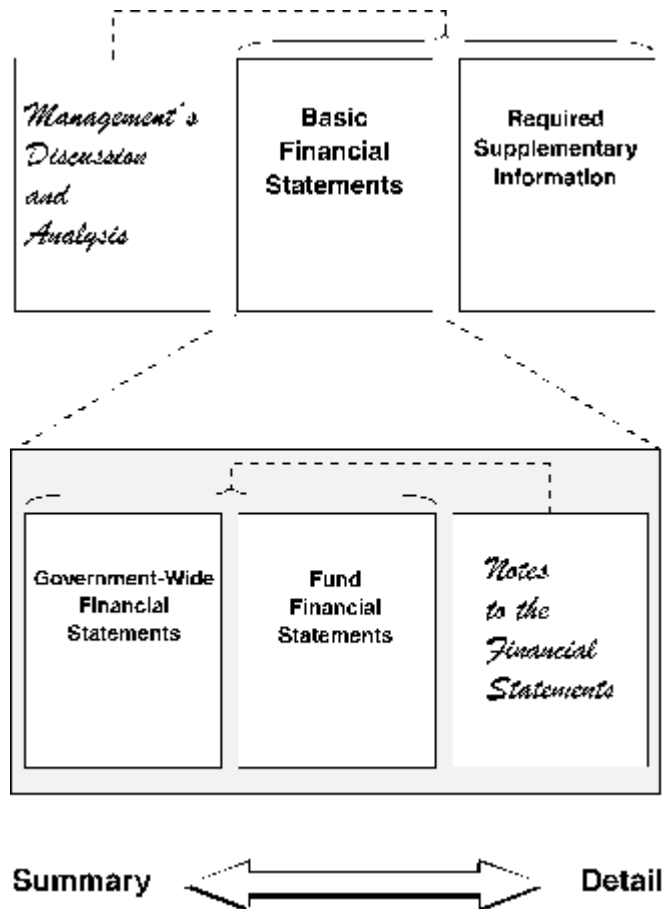
- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the 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.
 - *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as food service.
 - *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.

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*

MANAGEMENT'S DISCUSSION AND ANALYSIS

information that further explains and supports the information in the financial statements. The federal financial assistance (federal awards) section includes the schedule of expenditures of federal awards, the independent auditor's reports on the schedule and other related reports and schedules. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

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



MANAGEMENT’S DISCUSSION AND ANALYSIS

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis 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>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the District operates similar to private business: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	* Statement of net assets * Statement of activities	* Balance sheet * Statement of revenues, expenditures & changes in fund balances	* Statement of net assets * Statement of revenues, expenses and changes in fund net assets	* Statement of fiduciary Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities 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) are 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, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's tax base.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*-not the District as a whole. Funds are accounting devices that the District uses to keep track of 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 money for particular purposes or to show that it is properly using certain taxes and grants.

The District has three kinds of funds:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out 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 you determine whether there are more or fewer financial resources that can be spent in the near future 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 explain the relationship (or differences) between them.
- *Proprietary funds*-Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
 - We use *internal service funds* to report activities that provide supplies and services for the District's other programs and activities-such as the District's Self-Insurance Fund.
- *Fiduciary funds*-The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that-because of a trust arrangement-can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude 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. As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. The District's combined net assets increased between fiscal years 2006 and 2007 – increasing by \$23.8 million or 21.40% to \$135.0 million at August 31, 2007 (see table A-1, Page 9).

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current & Other Assets	\$204.3	\$194.1	\$0.7	\$0.1	\$205.0	\$194.2
Capital & Non-Current Assets	\$369.2	\$339.3	\$0.0	\$0.0	\$369.2	\$339.3
Total Assets	\$573.5	\$533.4	\$0.7	\$0.1	\$574.2	\$533.5
Current Liabilities	\$25.1	\$28.3	\$0.1	\$0.1	\$25.2	\$28.4
Long Term Liabilities	\$414.0	\$393.9	\$0.0	\$0.0	\$414.0	\$393.9
Total Liabilities	\$439.1	\$422.2	\$0.1	\$0.1	\$439.2	\$422.3
Net Assets						
Invested in Capital Assets						
net of related debt	\$70.5	\$57.9	\$0.0	\$0.0	\$70.5	\$57.9
Restricted	\$15.5	\$14.7	\$0.0	\$0.0	\$15.5	\$14.7
Unrestricted	\$48.4	\$38.6	\$0.6	\$0.0	\$49.0	\$38.6
Total Net Assets	\$134.4	\$111.2	\$0.6	\$0.0	\$135.0	\$111.2

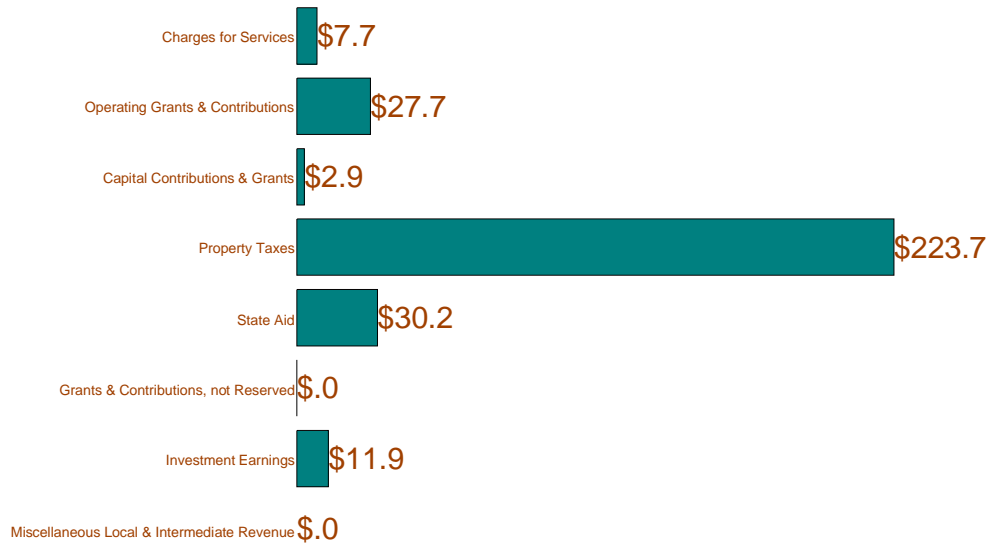
A portion of the net assets are either restricted as to the purposes for which they can be used or they are invested in capital assets. Unrestricted net assets increased by \$10.4 million. Unrestricted net assets may be used to fund District programs in the next fiscal year. However, this does not mean that the District has significant surplus resources available to pay its bills next year. Rather, it is the result of having *long-term commitments* that are less than currently available resources.

Changes in net assets. The District's total revenues were \$304.1 million representing an increase of \$12.5 million or 4.29%. The majority of this increase is attributed to State aid formula grants that are not restricted. Debt Service Property Tax income increased primarily due to the sale of authorized bonds in the amount of \$45.0 million and the related Debt Service Tax Rate increase. Interest income increased \$2.3 million. A significant portion, 73.56%, of the District's revenue comes from taxes. (See Figure A-3, page 12.) Operating grants and contributions represent 9.11% while only 2.50% relates to charges for services.

The total cost of all programs and services was \$279.3 million; an increase over the previous year of \$5.8 million or 2.16%. Instructional and student services represent 66.98% of these costs. Chapter 41 recapture accounts for \$27.8 million, or 9.95% of the total expenditures. The decrease in the Chapter 41 recapture payment from 2006 to 2007 represents a decrease of \$8.0 million or 22.35%, which is directly related to the legislatively initiated State funding formula changes.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Figure A-3 District Sources of Revenue for Fiscal Year 2007



Governmental Activities

- The District’s tax rate consists of two separate components, a General Fund rate and a Debt Service rate. Taxes are calculated by dividing the assessed property value (less exemptions, if applicable) by 100 and multiplying the result by the tax rate. The Dallas Central Appraisal District determines property value for the Carrollton-Farmers Branch ISD. The Debt Service rate is set to pay debt principal and interest for the fiscal year. The Debt Service rate increased by \$0.0070 per \$100 assessed valuation. Property values increased 3.84%. However, due to the tax roll’s loss in value from the time of certification to the end of the year (shrinkage), the District experienced a loss of \$0.76 million in tax revenue. This “shrinkage” factor is discussed further under the caption, General Fund Budgetary Highlights, page 13.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
<u>Program Revenues</u>						
Charges for Services	\$5.4	\$5.2	\$2.2	\$2.1	\$7.6	\$7.3
Operating Grants & Contributions	\$27.7	\$31.1	\$0.0	\$0.0	\$27.7	\$31.1
Capital Contributions & Grants	\$2.9	\$2.7	\$0.0	\$0.0	\$2.9	\$2.7
<u>General Revenues</u>						
Property Taxes	\$223.7	\$228.4	\$0.0	\$0.0	\$223.7	\$228.4
State aid - Formula Grants	\$30.2	\$12.4	\$0.0	\$0.0	\$30.2	\$12.4
Grants & Contributions Not Restricted	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0
Investment Earnings	\$11.9	\$9.6	\$0.0	\$0.0	\$11.9	\$9.6
Miscellaneous Local & Intermediate Revenue	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1
Total Revenues	\$301.9	\$289.5	\$2.2	\$2.1	\$304.1	\$291.6
Expenses						
Instruction & Instructional related	\$139.0	\$132.0	\$0.0	\$0.0	\$139.0	\$132.0
Instructional leadership & school leadership	\$17.2	\$15.9	\$0.0	\$0.0	\$17.2	\$15.9
Guidance, social work, health & transportation	\$14.0	\$13.0	\$0.0	\$0.0	\$14.0	\$13.0
Food services	\$10.8	\$10.4	\$0.0	\$0.0	\$10.8	\$10.4
Extracurricular	\$5.0	\$4.4	\$0.0	\$0.0	\$5.0	\$4.4
General administration	\$6.8	\$6.2	\$0.0	\$0.0	\$6.8	\$6.2
Plant maintenance & security	\$23.9	\$24.0	\$0.0	\$0.0	\$23.9	\$24.0
Data processing services	\$4.8	\$4.3	\$0.0	\$0.0	\$4.8	\$4.3
Community services	\$1.3	\$1.3	\$0.0	\$0.0	\$1.3	\$1.3
Debt services	\$18.1	\$17.5	\$0.0	\$0.0	\$18.1	\$17.5
Facilities acquisition & construction	\$4.4	\$3.1	\$0.0	\$0.0	\$4.4	\$3.1
Contracted instructional services between public schools & related costs	\$27.8	\$35.8	\$0.0	\$0.0	\$27.8	\$35.8
Payments to juvenile justice alternative ed programs	\$0.2	\$0.2	\$0.0	\$0.0	\$0.2	\$0.2
Payments to tax increment fund After the Bell Child Care	\$4.4	\$4.0	\$0.0	\$0.0	\$4.4	\$4.0
	\$0.0	\$0.0	\$1.6	\$1.4	\$1.6	\$1.4
Total Expenses	\$277.7	\$272.1	\$1.6	\$1.4	\$279.3	\$273.5
Increase Before						
Transfers & Other Items	\$24.2	\$17.4	\$0.6	\$0.7	\$24.8	\$18.1
Loss on Asset Disposal	(\$1.0)	(\$1.5)	\$0.0	\$0.0	(\$1.0)	(\$1.5)
Transfers	\$0.0	\$0.7	\$0.0	(\$0.7)	\$0.0	\$0.0
Total Transfers & Other Items	(\$1.0)	(\$0.8)	\$0.0	(\$0.7)	(\$1.0)	(\$1.5)
Increase in net assets	\$23.2	\$16.6	\$0.6	\$0.0	\$23.8	\$16.6
Beginning net assets	\$111.2	\$94.6	\$0.0	\$0.0	\$111.2	\$94.6
Ending net assets	\$134.4	\$111.2	\$0.6	\$0.0	\$135.0	\$111.2

MANAGEMENT’S DISCUSSION AND ANALYSIS

Table A-3 presents the cost of each 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 state revenues as well as local tax dollars funded.

- The cost of all District activities this year was \$279.3 million, an increase of \$5.8 million or 2.16% over the prior year. Some functional categories increased. Most notable, Instructional and Instructional related increased \$7.0 million due to staffing increases and raises. Debt service increased \$0.6 million due to the 2007 bond sale and tax rate increase. Food Service increased \$0.4 million; Plant maintenance and security decreased \$0.1 million. Other functional categories decreased. The functional category attributed to the wealth equalization (Chapter 41 payment) decreased \$8.0 million (due to the legislative initiated State funding formula changes).
- The amount that our taxpayers paid for these activities through property taxes was \$223.7 million.
- \$7.6 million or 2.50% of the cost was paid by those who directly benefited from the programs.
- Operating grants and contributions totaled \$27.7 million.

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

	Total Cost of			Net Cost of		
	Services		% Change	Services		% Change
	2007	2006		2007	2006	
Instruction	\$127.9	\$121.4	5.35%	\$112.3	\$103.6	8.40%
Instructional Resources & Media Services	\$4.0	\$3.9	2.56%	\$3.8	\$3.7	2.70%
Curriculum & Staff Development	\$7.2	\$6.7	7.46%	\$4.7	\$4.6	2.17%
School Leadership	\$14.4	\$13.3	8.27%	\$13.5	\$12.5	8.00%
Food Service	\$10.8	\$10.4	3.85%	\$1.5	\$1.3	15.38%
Plant maintenance and Operations	\$22.3	\$22.6	-1.33%	\$21.5	\$21.2	1.42%

Financial Analysis of the District’s Funds

Governmental Funds The District’s accounting records for general governmental operations are maintained on a modified accrual basis as prescribed by the *Financial Accountability System Resource Guide*, Texas Education Agency, with the revenues being recorded when available and measurable to finance expenditures of the fiscal period. Expenditures are recorded when services or goods are received and the fund liabilities are incurred. The general governmental operations include the following major funds: General, Debt Service and the Capital Projects Fund.

- Revenues from general governmental functions totaled \$301.94 million, an increase of \$13.38 million over the preceding year. Property taxes were the largest source of revenue received by the District. The District’s total taxable values increased \$496.87 million or 3.84%; however, the legislatively required reduction in the General Fund tax rate resulted in a property tax revenue decrease of \$4.7 million or 2.06%. Due to legislative directed State funding formula changes State aid formula grants increased \$17.8 million or 143.99%. Investment earnings increased \$2.3 million or 23.96%.
- Expenditures for general governmental operations totaled \$332.22 million during fiscal year 2007. The total decrease for expenditures was \$1.67 million. Increases are seen in most functional areas. The largest increases were in the following functional categories: Instruction, \$4.82 million; Debt Service, \$1.49 million; Instructional Leadership, \$1.03 million; Student Transportation,

MANAGEMENT'S DISCUSSION AND ANALYSIS

\$0.49 million. Instruction increased due to a legislatively required raise for teachers, librarians, counselors and nurses of \$2,500. In addition to the state mandated raise this group of employees also received a 2.25% raise. Other employees received a 5% raise. Raises for all employees raised functional categories with payroll costs. Debt Service increased due to a bond sale and related tax rate increase. The largest decreases were in the following functional categories: Chapter 41 (Wealth equalization) decreased \$8.01 million due to legislatively changed state funding formulas; Facilities Acquisition and Construction decreased \$3.39 million; Plant Maintenance decreased \$0.57 million mainly due to mild, wet weather conditions and newly negotiated electricity contracts.

- In fiscal year 2004 voters approved a bond authorization of \$300.165 million. Bonds totaling \$199.3 million have been issued during the 2004-2007 fiscal years. The \$1.49 million increase in bond principal and interest is a result of the additional debt issued and related tax rate increase.
- The governmental funds reported a combined fund balance of \$169.66 million, an increase of \$14.83 million. The combined fund balance was comprised of fund balance increases in the General Fund of \$9.56 million and in the Debt Service Fund of \$1.92 million. The Capital Projects Fund balance also increased \$1.74 million. Out of the combined fund balances, \$60.51 million constitutes unreserved and undesignated fund balance available for the general operations of the District. 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.
- State aid increased \$17.70 million due to new legislation that changed state funding formulas.

General Fund Budgetary Highlights

- Over the course of the year, the District revised its budget several times. Actual expenditures were \$14.2 million below final budget amounts. The most significant positive variance resulted from staffing and changes in the year-end payroll accrual due to legislatively required later start date for the 2007-08 school year. Staffing is budgeted for full employment throughout the full year. This staffing variance applies to all functional categories where we have employees.
- Function 11, Instruction, has the most employees, which results in the large positive budget to actual variance.
- Function 51, Maintenance, also experienced a large positive variance attributed to a mild, wet spring and summer, newly negotiated electricity contracts and E-rate grant telecommunications discounts.
- Revenues available were \$2.0 million above the final budget amount. The district had been experiencing "shrinkage" in the tax roll during the collection year as more property owners were protesting their taxes resulting in a lower net tax roll that tax could be collected. In addition to this loss of taxable value, other taxable values were lost due to a small number of corporations declaring bankruptcy or moving from the district. For fiscal year 2007, the rate of shrinkage was less than anticipated. The district budgeted shrinkage at 2.75% based on prior history. The actual shrinkage was less, 2.25%. This resulted in additional tax revenue.
- Plant Maintenance actual expenditures were \$3.00 million below final budget amounts. The District negotiated a new electricity contract in January, 2005 that resulted in lower utility costs to the district. However, due to the volatility of the energy market, the budget was not lowered.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Debt Administration

Capital Assets

At the end of 2007, the District had invested \$580.6 million in a broad range of capital assets, including land, equipment, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$39.0 million or 7.20% over last year. Most of this increase was related to an increase in buildings, building improvements or land improvements related to construction and remodeling of district facilities. Additional information regarding Capital Assets is available in the Notes to the Basic Financial Statements, page 47.

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

	Governmental Activities		Total % Change
	2007	2006	
Land	\$52.3	\$52.3	0.00%
Buildings, building improvements & land improvements	\$466.5	\$419.9	11.10%
Construction in progress	\$44.0	\$54.4	-19.12%
Furniture and equipment	\$16.3	\$14.2	14.79%
Totals at historical costs	<u>\$579.1</u>	<u>\$540.8</u>	7.08%
Total accumulated depreciation	<u>(\$209.9)</u>	<u>(\$201.6)</u>	4.12%
Net capital assets	<u><u>\$369.2</u></u>	<u><u>\$339.2</u></u>	8.84%

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Administration

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

	Governmental		Total % Change
	2007	2006	
Bonds payable	\$406.0	\$381.6	6.41%
Other Long Term Debt payable	\$7.9	\$12.4	-36.29%
Sub-Total	<u>\$413.9</u>	<u>\$394.0</u>	5.06%
Less Current Portion	(\$27.1)	(\$25.4)	6.69%
Total due in more than one year	<u><u>\$386.8</u></u>	<u><u>\$368.6</u></u>	4.95%

At year-end the District had \$413.9 million in bonds and notes outstanding. (See Table A-5.) During 2007, the District issued \$45.0 (par value) million in general obligation bonds to finance the construction of several projects. Also, the district issued \$60.775 (par value) million in refunding bonds to refund a portion of the District's outstanding bonds in order to lower the overall annual debt service requirements of the District. More detailed information about the District's debt is presented in the Notes to the Basic Financial Statements, pages 49-50.

In the State of Texas, Non-Chapter 41 school district bond sales are guaranteed by the Permanent School Fund (PSF). Chapter 41 school districts must purchase bond insurance independently if the state's permanent bond guarantee fund does not have the capacity to cover all issues. However, for fiscal year 2007, the state had enough capacity to guarantee the District's bond sale. Therefore, the district did not have to purchase bond insurance independently. The two ratings that the district received on the bond sale are: one with the state permanent guarantee and one without (called underlying). The District's underlying bond rating is shown on the graph below. The ratings are Aaa for Moody's Investors Service and AAA for Standard & Poor's Corporation.

Bond Ratings-Underlying

The District's bonds presently carry
Aa2 rating from Moody's Investors Services
AA from Standard & Poor's Corporation

Economic Factors and Next Year's Budgets and Rates

- Assessed values used for the 2008 budget preparation are up \$1.4 billion or 10.45% from 2007.
- General operating fund spending per student in the 2008 budget increases from \$6,936 to \$7,629 (excluding the Chapter 41 and Tax Increment Financing payments). This is a 9.98% increase.
- The District's refined average daily attendance is 24,434, a slight decrease of 11.29 or 0.05% over 2006.
- The District's attendance rate stayed the same at 96.00% for 2006 and 2007.

These indicators were taken into account when adopting the general fund budget for 2008. Significant new legislation passed in special session by the Legislature in 2006 is effective for fiscal year 2007 forward. House Bill 1 provided a reduction of 88.67% of the 2004-05 Maintenance & Operations tax rate for 2006-

MANAGEMENT'S DISCUSSION AND ANALYSIS

07 and a reduction of 66.67% for 2007-08. The new legislation reduces local maintenance and operating property tax rates by \$0.17 per taxable \$100 of values. Districts have local enrichment options up to \$0.17 with the first four cents requiring only school board approval, the remaining \$0.13 requiring voter approval. The District made the decision to exercise \$0.04 of the available local enrichment cents. Property values increased, but tax revenue is budgeted \$27.94 million less than actual collections for fiscal year 2007. The new legislation provides for increased State revenue to hold districts harmless for fiscal year 2008 using the best of three options to calculate the hold harmless amount. State revenue is budgeted at a \$21.34 million increase for fiscal year 2008.

General Fund expenditures are budgeted to rise 4.38% to \$223.56 million over the final 2007 expenditure amounts of \$214.18 million. A provision of the new legislation funded a \$2,500 state mandated pay increase for teachers, counselors, nurses and librarians for fiscal year ended 2007. This raise is now "built in" the salary schedule. The District also gave at least a 3.5% raise for fiscal year 2008. Salaries and benefits increased \$12.11 million. Increased utilities account for \$3.22 million. The District's recapture payment decreased \$13.23 million due to the restructuring of the state school finance funding formula contained in the new legislation. Academic initiatives included expanding an Early College High school one grade (add 16 positions), expand the pre-kindergarten program (add 20 positions). The District was able to reduce elementary positions by 5 employees due to realignment with student attendance. The District added 4 administrative positions. These changes equaled a net gain of 35 positions to the District.

If these estimates are realized, the District's budgetary general fund balance is expected to decrease by \$5.99 million by the close of the 2008 fiscal year.

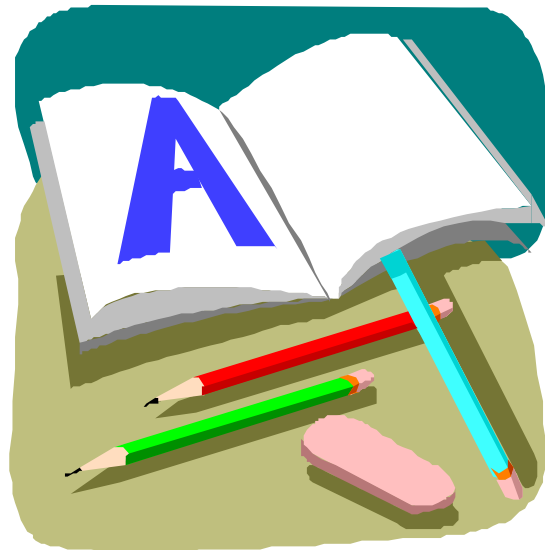
Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and 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 Executive Director for Finance, Bonnie Halsey, at 1445 N. Perry Road, Carrollton, Texas 75011-5186, (972) 968-6112, e-mail halseyb@cfbisd.edu or the District's Director of Financial Reporting, Scott Roderick, (972) 968- 6116, rodericks@cfbisd.edu.

BASIC FINANCIAL STATEMENTS



Carrollton · Farmers Branch
Independent School District



CARROLLTON-FARMERS BRANCH ISD
STATEMENT OF NET ASSETS
AUGUST 31, 2007

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 190,606,728	\$ 649,099	\$ 191,255,827
1220 Property Taxes Receivable (Delinquent)	8,419,857	-	8,419,857
1230 Allowance for Uncollectible Taxes	(4,790,113)	-	(4,790,113)
1240 Due from Other Governments	6,906,448	-	6,906,448
1260 Internal Balances	(4,232)	4,232	-
1267 Due from Fiduciary Funds	11,193	-	11,193
1290 Other Receivables, net	301,645	19,996	321,641
1300 Inventories	1,220,407	-	1,220,407
1410 Deferred Expenses	102,263	-	102,263
1420 Capitalized Bond and Other Debt Issuance Costs	1,506,319	-	1,506,319
Capital Assets:			
1510 Land	52,283,918	-	52,283,918
1520 Buildings and Land Improvements	466,546,121	-	466,546,121
1530 Furniture and Equipment	16,266,995	-	16,266,995
1570 Accumulated Depreciation	(209,933,812)	-	(209,933,812)
1580 Construction in Progress	44,008,337	-	44,008,337
1000 Total Assets	<u>573,452,074</u>	<u>673,327</u>	<u>574,125,401</u>
LIABILITIES			
2110 Accounts Payable	8,767,869	10,941	8,778,810
2140 Interest Payable	3,181,441	-	3,181,441
2150 Payroll Deductions & Withholdings	589,386	-	589,386
2160 Accrued Wages Payable	7,628,142	106,731	7,734,873
2180 Due to Other Governments	20,685	-	20,685
2200 Accrued Expenses	4,574,321	-	4,574,321
2300 Deferred Revenues	297,215	-	297,215
Noncurrent Liabilities			
2501 Due Within One Year	27,088,430	-	27,088,430
2502 Due in More Than One Year	386,882,948	-	386,882,948
2000 Total Liabilities	<u>439,030,437</u>	<u>117,672</u>	<u>439,148,109</u>
NET ASSETS			
3200 Invested in Capital Assets, Net of Related Debt	70,518,318	-	70,518,318
3840 Food Service	1,836,947	-	1,836,947
3890 Tax Increment Zone	13,701,094	-	13,701,094
3900 Unrestricted Net Assets	48,365,278	555,655	48,920,933
3000 Total Net Assets	<u>\$ 134,421,637</u>	<u>\$ 555,655</u>	<u>\$ 134,977,292</u>

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

CARROLLTON-FARMERS BRANCH ISD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	1	Program Revenues		
		3	4	5
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 127,900,101	\$ 1,110,215	\$ 14,489,313	\$ -
12 Instructional Resources and Media Services	3,952,659	29,455	167,316	-
13 Curriculum and Instructional Staff Development	7,228,153	5,996	2,521,694	-
21 Instructional Leadership	2,733,545	217	413,721	-
23 School Leadership	14,417,520	27,498	892,764	-
31 Guidance, Counseling and Evaluation Services	8,700,494	83,855	723,227	-
32 Social Work Services	150,757	-	6,917	-
33 Health Services	2,125,213	659	184,116	-
34 Student (Pupil) Transportation	2,980,445	-	-	-
35 Food Services	10,841,824	2,942,060	6,369,623	-
36 Cocurricular/Extracurricular Activities	4,957,689	975,337	65,484	-
41 General Administration	6,812,524	-	193,215	-
51 Plant Maintenance and Operations	22,254,946	260,218	450,467	-
52 Security and Monitoring Services	1,620,931	1,080	49,414	-
53 Data Processing Services	4,848,636	-	477,582	-
61 Community Services	1,293,265	1,594	700,189	-
72 Debt Service - Interest on Long Term Debt	18,044,502	-	-	-
73 Debt Service - Bond Issuance Cost and Fees	35,028	-	-	-
81 Facilities Acquisition and Construction	4,414,665	-	3,743	2,949,542
91 Contracted Instructional Services Between Schools	27,662,926	-	-	-
92 Incremental Costs Associated with Chapter 41	104,486	-	-	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	170,387	-	-	-
97 Payments to Tax Increment Fund	4,418,075	-	-	-
[TG] Total Governmental Activities:	<u>277,668,771</u>	<u>5,438,184</u>	<u>27,708,785</u>	<u>2,949,542</u>
BUSINESS-TYPE ACTIVITIES:				
01 After the Bell	1,687,632	2,243,287	-	-
[TB] Total Business-Type Activities:	<u>1,687,632</u>	<u>2,243,287</u>	<u>-</u>	<u>-</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 279,356,403</u>	<u>\$ 7,681,471</u>	<u>\$ 27,708,785</u>	<u>\$ 2,949,542</u>

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
S2	Loss on asset disposal
TR	Total General Revenues and Special Items
CN	Change in Net Assets
NB	Net Assets--Beginning
NE	Net Assets--Ending

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

Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (112,300,573)	\$ -	\$ (112,300,573)
(3,755,888)	-	(3,755,888)
(4,700,463)	-	(4,700,463)
(2,319,607)	-	(2,319,607)
(13,497,258)	-	(13,497,258)
(7,893,412)	-	(7,893,412)
(143,840)	-	(143,840)
(1,940,438)	-	(1,940,438)
(2,980,445)	-	(2,980,445)
(1,530,141)	-	(1,530,141)
(3,916,868)	-	(3,916,868)
(6,619,309)	-	(6,619,309)
(21,544,261)	-	(21,544,261)
(1,570,437)	-	(1,570,437)
(4,371,054)	-	(4,371,054)
(591,482)	-	(591,482)
(18,044,502)	-	(18,044,502)
(35,028)	-	(35,028)
(1,461,380)	-	(1,461,380)
(27,662,926)	-	(27,662,926)
(104,486)	-	(104,486)
(170,387)	-	(170,387)
(4,418,075)	-	(4,418,075)
<u>(241,572,260)</u>	<u>-</u>	<u>(241,572,260)</u>
-	555,655	555,655
<u>-</u>	<u>555,655</u>	<u>555,655</u>
(241,572,260)	555,655	(241,016,605)
179,624,950	-	179,624,950
44,042,078	-	44,042,078
30,233,635	-	30,233,635
89,463	-	89,463
11,854,553	-	11,854,553
5,169	-	5,169
(1,048,068)	-	(1,048,068)
<u>264,801,780</u>	<u>-</u>	<u>264,801,780</u>
23,229,520	555,655	23,785,175
111,192,117	-	111,192,117
<u>\$ 134,421,637</u>	<u>\$ 555,655</u>	<u>\$ 134,977,292</u>

CARROLLTON-FARMERS BRANCH ISD
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2007

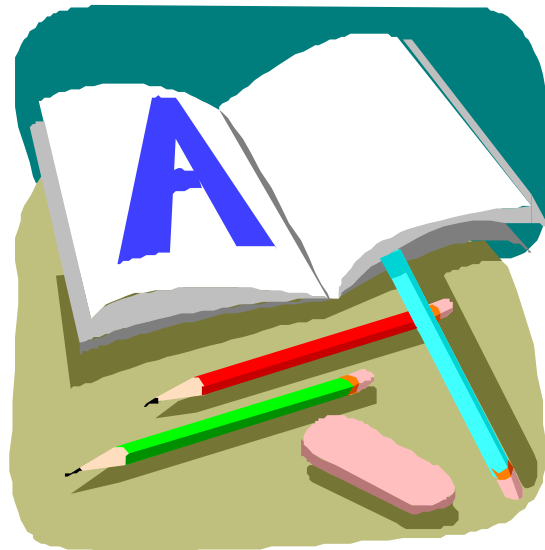
Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 68,348,286	\$ 3,146,751	\$ 90,403,892
1220 Property Taxes - Delinquent	7,085,166	1,334,691	-
1230 Allowance for Uncollectible Taxes (Credit)	(3,842,754)	(947,359)	-
1240 Due from Other Governments	5,931,975	-	-
1260 Due from Other Funds	150,356	346,017	298
1290 Other Receivables	162,550	-	2,960
1300 Inventories	767,641	-	-
1410 Deferred Expenditures	102,263	-	-
1000 Total Assets	<u>\$ 78,705,483</u>	<u>\$ 3,880,100</u>	<u>\$ 90,407,150</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 1,310,306	\$ -	\$ 6,100,007
2140 Interest Payable - Current	-	578,736	-
2150 Payroll Deductions and Withholdings Payable	1,879,912	-	-
2160 Accrued Wages Payable	7,465,490	-	-
2170 Due to Other Funds	354,460	1,797	-
2180 Due to Other Governments	16,659	4,026	-
2300 Deferred Revenues	2,665,022	313,750	-
2000 Total Liabilities	<u>\$ 13,691,849</u>	<u>\$ 898,309</u>	<u>\$ 6,100,007</u>
Fund Balances:			
Reserved For:			
3410 Investments in Inventory	\$ 767,641	\$ -	\$ -
3420 Retirement of Long Term Debt	-	2,981,791	-
3430 Prepaid Items	102,263	-	-
3440 Outstanding Encumbrances	3,637,497	-	31,966,416
3450 Food Service	-	-	-
3470 Capital Acquisition Program	-	-	52,340,727
3490 Tax Increment Zone	-	-	-
Unreserved and Undesignated:			
3600 Reported in the General Fund	60,506,233	-	-
3610 Reported in Special Revenue Funds	-	-	-
3000 Total Fund Balances	<u>\$ 65,013,634</u>	<u>\$ 2,981,791</u>	<u>\$ 84,307,143</u>
4000 Total Liabilities and Fund Balances	<u>\$ 78,705,483</u>	<u>\$ 3,880,100</u>	<u>\$ 90,407,150</u>

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

Non Major Funds	Total Governmental Funds
\$ 17,676,799	\$ 179,575,728
-	8,419,857
-	(4,790,113)
974,473	6,906,448
3,439	500,110
18,801	184,311
452,766	1,220,407
-	102,263
<u>\$ 19,126,278</u>	<u>\$ 192,119,011</u>
\$ 1,294,204	\$ 8,704,517
-	578,736
-	1,879,912
161,336	7,626,826
88,356	444,613
-	20,685
228,804	3,207,576
<u>\$ 1,772,700</u>	<u>\$ 22,462,865</u>
\$ 452,766	\$ 1,220,407
-	2,981,791
-	102,263
174,387	35,778,300
1,209,794	1,209,794
-	52,340,727
13,701,094	13,701,094
-	60,506,233
1,815,537	1,815,537
<u>\$ 17,353,578</u>	<u>\$ 169,656,146</u>
<u>\$ 19,126,278</u>	<u>\$ 192,119,011</u>



Carrollton · Farmers Branch
Independent School District



CARROLLTON-FARMERS BRANCH ISD
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 AUGUST 31, 2007

Total Fund Balances - Governmental Funds	\$	169,656,146
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase(decrease) net assets.		7,751,335
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		579,105,371
3 Accumulated depreciation has not been included in the governmental fund financial statements.		(209,933,812)
4 Bonds payable and contractual obligations have not been included in the governmental fund financial statements.		(406,026,672)
5 Accreted interest for capital appreciation bond have not been included in the governmental fund financial statements.		(4,010,349)
6 Bond issuance costs reported as an expenditure in the governmental fund financial statements are capitalized in the government-wide financial statements.		1,506,319
7 Premium on issuance of debt were not recognized on the balance sheet for governmental funds.		(8,971,183)
8 For debt refunding, the difference between the acquisition price and the net carrying amount of the debt has been deferred and amortized in the government-wide financial statements.		5,036,826
9 Revenue reported as unearned revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statement.		2,910,361
10 Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due.		(2,602,705)
19 Net Assets of Governmental Activities	<u>\$</u>	<u>134,421,637</u>

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

CARROLLTON-FARMERS BRANCH ISD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 186,629,601	\$ 44,712,950	\$ 4,579,164
5800 State Program Revenues	36,716,032	-	-
5900 Federal Program Revenues	335,672	-	-
5020 Total Revenues	<u>223,681,305</u>	<u>44,712,950</u>	<u>4,579,164</u>
EXPENDITURES:			
Current:			
0011 Instruction	107,946,245	-	2,929,788
0012 Instructional Resources and Media Services	3,371,003	-	-
0013 Curriculum and Instructional Staff Development	4,586,007	-	3,113
0021 Instructional Leadership	2,342,987	-	-
0023 School Leadership	13,547,136	-	-
0031 Guidance, Counseling and Evaluation Services	8,116,020	-	-
0032 Social Work Services	149,906	-	-
0033 Health Services	1,985,323	-	-
0034 Student (Pupil) Transportation	2,939,301	-	-
0035 Food Services	-	-	-
0036 Cocurricular/Extracurricular Activities	3,317,750	-	-
0041 General Administration	6,290,483	-	-
0051 Facilities Maintenance and Operations	21,448,291	-	-
0052 Security and Monitoring Services	1,562,325	-	-
0053 Data Processing Services	3,526,785	-	-
0061 Community Services	610,159	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	-	18,656,322	-
0072 Debt Service - Interest on Long Term Debt	-	23,349,859	-
0073 Debt Service - Bond Issuance Cost and Fees	-	485,611	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	81,811	-	45,266,629
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	27,662,926	-	-
0092 Incremental Costs Associated with Chapter 41	104,486	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	170,387	-	-
0097 Payments to Tax Increment Fund	4,418,075	-	-
6030 Total Expenditures	<u>214,177,406</u>	<u>42,491,792</u>	<u>48,199,530</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,503,899</u>	<u>2,221,158</u>	<u>(43,620,366)</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued (Regular Bonds)	-	60,775,000	45,000,000
7912 Sale of Real and Personal Property	53,712	-	-
7915 Transfers In	-	1,160,684	-
7916 Premium or Discount on Issuance of Bonds	-	2,048,029	1,516,435
8911 Transfers Out (Use)	-	-	(1,160,684)
8949 Other (Uses)	-	(64,285,253)	-
7080 Total Other Financing Sources (Uses)	<u>53,712</u>	<u>(301,540)</u>	<u>45,355,751</u>
1200 Net Change in Fund Balances	9,557,611	1,919,618	1,735,385
0100 Fund Balance - September 1 (Beginning)	<u>55,456,023</u>	<u>1,062,173</u>	<u>82,571,758</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 65,013,634</u>	<u>\$ 2,981,791</u>	<u>\$ 84,307,143</u>

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

Non Major Funds	Total Governmental Funds
\$ 8,464,189	\$ 244,385,904
3,665,621	40,381,653
16,831,852	17,167,524
<u>28,961,662</u>	<u>301,935,081</u>
9,858,173	120,734,206
78,046	3,449,049
2,393,579	6,982,699
334,010	2,676,997
327,209	13,874,345
435,707	8,551,727
-	149,906
92,011	2,077,334
-	2,939,301
9,899,751	9,899,751
516,915	3,834,665
10,332	6,300,815
150	21,448,441
7,635	1,569,960
394,730	3,921,515
676,239	1,286,398
-	18,656,322
-	23,349,859
-	485,611
2,322,132	47,670,572
-	27,662,926
-	104,486
-	170,387
-	4,418,075
<u>27,346,619</u>	<u>332,215,347</u>
<u>1,615,043</u>	<u>(30,280,266)</u>
-	105,775,000
-	53,712
-	1,160,684
-	3,564,464
-	(1,160,684)
-	(64,285,253)
<u>-</u>	<u>45,107,923</u>
1,615,043	14,827,657
15,738,535	154,828,489
<u>\$ 17,353,578</u>	<u>\$ 169,656,146</u>

CARROLLTON-FARMERS BRANCH ISD
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2007

Total Net Change in Fund Balances - Governmental Funds	\$ 14,827,657
The District uses internal service funds to charge the costs of self-insurance to appropriate functions in other funds. The net effect of this consolidation is to (decrease) net assets.	(659,490)
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2007 capital asset additions is to increase net assets.	43,233,911
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(12,200,163)
Current year long-term debt principal payments on bonds payable are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	18,656,322
Current year bond proceeds are other finance sources in the fund financial statements, but are shown as increase in the liabilities in the government-wide financial statements.	(105,775,000)
Current year payment to escrow agent for refunded debt are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	64,285,253
Current year accretion on capital appreciation bonds is not reflected in the fund financial statements, but are shown as increases in accreted interest on the government-wide financial statements.	(402,496)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditures is reported when due.	(1,039,428)
Interest on capital appreciation bonds is recognized as an expense when incurred in the government-wide financial statements, whereas in the fund financial statements an interest expenditures is reported when due.	6,698,678
Bond issuance costs are expenditures in the fund financial statements when debt is issued, but it is amortized over the term of the bond in the government-wide financial statements.	806,333

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

CARROLLTON-FARMERS BRANCH ISD
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2007

<p>Premium and discounts are recognized in the fund financial statements as other financing sources or uses, but they are amortized over the term of the bonds in the government-wide financial statements.</p>	(3,203,687)
<p>Amortization of deferred refunding amount is not recognized in the governmental funds. The effect of recording current years amortization is to decrease net assets.</p>	(312,174)
<p>Revenue from property taxes is deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed net of an allowance for uncollectible accounts in the government-wide statements.</p>	(584,416)
<p>In the governmental fund financial statements the proceeds from a sale of assets are shown as an increase in financial resources. In the government-wide financial statements, the gain or loss is calculated and reported.</p>	(1,101,780)
<p>Change in Net Assets of Governmental Activities</p>	<hr style="border: 0.5px solid black;"/> \$ 23,229,520 <hr style="border: 0.5px solid black;"/>

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

CARROLLTON-FARMERS BRANCH ISD
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2007

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 649,099	\$ 11,031,000
Due from Other Funds	4,232	1,241,990
Other Receivables	19,996	117,334
Total Assets	<u>673,327</u>	<u>12,390,324</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	10,941	63,352
Accrued Wages Payable	106,731	1,316
Accrued Expenses	-	4,574,321
Total Liabilities	<u>117,672</u>	<u>4,638,989</u>
NET ASSETS		
Unrestricted Net Assets	<u>555,655</u>	<u>7,751,335</u>
Total Net Assets	<u>\$ 555,655</u>	<u>\$ 7,751,335</u>

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

CARROLLTON-FARMERS BRANCH ISD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2007

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 2,243,287	\$ 16,446,030
Total Operating Revenues	<u>2,243,287</u>	<u>16,446,030</u>
OPERATING EXPENSES:		
Payroll Costs	1,432,632	222,425
Professional and Contracted Services	36,139	112,510
Supplies and Materials	108,736	2,195
Other Operating Costs	110,125	17,364,084
Total Operating Expenses	<u>1,687,632</u>	<u>17,701,214</u>
Operating Income (Loss)	<u>555,655</u>	<u>(1,255,184)</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	-	595,694
Total Nonoperating Revenue (Expenses)	<u>-</u>	<u>595,694</u>
Change in Net Assets	555,655	(659,490)
Total Net Assets - September 1 (Beginning)	<u>-</u>	<u>8,410,825</u>
Total Net Assets - August 31 (Ending)	<u>\$ 555,655</u>	<u>\$ 7,751,335</u>

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

CARROLLTON-FARMERS BRANCH ISD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2007

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 2,238,290	\$ 16,560,945
Cash Payments to Employees for Services	(1,392,673)	(223,037)
Cash Payments for Insurance Claims	-	(17,664,000)
Cash Payments for Suppliers	(114,585)	(2,195)
Cash Payments for Other Operating Expenses	(146,264)	(49,158)
Net Cash Provided by (Used for) Operating Activities	<u>584,768</u>	<u>(1,377,445)</u>
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	-	595,694
Net Increase(Decrease) in Cash and Cash Equivalents	584,768	(781,751)
Cash and Cash Equivalents at Beginning of the Year:	64,331	11,812,751
Cash and Cash Equivalents at the End of the Year:	<u>\$ 649,099</u>	<u>\$ 11,031,000</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss):	\$ 555,655	\$ (1,255,184)
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	1,393	114,915
Decrease (increase) in Prepaid Expenses	(6,390)	-
Increase (decrease) in Accounts Payable	(5,849)	63,352
Increase (decrease) in Accrued Wages Payable	39,959	(612)
Increase (decrease) in Accrued Expenses	-	(299,916)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 584,768</u>	<u>\$ (1,377,445)</u>

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

CARROLLTON-FARMERS BRANCH ISD
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2007

	Agency Fund
ASSETS	
Cash and Cash Equivalents	\$ 264,623
Investments - Current	225,000
Accrued Interest	3,768
Total Assets	<u>\$ 493,391</u>
LIABILITIES	
Accounts Payable	\$ 13,761
Due to Other Funds	11,193
Due to Student Groups	468,437
Total Liabilities	<u>\$ 493,391</u>

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Carrollton-Farmers Branch Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in the Statement on Auditing Standards No. 69 of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency’s Financial Accountability System Resource Guide (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

Reporting Entity

The Board of Trustees (the “Board”) is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (“GASB”) in its Statement No. 14, “The Financial Reporting Entity,” as amended by GASB 39 “Determining Whether Certain Organizations Are Component Units.” There are no component units included within the reporting entity.

Government-Wide and Fund Financial Statements

The statement of net assets and the statement of activities are government-wide financial statements. They report information on all of the Carrollton-Farmers Branch Independent School District’s nonfiduciary activities. Internal service fund activity is eliminated to avoid overstatement of revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support.

The statement of activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The “grants and contributions” column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under Elementary and Secondary Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District’s functions. Taxes are always general revenues.

Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund balance sheet and proprietary fund statement of net assets. All interfund transactions between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental and fiduciary funds are included in the statement of net assets as receivable or payable to external parties (consistent with the nature of the fiduciary fund).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-Wide and Fund Financial Statements - continued

The fund financial statements provide information on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operation in a separate column.

Propriety funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connections with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of goods and services, such as materials and labor and direct overhead. All other expenses are nonoperating.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The effect of interfund activity has been eliminated from the government-wide financial statements. Agency funds also use the accrual basis of accounting however, they have no measurement focus.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grants funds are considered to be earned to the extent of expenditures make under the provisions of the grant. Accordingly, when such funds received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

Fund Accounting

The District reports the following major governmental funds:

1. **The General Fund** – The General fund is the District’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Fund** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Capital Projects Fund** – The proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Additionally, the District reports the following fund type(s):

Governmental Funds:

1. **Nonmajor Special Revenue Funds** – The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund. Federal, State, and Local financial assistance is accounted for in a Federal, State, or Local Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

2. **Enterprise Funds** – Are utilized by the District to account for activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities. The District’s sole enterprise fund accounts for the After the Bell program.
3. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District’s Internal Service Funds are the Health Insurance and Workers’ Compensation Funds.

Fiduciary Funds:

4. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District’s Agency Fund is the Student Activity Fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents

For purpose of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

Interfund Receivables and Payables

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which they are imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year. The assessed value of the certified roll, upon which the levy for the 2007 fiscal year was based upon, was \$13,443,649,465.

Taxes are due on October 1 and become delinquent by February 1 following the October 1 levy date. Current tax collections for the year ended August 31, 2007 were 99.05% of the tax levy.

The tax rates assessed for the year ended August 31, 2007 to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$1.3501 and \$0.3329 per \$100 valuation, respectively, for a total of \$1.683 per \$100 valuation.

Investments

The District’s general policy is to report money market investments and short-term participating interest-earning investments contracts at amortized cost and to report nonparticipating interest-earning contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term “short-term” refers to investments, which have a remaining term of one year or less at time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes.

Inventories

Materials, supplies and food commodities are carried in an inventory account at average cost and are subsequently charged to expenditures when consumed. Inventories also include plant maintenance and operating supplies as well as instructional supplies.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements with total project cost of \$100,000 or greater are capitalized as projects when constructed.

Land improvements, buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Land Improvements	20
Buildings	50
Buildings Improvements	20
Portable Classrooms	20
Vehicles	10
Furniture	10
Office Equipment	5
Computer Equipment	5
Music Equipment	10
Other Equipment	10

Liability for Compensated Absences

Employees are allowed to accrue five days of state personal leave and five days of local sick leave each year without limit. State personal leave and local sick leave do not vest under the District’s policy and accordingly, employees can only utilize state personal and sick leave when sick, or state personal leave for personal reasons when approved by their supervisor. Since the employees’ accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

Teachers and administrative personnel do not receive paid vacations but are paid only for the number of days they are required to work each year (187 days for teachers and 230 days for administrative personnel).

Maintenance employees are granted vacation leave in varying amounts. In the event of termination an employee is reimbursed for unused accumulated leave. The District has no liability for unused vacation pay since all vacation is used or lost if not taken each year. Vacation pay is charged to operations when taken by the employees of the District.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Arbitrage Payable

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. The District has no liability as of August 31, 2007.

Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using effective interest method. Gains or losses on refunding are deferred and amortized over the lesser of the remaining life of the old debt or the life of the new debt using the straight line method. Bonds payable are reported net of the applicable bond premium or discount and gain or loss on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the 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 are reported as debt service expenditures. Gains or losses on refunding are not recognized in these financial statements.

Net Assets and Fund Balance

Government-Wide Financial Statements

When the District incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used. Net assets on the Statement of Net Assets include the following:

Investment in Capital Assets, Net of Related Debt – The component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

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

Restricted for Tax Increment Zone – The component of net assets that reports the property taxes collected for the zone to pay for District projects identified in the project plan to be constructed in the zone for educational facilities and maintenance for operating such facilities.

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 Federal and State Programs, Net Assets Restricted for Food Service or Net Assets Restricted for Tax Increment Zone.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Governmental Fund Financial Statements

In the fund financial statements, governmental funds report fund balances as either a reserved fund balance or an unreserved fund balance.

Reserved Fund Balance – That portion of fund balance which is not available for appropriation or which has been legally segregated for a specific purpose.

Unreserved Fund Balance – Composed of designated and undesignated portions. The undesignated portion of the unreserved fund balance represents that portion of fund balance that is available for budgeting in future periods. Designated fund balances represent tentative plans for future use of financial resources.

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas Law, appropriations lapse at August 31, and encumbrances outstanding at that time are to either canceled or appropriately provided for in the subsequent year’s budget. Encumbrances are reported as a reservation of fund balances in the governmental fund financial statements. Encumbrances outstanding at August 31, 2007 that were in the subsequent year’s budget are:

General Fund	\$ 3,637,497
Special Revenue Fund-Food Service	174,387
Capital Projects Fund	<u>31,966,416</u>
Total	<u>\$ 35,778,300</u>

Data Codes

The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.

Estimates

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

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimates as of August 31, 2007 will change.

NOTE 2. CASH AND INVESTMENTS

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank 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") insurance.

At August 31, 2007, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing saving accounts included in temporary investments) was \$4,747,024 and the bank balance was \$7,127,144. The District's cash deposits at August 31, 2007 and during the year ended August 31, 2007 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- a. Depository: Bank of America.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$58,741,006.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$42,400,792 and occurred during the month of February, 2007.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$200,000.

Legal and contractual provisions governing deposits and investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes and the District's investment policy authorized the District to invest in the following investments as summarized in the table below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	10 years	None	None
U.S. Agencies Securities	10 years	None	None
Letters of Credit	10 years	None	None
Certificates of Deposit	-	None	None
Repurchase agreements	90 days	None	None
Securities lending program	1 year	None	None
Banker's acceptance	270 days	None	None
Commercial paper	270 days	None	None
No-load money market mutual funds	90 days	None	None
No-load mutual funds	2 years	None	None
Guaranteed investment contracts	5 years	None	None
Investment pools	-	None	None

NOTE 2. CASH AND INVESTMENTS - CONTINUED

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of August 31, 2007 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 191,255,827
Fiduciary funds:	
Cash and investments	<u>489,623</u>
Total cash and investments	<u>\$ 191,745,450</u>

Cash and investments as August 31, 2007 consist of the following:

Cash on hand	\$ 19,975
Savings and checking accounts	4,522,021
Certificates of deposit	225,000
Texpool	<u>186,978,454</u>
Total cash and investments	<u>\$ 191,745,450</u>

Disclosure relating to interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policy has no specific maturity restrictions for certificates of deposit or public funds investment pools, however, the District manages its exposure to interest rate risk by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The District has no specific limitations with respect to this metric.

As of August 31, 2007, the District had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
Certificates of deposit	\$ 225,000	63 days
Texpool	<u>186,978,454</u>	35 days
Total	<u>\$ 187,203,454</u>	

As of August 31, 2007 the District did not invest in any securities which are highly sensitive to interest rate fluctuations.

NOTE 2. CASH AND INVESTMENTS - CONTINUED

Disclosure relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating of Year End
Texpool	\$ 186,978,454	N/A	AAAm
Total	\$ 186,978,454		

Concentration of credit risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. As of August 31, 2007, other than external investment pools, the District did not have 5% or more of its investments with one issuer.

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less FDIC insurance at all times.

As of August 31, 2007, the District deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The District is a voluntary participant in Texpool.

The State Comptroller of Public Accounts exercises responsibility over Texpool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in Texpool and other persons who do not have a business relationship with Texpool. Texpool operates in a manner consistent with the SEC's Rule2A7 of the Investment Company Act of 1940. Texpool uses amortized cost rather than the market value to report net assets to compute share prices. Accordingly, the fair value of the position in Texpool is the same as the value of Texpool shares.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2007

NOTE 3. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

At August 31, 2007 the components of delinquent taxes receivables are as follows:

	General Fund	Debt Service Fund	Total
Delinquent taxes	\$ 4,894,474	\$ 959,717	\$ 5,854,191
Related penalty and interest	2,190,692	374,974	2,565,666
	<u>\$ 7,085,166</u>	<u>\$ 1,334,691</u>	<u>\$ 8,419,857</u>

At August 31, 2007 an allowance for uncollectible taxes is provided for the following:

	General Fund	Debt Service Fund	Total
Personal property	\$ 3,783,195	\$ 932,841	\$ 4,716,036
Real property	59,559	14,518	74,077
	<u>\$ 3,842,754</u>	<u>\$ 947,359</u>	<u>\$ 4,790,113</u>

NOTE 4. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2007, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments. Furthermore, there are times whenever overpayment is received from a State Agency and money may be due to other governments.

	General Fund	Other Funds	Total
State Entitlement	\$ 5,184,516	\$ 401,253	\$ 5,585,769
WADA	463,679	-	463,679
Federal Grants	-	426,728	426,728
Farmers Branch	47,268	-	47,268
City of Irving	11,512	-	11,512
Dallas County Schools	225,000	-	225,000
University of North Texas	-	133,472	133,472
Other	-	13,020	13,020
	<u>\$ 5,931,975</u>	<u>\$ 974,473</u>	<u>\$ 6,906,448</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2007

NOTE 5. OTHER RECEIVABLES

Other receivables as of August 31, 2007, for the District's individual major funds and nonmajor, and internal service in the aggregate are as follows:

	General Fund	Capital Project Funds	Non Major Funds	Internal Service Funds	Total
NSF Checks	\$ 21,500	\$ -	\$ -	\$ -	\$ 21,500
Health Insurance Receivable	-	-	-	117,000	117,000
Due from Employees	120,000	-	-	-	120,000
Other Receivable	21,050	2,960	18,801	20,330	63,141
	<u>\$ 162,550</u>	<u>\$ 2,960</u>	<u>\$ 18,801</u>	<u>\$ 137,330</u>	<u>\$ 321,641</u>

Due from employees represents payroll advances paid to instructional staff at the beginning of the school year. Amounts are expected to be collected through payroll deductions within four months after the District's fiscal year end.

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at August 31, 2007 consisted of the following individual fund receivables and payables:

TYPE	AMOUNT	PURPOSE
DUE FROM		
Agency Fund	\$ 11,193	Student transcripts and parking
Federal Fund	35,290	To correct payroll
Federal Fund	7,676	Transportation
Federal Fund	35,727	Shortage, postage, payroll, and inventory corrections
State Fund	5,752	Inventory corrections, payroll and postage
Total Due to General Fund	<u>95,638</u>	
General Fund	344,220	To correct tax collections
Total Due to Debt Service Fund	<u>344,220</u>	
General Fund	1,241,990	Health insurance transfer
Total Due to Internal Service Fund	<u>1,241,990</u>	
Federal Fund	46	Correction
Total Due to Local Fund	<u>46</u>	
General Fund	298	To reclass expenditures
Total Due to Capital Project Fund	<u>298</u>	
Federal Fund	472	To correct payroll
General Fund	3,760	Credit card deposits
Total Due to Enterprise Fund	<u>4,232</u>	
Total Due from Other Funds	<u>\$ 1,686,424</u>	

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2007

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - CONTINUED

TYPE	AMOUNT	PURPOSE
DUE TO		
Debt Service Fund	\$ 344,220	Payroll accruals
Agency Fund	11,193	Student transcripts & parking
Capital Fund	298	To reclass expenditures to correct fund
Internal Service	1,241,990	Health insurance transfer
Enterprise	3,760	Credit card deposits
Total Due from General	<u>1,601,461</u>	
General Fund	35,290	To correct payroll
General Fund	7,676	Transportation
General Fund	35,727	Shortage, postage, payroll, and inventory corrections
Enterprise Fund	472	To correct payroll
Total Due from Federal Fund	<u>79,165</u>	
General Fund	5,752	Inventory corrections, payroll and postage
Federal Fund	46	Correction
Total Due from State Fund	<u>5,798</u>	
Total Due to Other Funds	<u>\$ 1,686,424</u>	

All amounts due are scheduled to be repaid within one year.

Interfund transfers for the year ended August 31, 2007 were as follows:

Transfer In	Transfer Out	Amount
Debt Service Fund	Capital Project Fund	<u>\$ 1,160,684</u> To close out capital project fund
		<u>\$ 1,160,684</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2007

NOTE 7. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2007, was as follows:

Governmental Activities:	Primary Government				Ending Balance
	Beginning Balance	Additions	Retirements	Transfers	
Non-depreciable assets					
Land	\$ 52,283,918	\$ -	\$ -	\$ -	\$ 52,283,918
Construction In Progress	54,444,321	40,144,837	-	(50,580,821)	44,008,337
Total Non-depreciable assets	<u>106,728,239</u>	<u>40,144,837</u>	<u>-</u>	<u>(50,580,821)</u>	<u>96,292,255</u>
Depreciable					
Land Improvements	1,108,138	-	-	-	1,108,138
Buildings and Improvements	418,764,843	-	(3,907,681)	50,580,821	465,437,983
Furniture and Equipment	14,214,280	3,089,074	(1,036,359)	-	16,266,995
Total depreciable assets	<u>434,087,261</u>	<u>3,089,074</u>	<u>(4,944,040)</u>	<u>50,580,821</u>	<u>482,813,116</u>
Less Accumulated Depreciation for:					
Land Improvements	135,478	55,407	-	-	190,885
Buildings and Improvements	190,900,082	10,515,694	(2,805,901)	-	198,609,875
Furniture and Equipment	10,540,349	1,629,062	(1,036,359)	-	11,133,052
Total Accumulated Depreciation	<u>201,575,909</u>	<u>12,200,163</u>	<u>(3,842,260)</u>	<u>-</u>	<u>209,933,812</u>
Total Capital Assets, Net	<u>\$ 339,239,591</u>	<u>\$ 31,033,748</u>	<u>\$ (1,101,780)</u>	<u>\$ -</u>	<u>\$ 369,171,559</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Function	Depreciation
Instruction	\$ 6,462,014
Instructional Resources and Media Services	488,002
Curriculum Development and Instructional Staff Development	228,497
Instructional Leadership	46,114
School Leadership	460,431
Guidance, Counseling and Evaluation Services	102,509
Social Work Services	84
Health Services	31,897
Student (Pupil) Transportation	41,144
Food Services	871,643
Cocurricular/Extracurricular Activities	1,140,529
General Administration	494,038
Plant Maintenance and Operations	853,966
Security and Monitoring Service	37,311
Data Processing Services	941,984
Total Depreciation Expense	<u>\$ 12,200,163</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2007

NOTE 8. DEFERRED REVENUE

Deferred revenue reported in the governmental funds at year end consisted of the following:

	General Fund	Debt Service Fund	Other Funds	Total
Tax revenue	\$ 2,643,627	\$ 266,734	\$ -	\$ 2,910,361
Other receipts	21,395	47,016	148,785	217,196
Advanced Placement Incentives	-	-	21,870	21,870
Communities Foundation	-	-	24,155	24,155
Spanish language	-	-	5,108	5,108
Technology Allotment	-	-	28,886	28,886
	<u>\$ 2,665,022</u>	<u>\$ 313,750</u>	<u>\$ 228,804</u>	<u>\$ 3,207,576</u>

Governmental funds report deferred in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Government funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Tax revenue reported as deferred revenue in the governmental funds is recorded as revenue in the government-wide financial statements. Accordingly, unearned tax revenue is excluded in the government-wide financial statements.

NOTE 9. DEBT ISSUANCE AND DEFEASED DEBT

In 2007, the District issued \$105,775,000 (par value) in Unlimited Tax Building and Refunding Bonds to provide \$45,000,000 in construction funds and to advance refund \$62,650,000 (par value) of outstanding bonds. The net proceeds of \$108,743,007 (\$105,775,000 par amount of the bonds plus \$3,564,464 of premium paid on the bonds less \$596,457 of underwriting fees, insurance, and other issuance costs) were used to provide the construction funds and to purchase U.S. and State and Local Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, those bonds were considered to be defeased and the liability for those bonds was removed from long-term debt. The advance refunding resulted in a deferred loss on refunding of \$1,635,253, which is being amortized over the life of the refunding bonds issued.

The refunding was undertaken to reduce the District's total debt service payments by approximately \$3,491,946 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$2,550,765.

In prior years, the District has defeased other bond series in advance refunding transactions. On August 31, 2007 \$99,085,000 of defeased bonds remains outstanding.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2007

NOTE 10. LONG-TERM DEBT

Unlimited Tax Bonds

The District issues unlimited tax bonds for the governmental activities to provide for the acquisition and construction of major capital facilities. Unlimited tax bonds are direct obligations and pledge the full faith and credit of the District. Bonded indebtedness of the District is reflected in the Statement of Net Assets. Current requirements for principal and interest expenditures are payable solely from future revenues of the Debt Service Fund which consists principally of property taxes collected by the District and interest earnings.

Unlimited tax bonds outstanding as of August 31, 2007 are as follows:

Purpose and Lawful Authority	Interest Rate	Amount	Amount Outstanding 09/01/06	Issued	Retired	Amount Outstanding 08/31/07
Unlimited Tax Refunding Bond Series 1987	0.00% to 7.00%	\$ 23,428,184	\$ 28,056	\$ -	\$ 28,056	\$ -
Unlimited Tax Refunding Bonds, Series 1993	0.00% to 5.38%	21,349,988	254,988	-	165,214	89,774
Unlimited Tax School Building Bonds, Series 1997	5.00% to 7.00%	1,605,000	75,000	-	75,000	-
Unlimited Tax School Building and Refunding Bonds, Series 1998	1.65% to 5.00%	15,299,988	12,484,988	-	2,580,000	9,904,988
Unlimited Tax School Building Bonds, Series 1998	4.30% to 5.88%	64,000,000	51,300,000	-	25,765,000	25,535,000
Unlimited Tax School Building Bonds, Series 1999	5.00% to 6.00%	60,000,000	9,560,000	-	2,185,000	7,375,000
Unlimited Tax School Building Bonds, Series 2000	4.63% to 5.50%	74,600,000	60,600,000	-	41,285,000	19,315,000
Unlimited Tax Refunding Bonds, Series 2001	0.00% to 5.25%	83,899,962	78,564,962	-	73,052	78,491,910
Unlimited Tax Refunding Bonds, Series 2003	3.00% to 4.00%	10,230,000	905,000	-	-	905,000
Unlimited Tax Refunding Bonds, Series 2004	2.00% to 5.00%	23,740,000	23,450,000	-	2,000,000	21,450,000
Unlimited Tax Refunding Bonds, Series 2004	2.00% to 5.00%	54,350,000	49,955,000	-	2,740,000	47,215,000
Unlimited Tax Refunding Bonds, Series 2005	3.00% to 5.00%	54,810,000	53,160,000	-	2,895,000	50,265,000
Unlimited Tax Refunding Bonds, Series 2006	4.125% to 5.00%	41,220,000	41,220,000	-	1,515,000	39,705,000
Unlimited Tax School Building and Refunding Bonds, Series 2007	4.00% to 5.00%	105,775,000	-	105,775,000	-	105,775,000
			<u>381,557,994</u>	<u>105,775,000</u>	<u>81,306,322</u>	<u>406,026,672</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2007

NOTE 10. LONG-TERM DEBT - CONTINUED

Debt service requirement are as follows:

Year Ending August 31	General Obligation Principal	Interest	Total Requirement
2008	23,667,961	24,407,535	48,075,496
2009	27,873,711	17,915,839	45,789,550
2010	25,470,000	15,979,510	41,449,510
2011	24,500,000	14,790,373	39,290,373
2012	24,310,000	13,705,481	38,015,481
2013-2017	130,305,000	51,332,554	181,637,554
2018-2022	82,675,000	24,174,288	106,849,288
2023-2027	41,145,000	10,680,344	51,825,344
2028-2032	26,080,000	2,524,566	28,604,566
	<u>\$ 406,026,672</u>	<u>\$ 175,510,490</u>	<u>\$ 581,537,162</u>

There are a number of limitations and restrictions contained in the unlimited tax school building and refunding bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2007.

Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government Activities					
General Obligation Bonds	\$ 381,557,994	\$ 105,775,000	\$ 81,306,322	\$ 406,026,672	\$ 23,667,960
Accreted Interest	10,306,531	402,496	6,698,678	4,010,349	3,420,470
Premium on Bonds	5,767,496	3,564,464	360,777	8,971,183	-
Deferred Loss on Refunding	<u>(3,713,747)</u>	<u>(1,635,253)</u>	<u>(312,174)</u>	<u>(5,036,826)</u>	<u>-</u>
Long-term Liabilities	<u>\$ 393,918,274</u>	<u>\$ 108,106,707</u>	<u>\$ 88,053,603</u>	<u>\$ 413,971,378</u>	<u>\$ 27,088,430</u>

NOTE 11. GENERAL FUND FEDERAL SOURCE REVENUES

During the current year, general fund federal source revenues consisted of the following:

Program or Source	CFDA Number	Amount
Direct Cost		
School Health and Related Services	N/A	<u>\$ 335,672</u>
		<u>\$ 335,672</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2007

NOTE 12. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Non Major Funds	Total
Property Taxes	\$ 178,612,571	\$ 43,900,102	\$ -	\$ -	\$ 222,512,673
Penalties and Interest	1,420,397	318,374	-	-	1,738,771
Tax Increment Fund	-	-	-	2,949,542	2,949,542
Investment Earnings	5,337,634	494,474	4,579,164	847,587	11,258,859
Insurance Recovery	3,752	-	-	-	3,752
Food Sales	-	-	-	2,942,060	2,942,060
Tuition from Patrons	414,523	-	-	-	414,523
Co-Curricular	403,103	-	-	1,102,019	1,505,122
Rent	256,316	-	-	-	256,316
Gifts and Bequest	89,463	-	-	527,972	617,435
Enterprising	-	-	-	95,009	95,009
Other	91,842	-	-	-	91,842
	<u>\$ 186,629,601</u>	<u>\$ 44,712,950</u>	<u>\$ 4,579,164</u>	<u>\$ 8,464,189</u>	<u>\$ 244,385,904</u>

NOTE 13. DEFINED BENEFIT PENSION PLAN

Plan Description

The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. It is a cost-sharing public employee retirement system (PERS), with one exception: all risk and costs are not shared by the employer. By statute, the State of Texas contributes to the retirement system an amount equal to the current authorized rate times the aggregate annual compensation of all members of the retirement system during the fiscal year. For members of the retirement system entitled to the minimum salary for certain school personnel under § 16.056, Texas Education Code, the District shall pay the state's contribution on the portion of the member's salary that exceeds the statutory minimum. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 100 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Types of Employees Covered

All employees of public, state-supported educational institutes in Texas who are employed for ½ or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Subtitle C § 822.002 are covered by TRS membership.

NOTE 13. DEFINED BENEFIT PENSION PLAN - CONTINUED

Benefit Provisions

The Teacher Retirement System of Texas administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school system of Texas. It operates primarily under the provisions of Texas Constitution, Article XVI, §67 and Texas Government Code, Title 8, Subtitle C. The system also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and Chapter 805, respectively.

Service Retirement:

- 1) Normal
 - a) Age 65 with 5 years of service
 - b) Any combination of age plus years of service which equals 80

- 2) Reduced
 - a) Age 55 with at least 5 years of service
 - b) Any age below 50 with 30 years of service

A member is fully vested after five years of creditable service and entitled to any benefit for which eligibility requirements have been met.

Funding Policy

State law provides for fiscal years 2007, 2006 and 2005 a state contribution rate of 6.0% and a member contribution rate of 6.4%. In certain instances the reporting district is required to make all or a portion of the state's 6.0% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during the year; (2) A statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. The District's employees' contribution to the System for the years ended August 31, 2007, 2006 and 2005 were \$9,045,524, \$8,274,376, and \$7,509,712 respectively, equal to required contributions for each year. State contributions to TRS made on behalf of the District's employees for the years ended August 31, 2007, 2006 and 2005 were \$7,190,625, \$7,150,238, and \$6,657,327, respectively. The District paid additional state required contributions for the years ended August 31, 2007, 2006 and 2005 in the amount of \$1,480,900, \$1,808,166, and \$1,494,348, respectively, on the portion of the employees' salaries that exceeded the state statutory minimum and for salaries paid from federal grants. The State "On-Behalf" contributions have been recognized as both revenues and expenditures by the District in the financial statements.

NOTE 14. RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Health Care Coverage

During the year ended August 31, 2007, employees of the District were covered by the District's medical self-insurance Plan (the "Plan"). The District contributed approximately \$262 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay contributions for dependents for increased coverage. Claims paid by a third party administrator acting on behalf of the District.

The administrative contract between the District and the third party administrator is renewable annually. Administrative fees and stop-loss premiums are included in the contractual provisions with separate entities. In accordance with statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Fidelity Security Life Insurance Co., a commercial insurer licensed and eligible to do business in Texas in accordance with the Texas Insurance code. Stop loss coverage was in effect for individual claims exceeding \$175,000 and for aggregate loss, which is based on a factor determined monthly by Fidelity Security Life Insurance Co. The coverage also includes an aggregating specific deductible of \$640,000. The aggregate stop-loss coverage for the month of August was \$1,514,548. Latest financial statements for Fidelity Security Life Insurance Co. are available for the year ended December 31, 2006, are filed with the Texas State Board of Insurance, Austin, Texas and are public records.

Workers' Compensation Coverage

Beginning September 1, 1993, the District established a self-insurance plan for workers' compensation benefits. Prior to this time, the District was a member of the Texas Association of School Boards Workers' Compensation Self-Insurance Fund ("Fund"). The Fund will continue to be liable for all claims before September 1, 1993.

Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. According to state statute, the District is protected against unanticipated catastrophic claims and aggregate loss by coverage carried through Safety National Casualty Corporation, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code.

Coverage was in effect for specific occurrences exceeding \$500,000 and aggregate retention at \$1,000,000.

The costs associated with these self-insurance plans are reported as interfund transaction to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Funds and operating expenditures of the General Fund and the Special Revenue Funds. The liabilities of the medical and workers' compensation self-insurance plans (\$2,267,234 and \$2,307,087, respectively) include incurred but not reported claims. These liabilities reported in the Funds at August 31, 2007 are based on the requirements of Governmental Accounting Standards Board 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 at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily

NOTE 14. RISK MANAGEMENT - CONTINUED

result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Workers' compensation liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time were computed by an actuary and are reported at their present value using expected future investment yield assumption of 5%. Changes in the medical workers' compensation claims liability amounts in fiscal 2007 and 2006 were:

Self-Insurance Liability	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2006- medical	\$ 2,695,296	\$ 13,881,826	\$ 13,935,247	\$ 2,748,717
2007- medical	\$ 2,748,717	\$ 14,503,350	\$ 14,021,867	\$ 2,267,234
2006-workers' compensation	\$ 2,300,298	\$ 1,509,904	\$ 1,335,126	\$ 2,125,520
2007-workers' compensation	\$ 2,125,520	\$ 1,246,909	\$ 1,428,476	\$ 2,307,087

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

The District is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a materially adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

Grants Programs

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at August 31, 2007 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

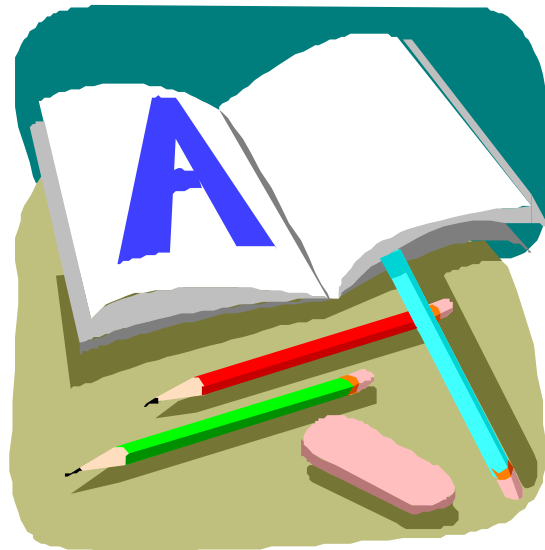
Future Construction

The funds in the Capital Projects Fund will be used future school construction and renovation. Commitments on outstanding construction contracts for future school and renovations totaled approximately \$32 million at August 31, 2007.

REQUIRED SUPPLEMENTARY INFORMATION



Carrollton · Farmers Branch
Independent School District



CARROLLTON-FARMERS BRANCH ISD
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 182,510,161	\$ 184,436,301	\$ 186,629,601	\$ 2,193,300
5800	State Program Revenues	36,684,625	37,033,122	36,716,032	(317,090)
5900	Federal Program Revenues	361,000	200,000	335,672	135,672
5020	Total Revenues	219,555,786	221,669,423	223,681,305	2,011,882
EXPENDITURES:					
Current:					
0011	Instruction	111,040,660	113,844,289	107,946,245	5,898,044
0012	Instructional Resources and Media Services	3,578,915	3,517,392	3,371,003	146,389
0013	Curriculum and Instructional Staff Development	4,838,540	4,986,590	4,586,007	400,583
0021	Instructional Leadership	2,954,969	2,375,314	2,342,987	32,327
0023	School Leadership	13,188,536	13,686,490	13,547,136	139,354
0031	Guidance, Counseling and Evaluation Services	8,417,610	8,390,238	8,116,020	274,218
0032	Social Work Services	150,949	160,063	149,906	10,157
0033	Health Services	2,071,298	2,093,252	1,985,323	107,929
0034	Student (Pupil) Transportation	2,947,806	4,754,854	2,939,301	1,815,553
0036	Cocurricular/Extracurricular Activities	3,373,114	3,494,895	3,317,750	177,145
0041	General Administration	7,178,541	6,958,494	6,290,483	668,011
0051	Facilities Maintenance and Operations	23,772,977	24,491,360	21,448,291	3,043,069
0052	Security and Monitoring Services	1,457,696	1,689,091	1,562,325	126,766
0053	Data Processing Services	3,981,126	3,785,658	3,526,785	258,873
0061	Community Services	429,024	716,446	610,159	106,287
Capital Outlay:					
0081	Facilities Acquisition and Construction	332,769	83,362	81,811	1,551
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	28,000,000	28,200,000	27,662,926	537,074
0092	Incremental Costs Associated with Chapter 41	108,716	108,716	104,486	4,230
0095	Payments to Juvenile Justice Alternative Ed. Prg.	205,001	205,001	170,387	34,614
0097	Payments to Tax Increment Fund	4,820,000	4,820,000	4,418,075	401,925
6030	Total Expenditures	222,848,247	228,361,505	214,177,406	14,184,099
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,292,461)	(6,692,082)	9,503,899	16,195,981
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	53,712	53,712
7080	Total Other Financing Sources (Uses)	-	-	53,712	53,712
1200	Net Change in Fund Balances	(3,292,461)	(6,692,082)	9,557,611	16,249,693
0100	Fund Balance - September 1 (Beginning)	55,456,023	55,456,023	55,456,023	-
3000	Fund Balance - August 31 (Ending)	\$ 52,163,562	\$ 48,763,941	\$ 65,013,634	\$ 16,249,693

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED AUGUST 31, 2007

NOTE 1. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Board of Education adopts an “appropriated budget” on a basis consistent with GAAP for the General Fund, Debt Service Fund and the Food Service Fund, a component of the Federal Special Revenue Fund. This District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds/components.

The following procedures are followed in establishing the budgetary data:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Education is then called for the purpose of adopting the proposed budget after ten days public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board of Education. Once a budget is approved, it can only be amended at the function and fund level 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. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. Significant amendments were made to the following functional areas:

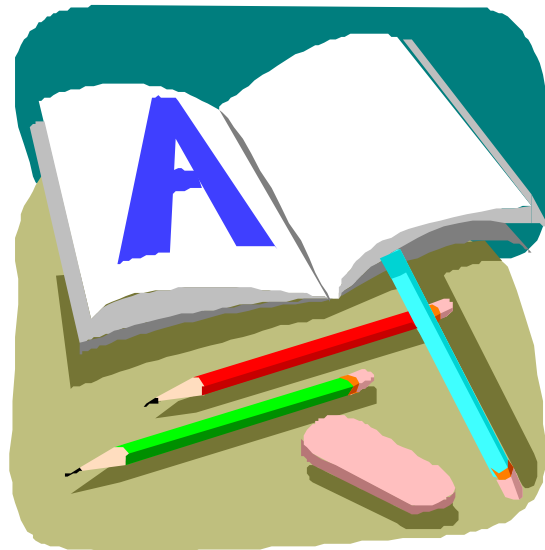
<u>Function</u>	<u>Increase (Decrease)</u>
Instruction	\$ 2,803,629
Student Transportation	1,807,048
Plant Maintenance and Operations	718,383

4. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board of Education. All budget appropriations lapse at year-end.
5. The Texas Education Agency requires these budgets to be filed with the Texas Education Agency on a designated date through the Public Education Information Management System (“PEIMS”). The budget should not exceed in any functional expenditure category under the TEA requirements. The original and final amended versions of these budgets are used in this report.

COMBINING AND OTHER STATEMENTS



Carrollton · Farmers Branch
Independent School District



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

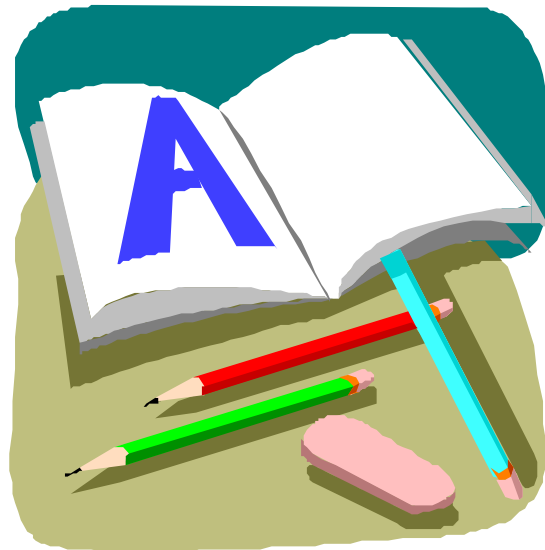
FEDERAL SPECIAL REVENUE FUNDS – Used to account for federal funded special revenue funds.

STATE SPECIAL REVENUE FUNDS – Used to account for state funded special revenue funds.

LOCAL SPECIAL REVENUE FUNDS - Used to account for special revenue from local sources.



Carrollton · Farmers Branch
Independent School District



CARROLLTON-FARMERS BRANCH ISD
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2007

Data Control Codes	289 Other Federal Special Revenue Funds	429 Other State Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 1,638,962	\$ 264,651	\$ 15,773,186	\$ 17,676,799
1240 Due from Other Governments	426,728	534,725	13,020	974,473
1260 Due from Other Funds	3,439	-	-	3,439
1290 Other Receivables	3,071	-	15,730	18,801
1300 Inventories	452,766	-	-	452,766
1000 Total Assets	<u>\$ 2,524,966</u>	<u>\$ 799,376</u>	<u>\$ 15,801,936</u>	<u>\$ 19,126,278</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 290,232	\$ 13,516	\$ 990,456	\$ 1,294,204
2160 Accrued Wages Payable	161,336	-	-	161,336
2170 Due to Other Funds	82,558	5,163	635	88,356
2300 Deferred Revenues	153,893	50,756	24,155	228,804
2000 Total Liabilities	<u>688,019</u>	<u>69,435</u>	<u>1,015,246</u>	<u>1,772,700</u>
Fund Balances:				
Reserved For:				
3410 Investments in Inventory	452,766	-	-	452,766
3440 Outstanding Encumbrances	174,387	-	-	174,387
3450 Food Service	1,209,794	-	-	1,209,794
3490 Tax Increment Zone	-	-	13,701,094	13,701,094
Unreserved and Undesignated:				
3610 Reported in Special Revenue Funds	-	729,941	1,085,596	1,815,537
3000 Total Fund Balances	<u>1,836,947</u>	<u>729,941</u>	<u>14,786,690</u>	<u>17,353,578</u>
4000 Total Liabilities and Fund Balances	<u>\$ 2,524,966</u>	<u>\$ 799,376</u>	<u>\$ 15,801,936</u>	<u>\$ 19,126,278</u>

CARROLLTON-FARMERS BRANCH ISD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	289 Other Federal Special Revenue Funds	429 Other State Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 3,045,184	\$ 133,472	\$ 5,285,533	\$ 8,464,189
5800	State Program Revenues	76,981	3,588,640	-	3,665,621
5900	Federal Program Revenues	16,831,852	-	-	16,831,852
5020	Total Revenues	19,954,017	3,722,112	5,285,533	28,961,662
EXPENDITURES:					
Current:					
0011	Instruction	7,622,575	1,345,354	890,244	9,858,173
0012	Instructional Resources and Media Services	32,543	1,083	44,420	78,046
0013	Curriculum and Instructional Staff Development	1,438,154	943,584	11,841	2,393,579
0021	Instructional Leadership	333,844	166	-	334,010
0023	School Leadership	71,059	228,652	27,498	327,209
0031	Guidance, Counseling and Evaluation Services	297,492	68,145	70,070	435,707
0033	Health Services	91,094	258	659	92,011
0035	Food Services	9,899,751	-	-	9,899,751
0036	Cocurricular/Extracurricular Activities	-	1,901	515,014	516,915
0041	General Administration	10,332	-	-	10,332
0051	Facilities Maintenance and Operations	-	-	150	150
0052	Security and Monitoring Services	-	6,555	1,080	7,635
0053	Data Processing Services	31,407	332,538	30,785	394,730
0061	Community Services	610,710	63,935	1,594	676,239
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	2,322,132	2,322,132
6030	Total Expenditures	20,438,961	2,992,171	3,915,487	27,346,619
1200	Net Change in Fund Balance	(484,944)	729,941	1,370,046	1,615,043
0100	Fund Balance - September 1 (Beginning)	2,321,891	-	13,416,644	15,738,535
3000	Fund Balance - August 31 (Ending)	\$ 1,836,947	\$ 729,941	\$ 14,786,690	\$ 17,353,578

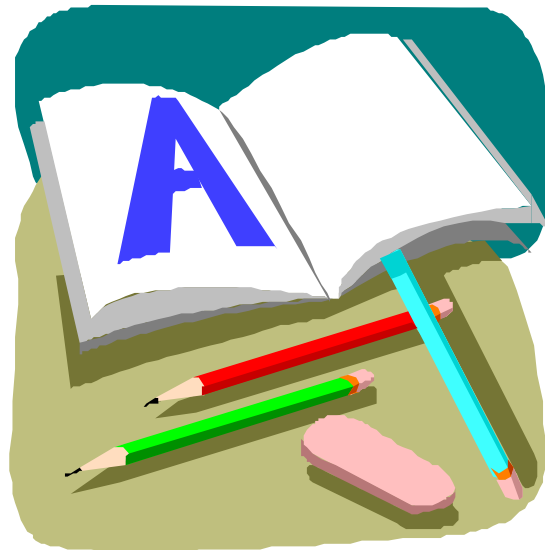
INTERNAL SERVICE FUNDS

HEALTH INSURANCE FUND – Used to account for revenues and expenses related to health services provided throughout the District.

WORKERS COMPENSATION FUND – Used to account for revenues and expenses related to workers compensation coverage throughout the District.



Carrollton · Farmers Branch
Independent School District



CARROLLTON-FARMERS BRANCH ISD
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2007

	753 Health Insurance Fund	773 Workers Compensation Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 1,101,748	\$ 9,929,252	\$ 11,031,000
Due from Other Funds	1,241,990	-	1,241,990
Other Receivables	117,334	-	117,334
Total Assets	<u>2,461,072</u>	<u>9,929,252</u>	<u>12,390,324</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	63,352	-	63,352
Accrued Wages Payable	904	412	1,316
Accrued Expenses	2,267,234	2,307,087	4,574,321
Total Liabilities	<u>2,331,490</u>	<u>2,307,499</u>	<u>4,638,989</u>
NET ASSETS			
Unrestricted Net Assets	<u>129,582</u>	<u>7,621,753</u>	<u>7,751,335</u>
Total Net Assets	<u>\$ 129,582</u>	<u>\$ 7,621,753</u>	<u>\$ 7,751,335</u>

CARROLLTON-FARMERS BRANCH ISD
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2007

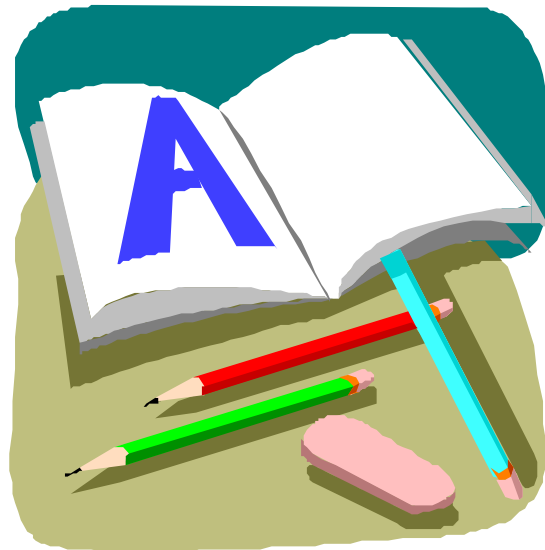
	753 Health Insurance Fund	773 Workers Compensation Fund	Total Internal Service Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 15,001,446	\$ 1,444,584	\$ 16,446,030
Total Operating Revenues	<u>15,001,446</u>	<u>1,444,584</u>	<u>16,446,030</u>
OPERATING EXPENSES:			
Payroll Costs	142,661	79,764	222,425
Professional and Contracted Services	84,437	28,073	112,510
Supplies and Materials	1,966	229	2,195
Other Operating Costs	<u>15,753,345</u>	<u>1,610,739</u>	<u>17,364,084</u>
Total Operating Expenses	<u>15,982,409</u>	<u>1,718,805</u>	<u>17,701,214</u>
Operating Income (Loss)	<u>(980,963)</u>	<u>(274,221)</u>	<u>(1,255,184)</u>
NONOPERATING REVENUES (EXPENSES):			
Earnings from Temporary Deposits & Investments	<u>92,423</u>	<u>503,271</u>	<u>595,694</u>
Total Nonoperating Revenue (Expenses)	<u>92,423</u>	<u>503,271</u>	<u>595,694</u>
Change in Net Assets	(888,540)	229,050	(659,490)
Total Net Assets - September 1 (Beginning)	<u>1,018,122</u>	<u>7,392,703</u>	<u>8,410,825</u>
Total Net Assets - August 31 (Ending)	<u>\$ 129,582</u>	<u>\$ 7,621,753</u>	<u>\$ 7,751,335</u>

CARROLLTON-FARMERS BRANCH ISD
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2007

	753 Health Insurance Fund	773 Workers Compensation Fund	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 15,116,361	\$ 1,444,584	\$ 16,560,945
Cash Payments to Employees for Services	(142,955)	(80,082)	(223,037)
Cash Payments for Insurance Claims	(16,234,828)	(1,429,172)	(17,664,000)
Cash Payments for Suppliers	(1,966)	(229)	(2,195)
Cash Payments for Other Operating Expenses	(21,085)	(28,073)	(49,158)
Net Cash Used For Operating Activities	<u>(1,284,473)</u>	<u>(92,972)</u>	<u>(1,377,445)</u>
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	92,423	503,271	595,694
Net Increase(Decrease) in Cash and Cash Equivalents	(1,192,050)	410,299	(781,751)
Cash and Cash Equivalents at Beginning of the Year:	<u>2,293,798</u>	<u>9,518,953</u>	<u>11,812,751</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 1,101,748</u>	<u>\$ 9,929,252</u>	<u>\$ 11,031,000</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Operating Income (Loss):	\$ (980,963)	\$ (274,221)	\$ (1,255,184)
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Receivables	114,915	-	114,915
Increase (decrease) in Accounts Payable	63,352	-	63,352
Increase (decrease) in Accrued Wages Payable	(294)	(318)	(612)
Increase (decrease) in Accrued Expenses	(481,483)	181,567	(299,916)
Net Cash Used for Operating Activities	<u>\$ (1,284,473)</u>	<u>\$ (92,972)</u>	<u>\$ (1,377,445)</u>



Carrollton · Farmers Branch
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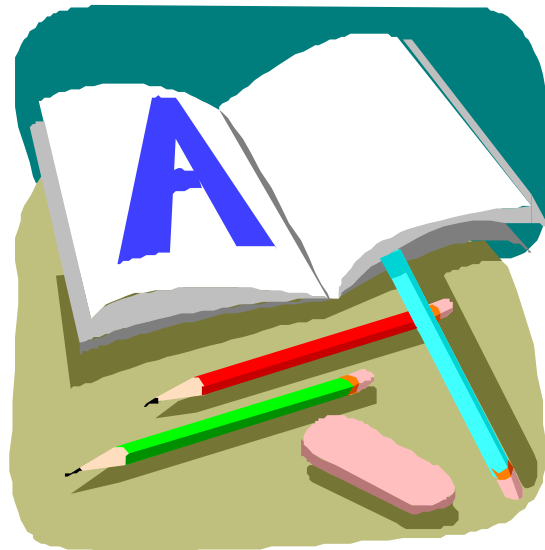


AGENCY FUND

STUDENT ACITIVITY FUND – Used to account for resources held for others in a custodial capacity.



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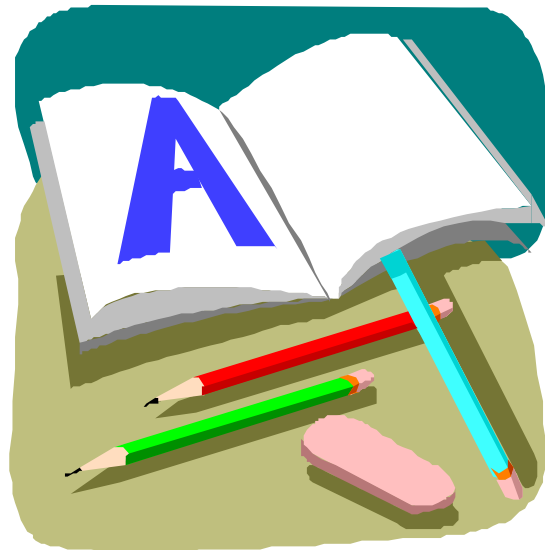


CARROLLTON-FARMERS BRANCH ISD
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED AUGUST 31, 2007

	BALANCE SEPTEMBER 1 2006	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2007
STUDENTACTIVITY				
Assets:				
Cash and Temporary Investments	\$ 360,177	\$ 2,242,773	\$ 2,338,327	\$ 264,623
Certificates of deposit	225,000	450,000	450,000	225,000
Accrued Interest	3,753	3,768	3,753	3,768
Total Assets	<u>\$ 588,930</u>	<u>\$ 2,696,541</u>	<u>\$ 2,792,080</u>	<u>\$ 493,391</u>
Liabilities:				
Accounts Payable	\$ 120,468	\$ 213,616	\$ 309,130	\$ 24,954
Due to Student Groups	468,462	1,863,684	1,863,709	468,437
Total Liabilities	<u>\$ 588,930</u>	<u>\$ 2,077,300</u>	<u>\$ 2,172,839</u>	<u>\$ 493,391</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 360,177	\$ 2,242,773	\$ 2,338,327	\$ 264,623
Certificates of deposit	225,000	450,000	450,000	225,000
Accrued Interest	3,753	3,768	3,753	3,768
Total Assets	<u>\$ 588,930</u>	<u>\$ 2,696,541</u>	<u>\$ 2,792,080</u>	<u>\$ 493,391</u>
Liabilities:				
Accounts Payable	\$ 120,468	\$ 213,616	\$ 309,130	\$ 24,954
Due to Student Groups	468,462	1,863,684	1,863,709	468,437
Total Liabilities	<u>\$ 588,930</u>	<u>\$ 2,077,300</u>	<u>\$ 2,172,839</u>	<u>\$ 493,391</u>



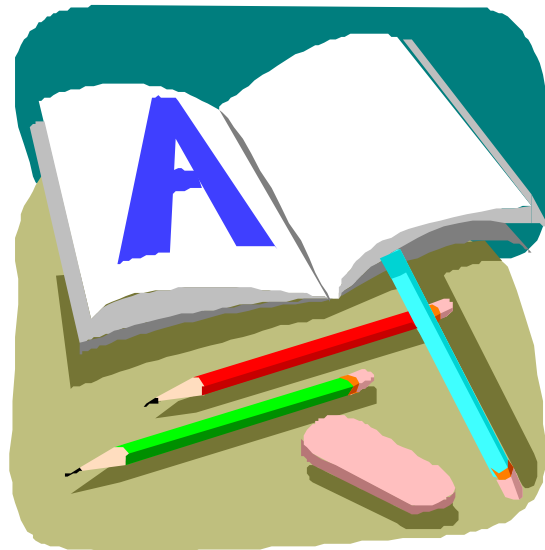
Carrollton · Farmers Branch
Independent School District



**CAPITAL ASSETS USED IN OPERATION OF
GOVERNMENTAL FUNDS**



Carrollton · Farmers Branch
Independent School District



CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 SCHEDULE BY SOURCE (1)
 AUGUST 31, 2007

EXHIBIT I-1

CAPITAL ASSETS:	
Land	\$ 52,283,918
Land Improvements	1,108,138
Building and improvements	465,437,983
Furniture and equipment	16,266,995
Construction in progress	<u>44,008,337</u>
TOTAL	<u><u>\$ 579,105,371</u></u>

INVESTMENTS IN CAPITAL ASSETS:	
Investment in property from unidentified sources, other than federal ⁽²⁾	\$ 22,060,233
Investment in property from identified sources,	
From capital projects fund	513,773,366
From general fund	35,425,695
From special revenue funds	5,606,474
From others-gifts and donations	<u>2,239,603</u>
TOTAL	<u><u>\$ 579,105,371</u></u>

(1) This schedule presents only the capital assets balances related to government funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal funds are included as governmental activities in the statement of net assets.

(2) The investment in property from unidentified sources represents acquisitions prior to September 1, 1976 and subsequent adjustments based on physical inventories.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY (1)
 AUGUST 31, 2007

EXHIBIT I-2

	CAPITAL ASSETS SEPTEMBER 1, 2006	ADDITIONS AND TRANSFERS	DEDUCTIONS	CAPITAL ASSETS AUGUST 31, 2007
SENIOR HIGH SCHOOLS:				
LAND	\$ 12,158,084	\$ -	\$ -	\$ 12,158,084
BUILDINGS	173,333,231	17,112,940	-	190,446,171
EQUIPMENT & OTHER	2,588,766	1,263,116	(311,455)	3,540,427
	<u>188,080,081</u>	<u>18,376,056</u>	<u>(311,455)</u>	<u>206,144,682</u>
MIDDLE SCHOOLS:				
LAND	7,468,573	-	-	7,468,573
BUILDINGS	88,594,591	14,448	-	88,609,039
EQUIPMENT & OTHER	792,542	846,217	(328,299)	1,310,460
	<u>96,855,706</u>	<u>860,665</u>	<u>(328,299)</u>	<u>97,388,072</u>
ELEMENTARY SCHOOLS:				
LAND	18,563,086	-	-	18,563,086
BUILDINGS	153,051,753	18,589,030	(3,907,681)	167,733,102
EQUIPMENT & OTHER	2,342,375	142,830	(70,890)	2,414,315
	<u>173,957,214</u>	<u>18,731,860</u>	<u>(3,978,571)</u>	<u>188,710,503</u>
ADMINISTRATION:				
LAND	225,853	-	-	225,853
BUILDINGS	3,738,679	-	-	3,738,679
EQUIPMENT & OTHER	794,129	44,153	(159,463)	678,819
VEHICLE	-	-	-	-
	<u>4,758,661</u>	<u>44,153</u>	<u>(159,463)</u>	<u>4,643,351</u>
SERVICE CTR./MAINTENANCE:				
LAND	1,145,649	-	-	1,145,649
BUILDINGS	5,226,296	-	-	5,226,296
EQUIPMENT & OTHER	1,193,801	109,811	(37,125)	1,266,487
VEHICLES	2,774,200	97,334	-	2,871,534
	<u>10,339,946</u>	<u>207,145</u>	<u>(37,125)</u>	<u>10,509,966</u>
INSTRUCTIONAL FACILITIES:				
LAND	6,052,624	-	-	6,052,624
BUILDINGS	44,400,470	-	-	44,400,470
EQUIPMENT & OTHER	3,728,467	507,892	(129,127)	4,107,232
	<u>54,181,561</u>	<u>507,892</u>	<u>(129,127)</u>	<u>54,560,326</u>
FUTURE SITES:				
LAND	7,778,187	-	-	7,778,187
BUILDINGS	4,864,144	4,428,419	-	9,292,563
EQUIPMENT & OTHER	-	77,721	-	77,721
	<u>12,642,331</u>	<u>4,506,140</u>	<u>-</u>	<u>17,148,471</u>
TOTAL	<u>\$ 540,815,500</u>	<u>\$ 43,233,911</u>	<u>\$ (4,944,040)</u>	<u>\$ 579,105,371</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal funds are included as governmental activities in the statement of net assets.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FUNCTION AND ACTIVITY (1)
 AUGUST 31, 2007

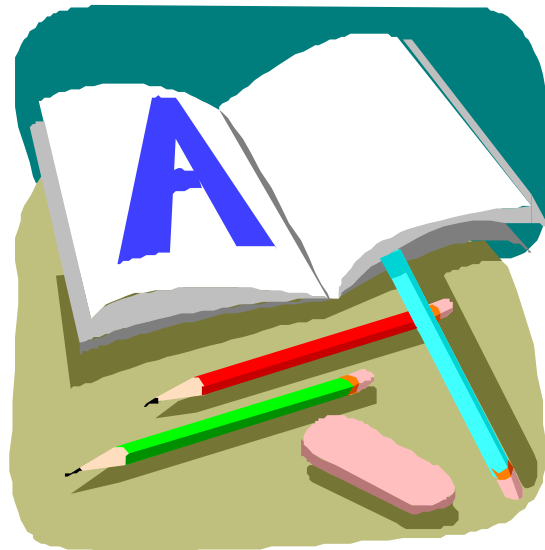
EXHIBIT I-3

	LAND AND IMPROVEMENTS	BUILDING AND IMPROVEMENTS	EQUIPMENT AND OTHER	TOTAL
SENIOR HIGH SCHOOLS:				
CREEKVIEW	\$ 3,278,010	\$ 38,467,863	\$ 851,111	\$ 42,596,984
MARY GRIMES	10,800	2,439,588	68,445	2,518,833
RANCHVIEW	6,030,302	33,209,345	577,943	39,817,590
NEWMAN SMITH	1,288,406	58,198,938	1,001,077	60,488,421
R. L. TURNER	1,550,566	58,130,437	1,041,851	60,722,854
	<u>12,158,084</u>	<u>190,446,171</u>	<u>3,540,427</u>	<u>206,144,682</u>
MIDDLE SCHOOLS:				
CHARLES M. BLALACK	1,399,235	12,739,085	235,543	14,373,863
BARBARA BUSH	1,221,903	13,072,167	182,280	14,476,350
VIVIAN FIELD	1,234,858	18,416,847	267,149	19,918,854
DAN F. LONG	906,640	16,861,773	217,883	17,986,296
DEWITT PERRY	917,079	14,772,112	238,763	15,927,954
TED POLK	1,788,858	12,747,055	168,842	14,704,755
	<u>7,468,573</u>	<u>88,609,039</u>	<u>1,310,460</u>	<u>97,388,072</u>
ELEMENTARY SCHOOLS:				
BLAIR INTER.	861,905	8,904,187	78,881	9,844,973
BLANTON	113,695	11,166,371	102,851	11,382,917
CARROLLTON	71,610	7,530,634	61,190	7,663,434
CENTRAL	205,130	9,476,679	73,440	9,755,249
COUNTRY PLACE	100,185	3,555,122	94,894	3,750,201
DAVIS	117,767	8,128,775	169,110	8,415,652
FARMERS BRANCH	86,735	5,184,457	125,291	5,396,483
FREEMAN	1,153,548	7,592,859	58,822	8,805,229
FURNEAUX	291,153	4,692,239	67,887	5,051,279
GOOD	529,248	3,639,703	106,480	4,275,431
KENT	1,869,324	5,994,445	108,053	7,971,822
LANDRY	667,025	6,743,937	99,812	7,510,774
LAS COLINAS	2,188,167	6,360,180	96,055	8,644,402
MC COY	69,653	2,927,662	128,477	3,125,792
MC KAMY	2,160,486	5,502,423	47,478	7,710,387
MC LAUGHLIN	271,783	6,254,316	174,857	6,700,956
MC WHORTER	1,803,762	9,263,519	109,059	11,176,340
MONTGOMERY	97,182	3,666,667	69,329	3,833,178
RAINWATER	808,066	6,322,797	50,697	7,181,560
RIVERCHASE	900,925	9,463,397	128,448	10,492,770
ROSEMEADE	491,406	2,998,461	65,895	3,555,762
SHEFFIELD INTER.	1,849,645	4,172,084	61,500	6,083,229
SHEFFIELD PRIMARY	1,136,526	4,946,367	55,707	6,138,600
STARK	215,925	11,059,257	135,179	11,410,361
THOMPSON	202,235	9,838,174	144,923	10,185,332
	<u>18,263,086</u>	<u>165,384,712</u>	<u>2,414,315</u>	<u>186,062,113</u>
ADMINISTRATION:	<u>225,853</u>	<u>3,738,679</u>	<u>678,819</u>	<u>4,643,351</u>
SERVICE CTR. / MAINTENANCE:	<u>1,145,649</u>	<u>5,226,296</u>	<u>4,138,021</u>	<u>10,509,966</u>
INSTRUCTIONAL FACILITY:				
AG BARN / OUTDOOR LEARNING CTR.	215,149	217,487	-	432,636
BEA SALAZAR (A. E. P.)	280,309	2,311,213	50,074	2,641,596
COMMUNITY LEARNING CTR./PRE-K	1,368,480	11,379,290	76,626	12,824,396
EARLY COLLEGE HS	-	-	7,207	7,207
KELLY ATHLETIC FIELD	968,131	1,427,766	-	2,395,897
KELLY PRE-K CENTER	218,550	6,702,097	77,721	6,998,368
MARIE HUIE SPECIAL EDUCATION CTR.	265,934	59,204	164,080	489,218
STANDRIDGE STADIUM / NATATORIUM	2,345,786	12,639,694	730,033	15,715,513
TECHNOLOGY LEARNING CENTER	608,835	16,365,816	3,079,212	20,053,863
	<u>6,271,174</u>	<u>51,102,567</u>	<u>4,184,953</u>	<u>61,558,694</u>
FUTURE SITES:				
FUTURE STADIUM	5,600,499	-	-	5,600,499
LA VILLITA ELEM.	1,959,138	2,590,466	-	4,549,604
STRICKLAND INTER.	300,000	2,348,390	-	2,648,390
	<u>7,859,637</u>	<u>4,938,856</u>	<u>-</u>	<u>12,798,493</u>
TOTAL	<u>\$ 53,392,056</u>	<u>\$ 509,446,320</u>	<u>\$ 16,266,995</u>	<u>\$ 579,105,371</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal funds are included as governmental activities in the statement of net assets.



Carrollton · Farmers Branch
Independent School District



REQUIRED T.E.A. SCHEDULES

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2007

Last Ten Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Net Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
1998 & Prior	Various	Various	Various
1999	1.3936	0.1441	10,167,565,860
2000	1.4336	0.1801	11,252,935,510
2001	1.4650	0.2087	12,409,769,957
2002	1.5000	0.2242	13,262,822,561
2003	1.5000	0.2242	13,412,958,845
2004	1.5000	0.2358	12,921,432,875
2005	1.5000	0.2824	12,419,847,347
2006	1.5000	0.3259	12,734,551,613
2007 (Current year under Audit)	1.3501	0.3329	13,443,649,465

TOTALS

Dallas County Education District
 Penalties and interest

Gross Receivables

9000 - Portion of Row 1000 for Taxes Paid
 Into Tax Increment Zone Under Chapter 311, Tax Code(Function 97)

(10) Beginning Balance 09/01/06	(20) Current Year's Total Levy	(31) Maintenance Total Collections	(32) Debt Service Total Collections	(40) Entire Year's Adjustment	(50) Ending Balance 09/01/06
202,050	-	11,668	1,312	(657)	188,413
56,410	-	3,479	360	-	52,571
58,598	-	4,377	550	-	53,671
111,700	-	5,582	795	616	105,939
676,768	-	42,040	6,284	13,000	641,444
468,602	-	27,810	4,123	(8,822)	427,847
766,457	-	99,594	15,656	(108,987)	542,220
1,063,191	-	211,959	39,905	(33,203)	778,124
2,441,410	-	309,321	67,205	(1,115,078)	949,806
-	219,094,373	177,426,569	43,748,962	4,161,152	2,079,994
<u>\$ 5,845,186</u>	<u>\$ 219,094,373</u>	<u>\$ 178,142,399</u>	<u>\$ 43,885,152</u>	<u>\$ 2,908,021</u>	<u>5,820,029</u>
					34,162
					<u>2,565,666</u>
					<u>\$ 8,419,857</u>
		<u>\$ 4,418,075</u>			

CARROLLTON-FARMERS BRANCH ISD
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2008-2009
 GENERAL AND SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2007

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ 130,490	\$ 417,516	\$ 3,207,698	\$ 276,005	\$ -	\$ 4,031,709
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	306,566	-	-	-	-	-	306,566
6212	Audit Services	-	-	-	61,700	-	-	61,700
6213	Tax Appraisal and Collection	-	709,905	-	-	-	-	709,905
621X	Other Professional Services	2,770	3,000	-	81,713	6,050	-	93,533
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	50,593	-	-	50,593
6240	Contr. Maint. and Repair	-	-	-	-	129,230	-	129,230
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	2,680	-	31,763	-	-	34,443
6290	Miscellaneous Contr.	510	4,186	-	221,423	44,231	-	270,350
6320	Textbooks and Reading	3,760	-	712	6,807	7,218	-	18,497
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	1,606	14,730	6,610	133,060	77,118	-	233,124
6410	Travel, Subsistence, Stipends	20,136	2,605	23,730	69,167	30,833	-	146,471
6420	Ins. and Bonding Costs	-	-	-	107,375	-	-	107,375
6430	Election Costs	41,158	-	-	-	-	-	41,158
6490	Miscellaneous Operating	37,286	5,624	44,805	71,881	16,204	-	175,800
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	6,445	6,445
6000	TOTAL	<u>\$ 413,792</u>	<u>\$ 873,220</u>	<u>\$ 493,373</u>	<u>\$ 4,043,180</u>	<u>\$ 586,889</u>	<u>\$ 6,445</u>	<u>\$ 6,416,899</u>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 241,524,025

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 2,645,802
Total Debt & Lease(6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	21,235,262
Food (Function 35, 6341 and 6499)	(13)	3,032,895
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>4,043,180</u>

SubTotal:

30,957,139

Net Allowed Direct Cost

\$ 210,566,886

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 504,507,464
Historical Cost of Building over 50 years old	(16)	\$ 28,510,359
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ 2,799,663
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 16,266,995
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 998,212
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 847,673

(8) NOTE A: \$116,084 in Function 53 expenditures are included in this report on administrative costs.

CARROLLTON-FARMERS BRANCH ISD
 FUNDBALANCE AND CASH FLOW CALCULATION WORKSHEET
 GENERAL FUND AS OF AUGUST 31, 2007

UNAUDITED

1	Total General Fund Balance as of 8/31/07 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 65,013,634
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 4,507,401	
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	-	
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	50,067,029	
5	Estimate of one month's average cash disbursements during the regular school session (9/1/06-5/31/07).	22,252,013	
6	Estimate of delayed payments from state sources (58xx) including August payment delays	4,582,211	
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-	
8	Estimate of delayed payments from federal sources (59xx)	-	
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-	
10	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)		<u>81,408,654</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)		<u>\$ (16,395,020)</u>

CARROLLTON-FARMERS BRANCH ISD
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 2,690,704	\$ 2,690,704	\$ 3,045,184	\$ 354,480
5800 State Program Revenues	80,000	80,000	76,981	(3,019)
5900 Federal Program Revenues	6,274,002	6,274,002	6,292,642	18,640
5020 Total Revenues	9,044,706	9,044,706	9,414,807	370,101
EXPENDITURES:				
0035 Food Services	9,204,907	10,010,232	9,899,751	110,481
6030 Total Expenditures	9,204,907	10,010,232	9,899,751	110,481
1200 Net Change in Fund Balances	(160,201)	(965,526)	(484,944)	480,582
0100 Fund Balance - September 1 (Beginning)	2,321,891	2,321,891	2,321,891	-
3000 Fund Balance - August 31 (Ending)	\$ 2,161,690	\$ 1,356,365	\$ 1,836,947	\$ 480,582

DEBT SERVICE FUND

DEBT SERVICE FUND – Used to account for the accumulation of resources and payments made for principal and interest on long-term general obligation debt of governmental funds.

CARROLLTON-FARMERS BRANCH ISD
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 43,776,519	\$ 44,265,519	\$ 44,712,950	\$ 447,431
5020	Total Revenues	43,776,519	44,265,519	44,712,950	447,431
EXPENDITURES:					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	18,656,322	18,656,322	18,656,322	-
0072	Debt Service - Interest on Long Term Debt	25,114,197	23,590,697	23,349,859	240,838
0073	Debt Service - Bond Issuance Cost and Fees	6,000	486,461	485,611	850
6030	Total Expenditures	43,776,519	42,733,480	42,491,792	241,688
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	1,532,039	2,221,158	689,119
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	60,775,000	60,775,000	-
7915	Transfers In	-	1,160,684	1,160,684	-
7916	Premium or Discount on Issuance of Bonds	-	2,048,029	2,048,029	-
8949	Other (Uses)	-	(64,285,253)	(64,285,253)	-
7080	Total Other Financing Sources (Uses)	-	(301,540)	(301,540)	-
1200	Net Change in Fund Balances	-	1,230,499	1,919,618	689,119
0100	Fund Balance - September 1 (Beginning)	1,062,173	1,062,173	1,062,173	-
3000	Fund Balance - August 31 (Ending)	\$ 1,062,173	\$ 2,292,672	\$ 2,981,791	\$ 689,119

STATISTICAL SECTION

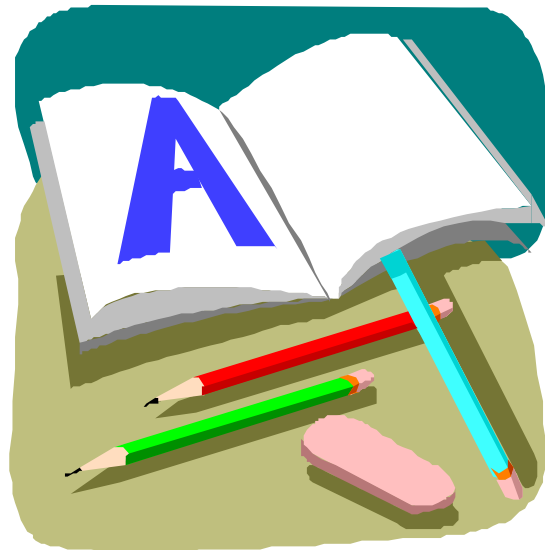
This part of the Carrollton-Farmers Branch Independent School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help understand how the government's financial performance and well-being have changed over time.	91
Revenue Capacity	
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	105
Debt Capacity	
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	110
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	117
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	119

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



Carrollton · Farmers Branch
Independent School District



CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING, UNAUDITED)
(AMOUNTS IN THOUSANDS)

TABLE I

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 70,518	\$ 57,950	\$ 46,317	\$ 27,953	\$ 22,520	\$ 15,936
Restricted for						
Federal and state programs	-	-	-	-	6	48
Food service	1,837	2,322	2,814	2,497	1,930	1,263
Tax increment zone	13,701	12,385	9,535	6,709	-	2,427
Debt service	-	-	-	-	9	2,203
Other purposes	-	-	-	-	5,282	-
Unrestricted	48,365	38,536	35,940	44,918	44,082	44,046
Total governmental activities net assets	<u>134,421</u>	<u>111,193</u>	<u>94,606</u>	<u>82,077</u>	<u>73,829</u>	<u>65,923</u>
Business type activities - Unrestricted	556	-	-	-	-	-
Total primary government net assets	<u>\$ 134,977</u>	<u>\$ 111,193</u>	<u>\$ 94,606</u>	<u>\$ 82,077</u>	<u>\$ 73,829</u>	<u>\$ 65,923</u>

Notes: The district adopted the provisions of GASB 34 in 2002, therefore less than ten years are shown.

Source: Carrollton-Farmers Branch ISD

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
GOVERNMENT WIDE EXPENSES, PROGRAM REVENUES, AND CHANGE IN NET ASSETS
LAST SIX FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING, UNAUDITED)

	<u>2007</u>	<u>2006</u>
Expenses		
Governmental activities:		
Instruction	\$ 127,900,101	\$ 121,376,766
Instruction resources and media services	3,952,659	3,915,399
Curriculum and staff development	7,228,153	6,739,846
Instructional leadership	2,733,545	2,595,267
School leadership	14,417,520	13,282,404
Guidance, counseling, and evaluation services	8,700,494	8,181,547
Social work services	150,757	179,471
Health services	2,125,213	2,124,750
Student Transportation	2,980,445	2,493,202
Food service	10,841,824	10,456,433
Cocurricular/Extracurricular activities	4,957,689	4,497,921
General administration	6,812,524	6,194,417
Plant maintenance and operations	22,254,946	22,580,448
Security and monitoring services	1,620,931	1,423,542
Data processing services	4,848,636	4,290,867
Community services	1,293,265	1,310,476
Interest on long term debt	18,044,502	17,139,405
Bond issuance costs and fees	35,028	327,679
Facilities acquisition and construction	4,414,665	3,070,261
Contracted instructional services between schools	27,662,926	35,669,887
Incremental costs related to WADA	104,486	128,755
Payment to juvenile justice alternative education programs	170,387	154,466
Payments to Tax Increment Fund	4,418,075	3,971,007
Total government activities expenses	<u>277,668,771</u>	<u>272,104,216</u>
Business-Type Activities (After the Bell)		
Expenses	<u>1,687,632</u>	<u>1,456,535</u>
Total Business-Type Activities	<u>1,687,632</u>	<u>1,456,535</u>
Total Primary Government Expenses	<u>279,356,403</u>	<u>273,560,751</u>
Program Revenues		
Governmental Activities		
Charges for services		
Food service	2,942,060	3,078,361
Extracurricular activities	975,337	1,434,319
Other	1,520,787	716,224
Operating grants and contributions		
Instruction	14,489,313	17,383,420
Food service	6,369,623	6,085,282
Other	6,849,849	7,606,052
Capital grants and contributions	2,949,542	2,656,078
Business-Type Activities (After the Bell)		
Charges for Services	<u>2,243,287</u>	<u>2,139,272</u>
Total primary government program revenues	<u>38,339,798</u>	<u>41,099,008</u>
Net (Expense) Revenue		
Governmental Activities	(241,572,260)	(233,144,480)
Business Type Activities	555,655	682,737
Total Primary Government	<u>\$ (241,016,605)</u>	<u>\$ (232,461,743)</u>

Notes: The district adopted the provisions of GASB 34 in 2002, therefore less than ten years are shown.

Source: Carrollton-Farmers Branch ISD

TABLE II

	2005	2004	2003	2002
\$	112,161,207	\$ 109,174,605	\$ 107,898,423	\$ 99,657,093
	3,843,340	5,358,742	5,523,827	6,391,048
	6,150,384	4,103,064	4,250,069	3,670,614
	1,984,337	1,944,294	2,339,332	2,009,352
	12,863,087	12,246,676	11,532,186	11,703,233
	7,660,438	7,781,767	7,745,027	7,238,069
	199,357	203,272	413,413	945,997
	2,032,135	1,966,756	1,927,283	1,909,077
	2,653,657	3,360,156	3,550,986	3,216,414
	8,973,209	8,335,269	8,058,565	7,474,462
	4,257,260	3,856,577	3,964,234	3,882,024
	6,402,360	6,255,161	5,851,347	5,532,126
	19,871,002	18,552,472	20,626,744	20,291,026
	1,028,169	940,253	1,161,128	987,970
	4,392,071	3,452,353	2,927,784	2,421,116
	820,772	1,418,808	1,559,974	732,351
	17,249,062	15,441,825	15,674,371	17,828,720
	317,841	233,860	8,795	-
	4,890,941	4,541,812	2,146,324	5,337,749
	41,232,500	48,764,272	53,992,043	50,255,412
	162,981	202,402	-	-
	167,557	146,268	146,438	138,512
	3,951,267	5,041,114	4,226,627	2,630,645
	<u>263,264,934</u>	<u>263,321,778</u>	<u>265,524,920</u>	<u>254,253,010</u>
	1,124,061	-	-	-
	<u>1,124,061</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>264,388,995</u>	<u>263,321,778</u>	<u>265,524,920</u>	<u>254,253,010</u>
	2,958,311	1,343	3,272,739	3,332,527
	1,508,709	352,090	812,466	897,443
	744,071	2,847,528	2,233,899	2,280,753
	11,913,643	12,732,997	12,340,580	8,838,518
	5,657,153	8,320,751	4,723,301	3,974,426
	7,881,540	8,421,721	5,151,208	4,019,141
	3,923,458	-	-	-
	1,653,423	-	-	-
	<u>36,240,308</u>	<u>32,676,430</u>	<u>28,534,193</u>	<u>23,342,808</u>
	(228,678,049)	(230,645,348)	(236,990,727)	(230,910,202)
	529,362	-	-	-
\$	<u><u>(228,148,687)</u></u>	<u><u>(230,645,348)</u></u>	<u><u>(236,990,727)</u></u>	<u><u>(230,910,202)</u></u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
GENERAL REVENUES AND CHANGE IN NET ASSETS
LAST SIX FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING, UNAUDITED)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net (Expense)/Revenue			
Total primary government net expense	\$ (241,016,605)	\$ (232,461,743)	\$ (228,148,687)
General Revenues			
Property taxes levied for general purposes	179,624,950	187,618,767	187,057,197
Property taxes levied for capital projects	44,042,078	40,805,823	34,993,114
State aid - formula grants	30,233,635	12,377,716	12,165,712
Grants & contributions -not restricted	89,463	46,988	80,652
Investment earnings	11,854,553	9,638,251	5,280,330
Miscellaneous local and intermediate revenues	5,169	67,062	97,013
Special item- resource	-	-	-
Loss on asset disposal	(1,048,068)	(1,506,908)	-
Total General revenues- primary government	<u>264,801,780</u>	<u>249,047,699</u>	<u>239,674,018</u>
Change in Net Assets	<u>23,785,175</u>	<u>16,585,956</u>	<u>11,525,331</u>
Net assets- beginning	111,192,117	94,606,161	82,076,525
Prior period adjustment	-	-	1,004,305
Net Assets- ending	<u>\$ 134,977,292</u>	<u>\$ 111,192,117</u>	<u>\$ 94,606,161</u>

Notes: The district adopted the provisions of GASB 34 in 2002, therefore less than ten years are shown.

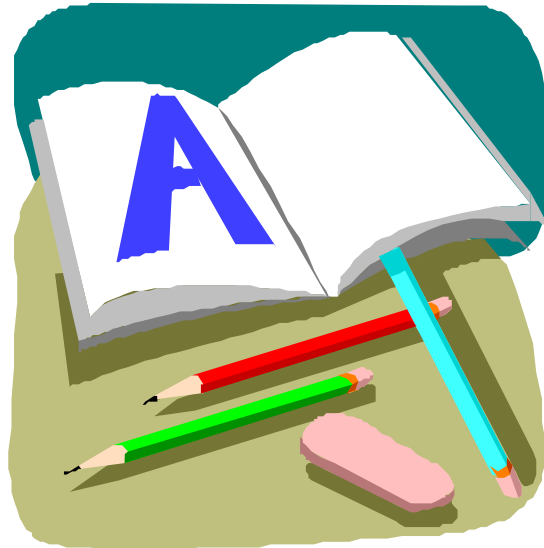
Source: Carrollton-Farmers Branch ISD

TABLE III

<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ (230,645,348)	\$ (236,990,727)	\$ (230,910,202)
192,525,041	203,347,668	200,632,340
30,133,562	29,547,454	29,514,150
11,478,280	9,771,242	5,841,233
477,981	173,154	1,799,110
1,491,639	2,033,763	3,117,624
116,433	23,723	1,667,270
5,640,977	-	-
(2,970,427)	-	-
<u>238,893,486</u>	<u>244,897,004</u>	<u>242,571,727</u>
<u>8,248,138</u>	<u>7,906,277</u>	<u>11,661,525</u>
73,828,387	65,922,110	54,260,585
-	-	-
<u>\$ 82,076,525</u>	<u>\$ 73,828,387</u>	<u>\$ 65,922,110</u>



Carrollton · Farmers Branch
Independent School District



CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS (MODIFIED ACCRUAL BASIS)
 LAST SIX FISCAL YEARS (UNAUDITED)

TABLE IV

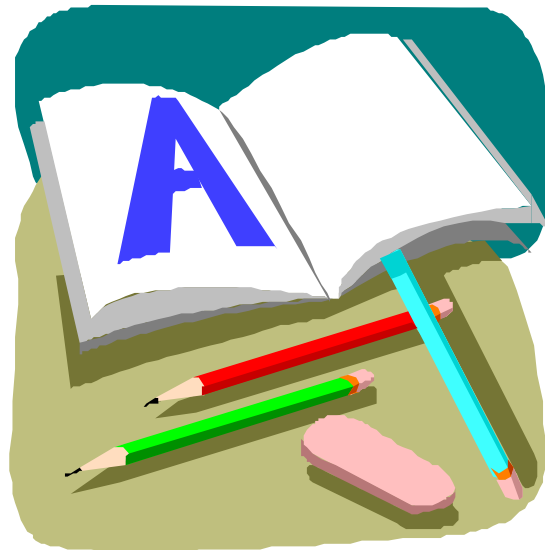
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund						
Reserved	\$ 4,507,401	\$ 2,786,579	\$ 2,411,329	\$ 2,185,980	\$ 1,384,313	\$ 4,545,612
Unreserved	60,506,233	52,669,444	50,803,639	47,382,392	46,039,915	44,095,098
Total General fund	<u>65,013,634</u>	<u>55,456,023</u>	<u>53,214,968</u>	<u>49,568,372</u>	<u>47,424,228</u>	<u>48,640,710</u>
Other Governmental Funds						
Reserved, reported in						
Federal Special Revenue Fund	-	2,321,891	2,813,529	2,496,877	1,929,839	-
Debt Service Fund	2,981,791	1,062,173	696,204	910,710	1,485,405	2,202,602
Capital Projects Fund	84,307,143	82,571,758	90,840,182	63,186,148	15,985,196	29,161,163
Non-major Funds	15,538,041	12,384,590	9,534,966	6,709,258	5,287,570	1,310,432
Unreserved, reported in						
Non-major Funds	1,815,537	1,032,054	911,710	811,386	647,706	549,581
Total other governmental funds	<u>104,642,512</u>	<u>99,372,466</u>	<u>104,796,591</u>	<u>74,114,379</u>	<u>25,335,716</u>	<u>33,223,778</u>
Total Governmental Funds	<u>\$ 169,656,146</u>	<u>\$ 154,828,489</u>	<u>\$ 158,011,559</u>	<u>\$ 123,682,751</u>	<u>\$ 72,759,944</u>	<u>\$ 81,864,488</u>

Notes: The district adopted the provisions of GASB 34 in 2002, therefore less than ten years are shown.

Source: Carrollton-Farmers Branch ISD



Carrollton · Farmers Branch
Independent School District



CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 GOVERNMENTAL FUNDS REVENUES
 LAST SIX FISCAL YEARS (UNAUDITED)
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

TABLE V

	2007	2006	2005	2004	2003	2002
Federal sources:						
Federal grants	\$ 10,874,882	\$ 9,712,707	\$ 10,135,902	\$ 7,714,147	\$ 5,831,038	\$ 5,498,844
Food services	6,292,642	5,922,740	5,499,545	4,902,360	4,463,015	3,740,575
Total federal sources	<u>17,167,524</u>	<u>20,345,442</u>	<u>15,635,447</u>	<u>12,616,507</u>	<u>10,294,053</u>	<u>9,239,419</u>
State sources:						
State education finance program	29,525,407	12,377,716	12,165,712	11,478,280	9,771,242	5,841,233
Food services	76,981	75,996	79,473	80,666	79,537	77,420
State grants and other	10,779,265	10,232,732	9,481,292	10,049,840	11,778,822	9,186,262
Total state sources	<u>40,381,653</u>	<u>22,686,444</u>	<u>21,726,477</u>	<u>21,608,786</u>	<u>21,629,601</u>	<u>15,104,915</u>
Local sources:						
Property taxes	224,251,444	226,851,949	222,236,512	221,802,026	230,087,006	228,306,178
Tax Increment fund	2,949,542	2,646,566	2,632,379	3,353,568	2,813,200	1,748,799
Investment earnings	11,258,859	9,082,260	4,990,541	1,421,677	1,900,552	2,952,819
Food sales	2,942,060	3,078,361	2,958,311	3,257,950	3,272,739	3,332,527
Other	2,983,999	3,862,098	3,963,000	3,877,404	3,302,832	4,923,476
Total local sources	<u>244,385,904</u>	<u>245,521,234</u>	<u>236,780,743</u>	<u>233,712,625</u>	<u>241,376,329</u>	<u>241,263,799</u>
Total revenues	<u>\$ 301,935,081</u>	<u>\$ 288,553,120</u>	<u>\$ 274,142,667</u>	<u>\$ 267,937,918</u>	<u>\$ 273,299,983</u>	<u>\$ 265,608,133</u>

Notes: The district adopted the provisions of GASB 34 in 2002, therefore less than ten years are shown.

Source: Carrollton-Farmers Branch ISD

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST SIX FISCAL YEARS (UNAUDITED)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Non Capital -Operational Expenditures			
Instruction	\$ 120,680,762	\$ 115,428,607	\$ 107,239,425
Instruction resources and media services	3,449,049	3,464,287	3,417,429
Curriculum and staff development	6,982,699	6,507,867	5,942,800
Instructional Leadership	2,676,997	2,525,331	1,923,542
School leadership	13,874,345	12,839,605	12,521,281
Guidance, counseling, and evaluation services	8,551,727	8,071,066	7,601,265
Social work services	149,906	162,375	183,303
Health services	2,077,334	2,084,708	2,011,565
Student Transportation	2,939,301	2,452,058	2,607,884
Food service	9,886,344	9,688,739	8,344,717
Cocurricular/Extracurricular activities	3,814,607	3,615,566	3,379,980
General administration	6,294,370	5,823,489	6,223,330
Plant maintenance and operations	21,235,262	21,818,620	19,547,977
Security and monitoring services	1,569,960	1,395,133	1,014,315
Data processing services	3,894,697	3,828,733	3,983,413
Community services	1,286,398	1,298,877	833,793
Facilities acquisition and construction	4,770,012	3,173,860	5,110,301
Total non-capital operational expenditures	<u>214,133,770</u>	<u>204,178,921</u>	<u>191,886,320</u>
Intergovernmental			
Contracted instructional services between public schools	27,662,926	35,669,887	41,232,500
Incremental costs associated with Chapter 41	104,486	128,755	162,981
Payments to juvenile justice alternative ed. Program	170,387	154,466	167,557
Payments to Tax Increment Fund	4,418,075	3,971,007	3,951,267
Total intergovernmental	<u>32,355,874</u>	<u>39,924,115</u>	<u>45,514,305</u>
Capital outlay			
Facilities acquisition/construction	42,900,560	47,883,084	23,013,989
Other capital outlay	333,351	902,439	391,778
Total capital outlay	<u>43,233,911</u>	<u>48,785,523</u>	<u>23,405,767</u>
Debt service			
Principal	18,656,322	22,695,230	19,758,697
Interest and fiscal charges	23,835,470	18,304,609	16,627,686
Total debt service expenditures	<u>42,491,792</u>	<u>40,999,839</u>	<u>36,386,383</u>
Total expenditures	<u>332,215,347</u>	<u>333,888,398</u>	<u>297,192,775</u>
Total Expenditures less expenditures for capital outlay	<u>\$ 288,981,436</u>	<u>\$ 285,102,875</u>	<u>\$ 273,787,008</u>
Debt service as a percentage of noncapital expenditures	14.7%	14.4%	13.3%

Notes: The district adopted the provisions of GASB 34 in 2002, therefore less than ten years are shown.

Source: Carrollton-Farmers Branch ISD.

TABLE VI

2004	2003	2002
\$ 104,988,151	\$ 102,012,327	\$ 95,539,802
4,957,488	5,055,106	6,005,189
3,902,382	4,018,175	3,539,895
1,888,224	2,265,083	1,954,705
11,992,299	11,087,424	11,403,728
7,773,675	7,617,895	7,172,782
186,507	390,224	932,895
1,961,949	1,894,509	1,891,509
3,070,396	3,188,667	2,823,502
7,741,797	7,350,733	6,898,338
3,039,179	3,121,919	3,168,265
6,103,312	5,559,283	5,365,760
18,383,974	20,172,115	19,725,728
940,931	1,130,753	956,597
3,033,663	2,355,728	1,999,537
1,431,998	1,539,014	736,014
4,665,812	2,139,900	5,337,749
<u>186,061,737</u>	<u>180,898,855</u>	<u>175,451,995</u>
48,764,272	53,992,043	50,255,412
202,402	-	-
146,268	146,438	138,512
5,041,114	4,226,627	2,630,645
<u>54,154,056</u>	<u>58,365,108</u>	<u>53,024,569</u>
7,019,222	11,558,577	33,695,938
244,695	150,740	1,932,968
<u>7,263,917</u>	<u>11,709,317</u>	<u>35,628,906</u>
16,539,628	15,234,666	11,690,104
15,025,438	16,300,054	19,223,493
<u>31,565,066</u>	<u>31,534,720</u>	<u>30,913,597</u>
<u>279,044,776</u>	<u>282,508,000</u>	<u>295,019,067</u>
<u>\$ 271,780,859</u>	<u>\$ 270,798,683</u>	<u>\$ 259,390,161</u>
11.6%	11.6%	11.9%

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES
LAST SIX FISCAL YEARS (UNAUDITED)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (30,280,266)	\$ (45,335,278)	\$ (23,050,108)
Other Financing Sources (Uses)			
Refunding bonds issued	60,775,000	-	-
Capital-related debt issued (regular bonds)	45,000,000	41,220,000	54,810,000
Sale of real or personal property	53,712	43,371	29,057
Transfers in	1,160,684	1,074,819	1,079,101
Premium or discount on issuance of bonds	3,564,464	206,100	2,016,457
Transfers out	(1,160,684)	(392,082)	(549,739)
Payment to bond refunding escrow agent (use)	(64,285,253)	-	-
Other (uses)	-	-	(5,960)
Total other financing sources (uses)	<u>45,107,923</u>	<u>42,152,208</u>	<u>57,378,916</u>
Special item	-	-	-
Net change in fund balances	14,827,657	(3,183,070)	34,328,808
Beginning Fund Balance -Sept 1	<u>154,828,489</u>	<u>158,011,559</u>	<u>123,682,751</u>
Ending Fund Balance - Aug 31	<u>\$ 169,656,146</u>	<u>\$ 154,828,489</u>	<u>\$ 158,011,559</u>

Notes: The district adopted the provisions of GASB 34 in 2002, therefore less than ten years are shown.

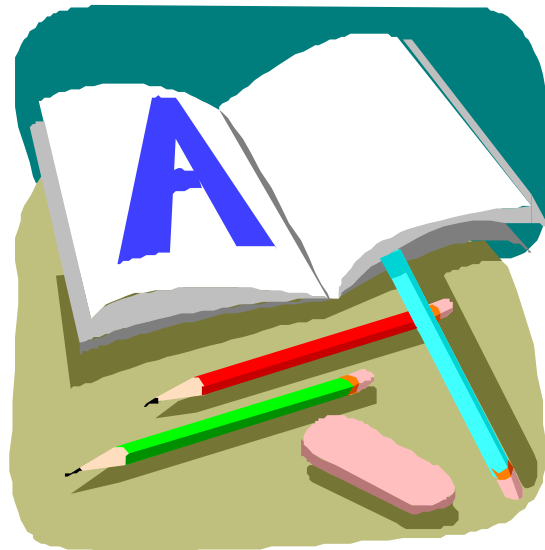
Source: Carrollton-Farmers Branch ISD

TABLE VII

<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ (11,106,658)	\$ (9,208,017)	\$ (29,410,934)
23,740,000	10,230,000	83,899,962
54,350,000	-	-
16,440	35,886	28,528
158,271	2,618,117	1,090
3,801,321	151,694	5,732,132
(158,271)	(2,618,117)	(1,090)
(25,511,685)	(10,304,621)	(89,632,094)
(7,588)	(9,486)	-
<u>56,388,488</u>	<u>103,473</u>	<u>28,528</u>
5,640,977	-	-
50,922,807	(9,104,544)	(29,382,406)
<u>72,759,944</u>	<u>81,864,488</u>	<u>111,246,894</u>
<u>\$ 123,682,751</u>	<u>\$ 72,759,944</u>	<u>\$ 81,864,488</u>



Carrollton · Farmers Branch
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CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS (UNAUDITED)
 (AMOUNTS IN THOUSANDS, EXCEPT PER CAPITA INFORMATION)

TABLE VIII

Fiscal Year	Actual Value		Less: Exemptions	Total Taxable Value	Total Direct Rate
	Real Property	Personal Property			
1998	\$ 7,562,093	\$ 2,519,157	\$ 816,372	\$ 9,264,878	\$ 1.4961
1999	8,433,541	2,601,979	867,955	10,167,566	1.5377
2000	9,468,128	2,667,198	882,390	11,252,936	1.6137
2001	10,305,909	3,007,893	904,041	12,409,760	1.6737
2002	10,987,181	3,216,225	940,583	13,262,823	1.7242
2003	11,125,262	3,269,485	981,788	13,412,959	1.7242
2004	11,056,407	2,887,585	1,022,568	12,921,424	1.7358
2005	11,076,452	2,747,125	1,403,729	12,419,847	1.7824
2006	11,368,490	2,842,733	1,593,504	12,617,719	1.8259
2007	12,205,407	2,836,186	1,597,937	13,443,655	1.6830

Notes: Assessed value = actual value

Source: County Property Tax Appraiser

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Direct District Rates			Overlapping Rates				City of Farmers Branch
	Maintenance	Debt		Town of Addision	City of Carrollton	City of Coppell	City of Dallas	
		Service	Total					
1998	1.3449	0.1512	1.4961	0.455	0.604	0.670	0.670	0.440
1999	1.3936	0.1441	1.5377	0.448	0.604	0.669	0.652	0.440
2000	1.4336	0.1801	1.6137	0.400	0.604	0.649	0.649	0.440
2001	1.4650	0.2087	1.6737	0.385	0.604	0.649	0.668	0.440
2002	1.5000	0.2242	1.7242	0.381	0.599	0.649	0.668	0.440
2003	1.5000	0.2242	1.7242	0.400	0.599	0.649	0.700	0.440
2004	1.5000	0.2358	1.7358	0.423	0.599	0.649	0.700	0.460
2005	1.5000	0.2824	1.7824	0.476	0.525	0.649	0.720	0.495
2006	1.5000	0.3259	1.8259	0.476	0.633	0.649	0.742	0.495
2007	1.3501	0.3329	1.6830	0.464	0.633	0.641	0.729	0.495

Source: District Tax Office
Rates are per \$1,000 of assessed value.

TABLE IX

Overlapping Rates				
City of Irving	County of Denton	County of Dallas	Dallas County Hospital	Dallas County Community College
0.509	0.256	0.210	0.194	0.052
0.493	0.249	0.201	0.186	0.050
0.493	0.235	0.197	0.180	0.050
0.488	0.232	0.196	0.196	0.050
0.488	0.252	0.196	0.254	0.050
0.498	0.249	0.202	0.254	0.060
0.533	0.247	0.204	0.254	0.078
0.548	0.255	0.204	0.254	0.080
0.548	0.247	0.214	0.254	0.082
0.548	0.232	0.214	0.254	0.081

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
PROPERTY TAXES, LEVIES, AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED)

TABLE X

Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the Year of Levy		Collections in subsequent years and cumulative adjustments	Total Collections and cumulative adjustments to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	138,611,848	136,526,053	98.5%	2,031,341	138,557,394	99.96%
1998	155,100,743	155,110,073	100.0%	(65,740)	155,044,333	99.96%
1999	181,825,391	180,822,187	99.4%	944,607	181,766,794	99.97%
2000	205,244,184	204,561,135	99.7%	571,349	205,132,484	99.95%
2001	226,866,502	225,828,582	99.5%	361,151	226,189,733	99.70%
2002	230,253,042	227,885,716	99.0%	1,898,724	229,784,440	99.80%
2003	222,869,856	219,194,266	98.4%	2,909,132	222,103,398	99.66%
2004	221,529,024	217,965,165	98.4%	2,500,667	220,465,832	99.52%
2005	226,478,279	226,195,686	99.9%	(2,158,817)	224,036,869	98.92%
2006	219,094,373	221,175,531	100.9%	(4,161,152)	217,014,379	99.05%

Source: District Tax Office

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 PRINCIPAL TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)

TABLE XI

Taxpayer	Nature of Property	2007			1998		
		TAXABLE ASSESSED VALUATION	Percent of Total Assessed Taxable Value	Rank	Taxable Value	Percent of Total Assessed Taxable Value	Rank
Wells Operating PS LTD	Electronics	\$ 208,980,720	1.55%	1			
AT&T/Southwestern Bell	Telephone Utility	192,218,480	1.43%	2	\$ 78,041,200	0.8%	6
TCI Park West	Rental Property	132,371,930	0.98%	3			
WalMart/Sam's	Retail	110,041,640	0.82%	4			
Texas Utilities Elec Co.	Power Utility	108,698,170	0.81%	5	99,236,540	1.1%	2
Exxon/Mobile Oil Corp.	Power Utility	103,218,907	0.77%	6	89,437,810	1.0%	4
ST Microelectronics Inc.	Electronics	83,171,036	0.62%	7			
NEC America	Electronics	82,607,770	0.61%	8			
Verizon/GTE	Telephone Utility	82,033,480	0.61%	9	68,260,360	0.70%	9
Associates Bancorp Inc.	Bank	77,352,770	0.58%	10			
Hitachi					167,286,370	1.8%	1
SGS Thompson					92,208,840	1.0%	3
Amls Southwest Res Ltd PS					79,227,820	0.9%	5
Boeing					73,092,650	0.8%	7
Petula Associates					69,685,740	0.8%	8
Las Colinas Land					58,121,360	0.6%	10
TOTAL		\$ 1,180,694,903	8.78%		\$ 874,598,690	9.50%	

Source: District Tax Office

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 LEGAL DEBT MARGIN
 LAST TEN FISCAL YEARS
 AUGUST 31, 2007 (UNAUDITED)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Debt limit	\$ 1,344,364,947	\$ 1,273,455,161	\$ 1,241,984,735	\$ 1,302,786,952
Total net debt applicable to limit	406,026,672	381,557,994	362,337,021	326,726,211
Legal debt margin	938,338,275	891,897,167	879,647,714	976,060,741
Total net debt applicable to the limit as a percentage of debt limit	30%	30%	29%	25%

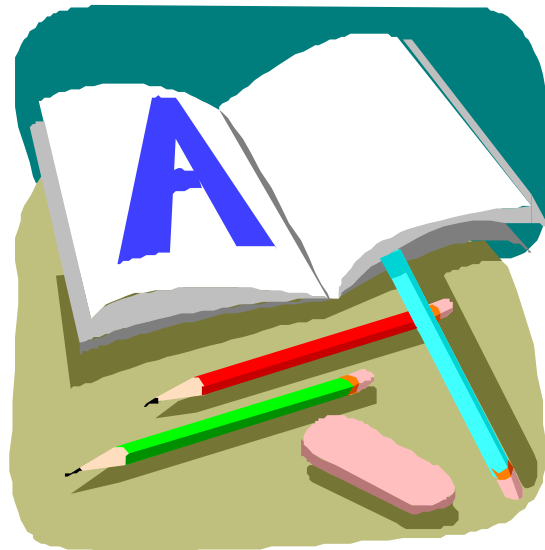
Source: Carrollton-Farmers Branch ISD

TABLE XII

2003	2002	2001	2000	1999	1998
\$ 1,394,399,193	\$ 1,341,295,885	\$ 1,240,976,996	\$ 1,125,293,551	\$ 1,016,756,586	\$ 926,487,833
288,331,144	302,348,613	313,103,436	247,192,048	194,117,737	134,873,683
1,106,068,049	1,038,947,272	927,873,560	878,101,503	822,638,849	791,614,150
21%	23%	25%	22%	19%	15%



Carrollton · Farmers Branch
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CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS (UNAUDITED)
 (AMOUNTS IN THOUSANDS, EXCEPT PER CAPITA AND PER STUDENT ENROLLED)

TABLE XIII

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of disposable personal income	Per Capita	Per Student Enrolled
	Contractual Obligations	Unlimited Tax Bonds	Voluntary Exit Program	Capital Leases				
1998	2,850	136,953	2,294	10	142,107	0.01%	1	7
1999	2,230	195,931	-	-	198,161	0.01%	2	9
2000	2,200	249,286	-	-	251,486	0.01%	2	11
2001	2,725	315,346	-	-	318,071	0.01%	2	13
2002	1,830	304,551	-	-	306,381	0.01%	2	13
2003	1,105	289,817	-	-	290,922	0.01%	2	12
2004	345	327,637	-	-	327,982	0.01%	2	13
2005	-	363,033	-	-	363,033	Not available	3	14
2006	-	381,558	-	-	381,558	Not available	3	15
2007	-	406,027	-	-	406,027	0.01%	2	15

NOTE: See TABLES XVI and XX for population and enrollment data used to calculate per capita and per student enrolled information.

Source: Carrollton-Farmers Branch ISD

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND
 NET BONDED DEBT PER CAPITA
 LAST TEN FISCAL YEARS (UNAUDITED)

YEAR END AUGUST 31	POPULATION	ASSESSED VALUE	GROSS BONDED DEBT	LESS DEBT SERVICE FUNDS
1998	121,000	9,265,805,909	136,953,160	2,079,477
1999	127,000	10,167,565,860	195,931,130	1,813,393
2000	137,000	11,252,935,510	249,285,646	2,093,598
2001	141,000	12,409,769,957	315,346,357	2,242,921
2002	140,400	13,262,822,561	304,551,215	2,202,602
2003	141,750	13,412,958,845	289,816,549	1,485,405
2004	141,750	12,921,432,875	327,636,921	910,710
2005	141,750	12,419,847,347	363,033,225	696,204
2006	146,550	12,617,718,931	381,557,994	1,062,173
2007	164,839	13,443,649,465	406,026,672	2,981,791

Source: Carrollton-Farmers Branch ISD. Population is for Cities of Carrollton and Farmers Branch. See Table XVI for population source information.

TABLE XIV

NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
134,873,683	1.46	1,115
194,117,737	1.89	1,528
247,192,048	2.17	1,804
313,103,436	2.52	2,221
302,348,613	2.28	2,153
288,331,144	1.98	2,034
326,726,211	2.53	2,305
362,337,021	2.92	2,556
380,495,821	3.02	2,596
403,044,881	3.00	2,445

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF AUGUST 31, 2007 (UNAUDITED)

TABLE XV

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Carrollton-Farmers Branch ISD	\$ 406,026,672	100.00%	\$ 406,026,672
Town of Addison	58,125,000	5.88%	3,417,750
City of Carrollton	138,940,000	57.98%	80,557,412
City of Coppell	57,705,036	10.00%	5,770,504
City of Dallas	1,668,942,609	1.11%	18,525,263
Dallas County	195,286,039	6.54%	12,771,707
Dallas County Community College District	93,485,000	6.54%	6,113,919
Dallas County Hospital District	-	6.54%	-
Dallas County Utility & Reclamation District	290,587,655	50.40%	146,456,178
Denton County	273,559,740	5.54%	15,155,210
City of Farmers Branch	11,870,000	76.70%	9,104,290
City of Irving	200,060,000	20.30%	40,612,180
Irving Flood Control District III	4,111,239	76.05%	3,126,597
NW Dallas County Flood Control District	8,424,000	100.00%	8,424,000
Valwood Improvement Authority	9,041,214	100.00%	9,041,214
Total direct and overlapping tax supported debt			\$ 765,102,895
Total Assessed Taxable Valuation			\$ 13,443,649,465
Total Population			164,839
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation			5.69%
Per Capita Overlapping Total Direct and Overlapping Tax Supported Debt			\$ 4,642

Source: All information provided by First Southwest Company except for information regarding CFB-ISD debt, total assessed taxable valuation, and population which were provided by the District. Please refer to Table XVI for source of population data.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 DEMOGRAPHICS AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS (UNAUDITED)

TABLE XVI

Calendar Year	Population(A)	Disposable Personal Income(B)	Per Capita Disposable Personal Income(C)	Unemployment Rate(D)
1998	121,000	2,254,440,000	35,160	2.52%
1999	127,000	2,329,322,000	35,120	2.26%
2000	137,000	2,568,397,000	37,193	2.14%
2001	141,000	2,693,980,000	40,359	2.36%
2002	140,400	3,118,525,000	46,142	3.09%
2003	141,750	2,855,740,000	42,396	4.31%
2004	141,750	2,796,665,000	41,243	4.40%
2005	141,750	Not Available	Not available	3.85%
2006	146,550	Not Available	Not available	4.61%
2007	164,839	5,154,680,369	31,271	3.46%

Notes:

- A** Population data is for Cities of Carrollton and Farmer's Branch combined.
 Source of population data was the following:
 1999-2002 Best available estimates from local Chamber of Commerce, Texas Power and Light and the Cities of Carrollton and Farmers Branch
 2003-2005 2000 Census Data
 2006 Municipal Advisory Council of Texas
 2007 Claritas Market Place Survey
- B** From Official Statements of CFBISD Bond Issuance. Amounts for years 2004 and prior are City of Carrollton only.
 2007 Claritas Market Place Survey-Entire School District Included.
- C** Only population of Carrollton was used to calculate per capita income figures for years 2004 and prior.
 2007 Claritas Market Place Survey-Entire School District Included.
- D** From US Department of Labor, Bureau of Labor Statistics
 2007 Texas Workforce Commission

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)

TABLE XVII

<u>Employer</u>	<u>2007</u>			<u>1998</u>	
	<u>Approx. # Employees</u>	<u>Rank</u>	<u>Workforce Percentage</u>	<u>Approx. # Employees</u>	<u>Rank</u>
Carrollton-Farmers Branch ISD	3258	1	3.37%	2358	2
ST Microelectronics	1363	2	1.41%		
Haliburton Energy Services	1250	3	1.29%		
TAC Tour Andover Corporation	1045	4	1.08%		
McKesson Corp	1000	5	1.03%		
Hilton Reservations Worldwide	850	6	0.88%		
City of Carrollton	757	7	0.78%	875	5
Trinity Medical Center	725	8	0.75%		
General Aluminum Corporation	600	9	0.62%		
PRC	600	10	0.62%		
International Business Machines				3700	1
Otis Engineering				2000	3
SGS-Thompson				907	4
Westcott Communications				800	6
T.D. Mechanical				600	7
Omega Optical				600	8
Foxmeyer Drug				600	9
Home Interior & Gifts				500	10

Total employed workforce - 96,652

Source: 1998- Official Statement dated December 17, 1998
 2007- City of Carrollton
 Claritas Inc.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
 LAST NINE YEARS (UNAUDITED)

TABLE XVIII

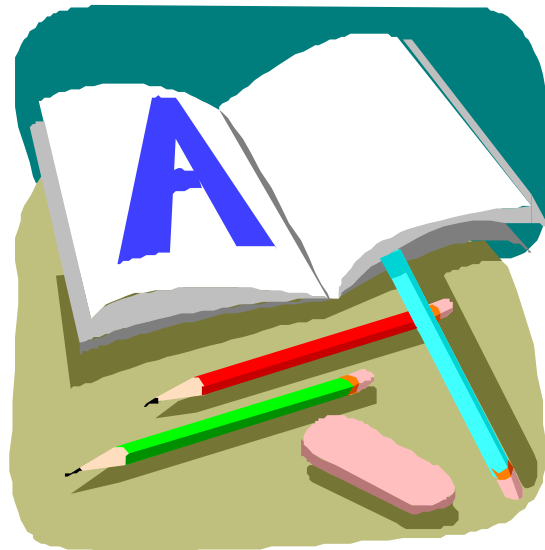
	Full-Time Equivalent Employees for fiscal year ending									Change '99 - '07
	2007	2006	2005	2004	2003	2002	2001	2000	1999	
Teachers										
Pre-K & Kindergarten	171	166	156	147	146	143	131	102	68	151%
Elementary	713	745	722	730	719	705	688	663	669	7%
Secondary	730	693	642	700	682	676	717	562	586	25%
Special Education	188	179	173	155	157	152	147	105	82	129%
All Level	9	10	7	10	9	9	10	143	87	-90%
Miscellaneous	1	0	0	0	0	0	0	8	12	-92%
Total Teachers	<u>1,812</u>	<u>1,793</u>	<u>1,700</u>	<u>1,742</u>	<u>1,713</u>	<u>1,685</u>	<u>1,693</u>	<u>1,583</u>	<u>1,504</u>	<u>20%</u>
Support Staff										
Supervisors	9	4	3	3	3	3	3	2	2	350%
Counselors	47	43	45	46	49	51	44	56	55	-15%
Ed Diagnostics	31	31	29	27	25	23	22	21	25	24%
Librarians	37	38	38	35	37	35	33	31	29	28%
Nurse/Physicians	31	32	31	30	31	29	26	24	24	29%
Therapists	36	34	29	30	27	31	28	29	27	33%
Psychologists/Assoc Psych.	7	6	7	7	7	7	7	7	6	17%
Other Support Staff	154	96	101	104	83	79	68	63	62	148%
Total Support Staff	<u>352</u>	<u>284</u>	<u>283</u>	<u>282</u>	<u>262</u>	<u>258</u>	<u>231</u>	<u>233</u>	<u>230</u>	<u>53%</u>
Administrators										
Admin/Instructional Officers	22	23	24	19	23	23	17	17	16	38%
Principals	39	37	37	36	37	36	35	34	33	18%
Assistant Principals	57	56	56	52	44	47	44	41	39	46%
Superintendents	1	1	1	1	1	1	1	1	1	0%
Assistant Superintendents	4	4	4	4	3	3	4	4	3	33%
Total Administrators	<u>123</u>	<u>121</u>	<u>122</u>	<u>112</u>	<u>108</u>	<u>110</u>	<u>101</u>	<u>97</u>	<u>92</u>	<u>34%</u>
Total Professionals	<u>2,287</u>	<u>2,198</u>	<u>2,105</u>	<u>2,136</u>	<u>2,083</u>	<u>2,053</u>	<u>2,025</u>	<u>1,913</u>	<u>1,826</u>	<u>25%</u>
Educational Aides	231	234	224	215	188	160	1	126	143	62%
Auxiliary Staff	740	723	711	781	799	837	980	785	703	5%
Total	<u>3,258</u>	<u>3,155</u>	<u>3,040</u>	<u>3,132</u>	<u>3,070</u>	<u>3,050</u>	<u>3,006</u>	<u>2,824</u>	<u>2,672</u>	<u>22%</u>

Notes: Information prior to 1999 is not available.

Source: Texas Education Agency (Standard Reports)



Carrollton · Farmers Branch
Independent School District



CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 TEACHER BASE SALARIES
 LAST NINE FISCAL YEARS (UNAUDITED)

TABLE XIX

Fiscal Year	Minimum Salary	Maximum Salary	District Average Salary	Statewide Average Salary
1999	\$ 28,501	\$ 46,754	\$ 35,411	\$ 34,336
2000	31,500	49,024	38,447	37,567
2001	33,250	50,628	39,689	38,361
2002	35,336	52,713	41,424	39,232
2003	35,500	53,878	41,850	39,974
2004	35,500	53,878	42,217	40,478
2005	37,000	53,878	42,353	41,011
2006	38,500	55,453	43,769	41,531
2007	41,501	58,454	46,329	44,897

Notes: Information prior to 1999 is not available.

Sources: Carrollton-Farmers Branch ISD
 Texas Education Agency (Standard Reports)

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST SIX FISCAL YEARS (UNAUDITED)

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Direct Operating Expenditures(A)</u>	<u>Cost per Pupil</u>	<u>Percentage Change from PY</u>	<u>Direct Operating Expenses(B)</u>	<u>Cost per Pupil</u>
2002	23,635	\$ 175,451,995	\$ 7,423		\$ 178,061,972	\$ 7,534
2003	25,002	180,898,855	7,235	-2.5%	189,330,322	7,573
2004	25,548	186,061,737	7,283	0.7%	188,950,225	7,396
2005	25,860	191,886,320	7,420	1.9%	195,292,785	7,552
2006	26,231	204,178,921	7,784	4.9%	211,642,756	8,068
2007	26,252	214,133,770	8,157	4.8%	222,818,702	8,488

Notes All information provided by Carrollton-Farmers Branch ISD.

- A** Total General Fund expenditures less capital, debt service, and intergovernmental expenditures
- B** Total Fund expenditures less capital, debt service, and intergovernmental expenditures.
- C** From Table XVIII.
- D** CFBISD Food Services

The district adopted the provisions of GASB 34 in 2002, therefore less than ten years are shown.

TABLE XX

Percentage Change from PY	Teaching Staff(C)	Pupil- Teacher Ratio	Students Receiving Free or Reduced-Price Meals(D)	Percentage of Students Receiving Free or Reduced-Price Meals
N/A	1,685	14.0	10,533	45%
0.5%	1,713	14.6	10,839	43%
-2.3%	1,742	14.7	11,645	46%
2.1%	1,700	15.2	12,588	49%
6.8%	1,793	14.6	13,437	51%
5.2%	1,812	14.5	13,418	51%

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION – ELEMENTARY SCHOOLS
 LAST SEVEN FISCAL YEARS (UNAUDITED)

TABLE XXI

	Year of Original Construction	2007	2006	2005	2004	2003	2002	2001
Elementary Schools								
1 Blair Intermediate	2002							
Square feet		77,631	77,631	77,631	77,631	77,631	77,631	-
Capacity		605	605	545	545	545	545	-
Enrollment		521	404	396	371	347	-	-
2 Blanton	2007							
Square feet		75,160	54,527	57,677	57,677	57,677	57,677	55,391
Capacity		573	405	405	405	405	405	405
Enrollment		444	406	507	514	552	466	415
3 Carrollton	1951							
Square feet		83,180	83,180	69,150	69,150	69,150	69,150	60,354
Capacity		656	656	656	656	656	656	656
Enrollment		679	591	702	694	662	513	537
4 Central	1965							
Square feet		93,690	93,690	100,326	100,326	100,326	100,326	100,326
Capacity		729	729	729	729	729	729	669
Enrollment		654	680	720	774	876	927	918
5 Country Place	1982							
Square feet		58,675	58,675	59,443	59,443	59,443	59,443	59,443
Capacity		388	388	388	388	388	388	388
Enrollment		361	344	358	355	365	361	410
6 Davis	1975							
Square feet		76,485	76,485	72,615	72,615	72,615	72,615	58,738
Capacity		532	532	532	532	532	532	532
Enrollment		591	-	564	574	529	505	545
7 Farmers Branch	1968							
Square feet		63,000	63,000	73,000	73,000	73,000	73,000	67,608
Capacity		585	585	585	585	585	585	440
Enrollment		508	524	533	575	575	584	548
8 Furneaux	1982							
Square feet		55,668	55,668	57,204	57,204	57,204	57,204	57,204
Capacity		473	473	473	473	473	473	473
Enrollment		442	459	496	483	501	510	476
9 Good	1957							
Square feet		66,944	66,944	68,470	68,470	68,470	68,470	68,470
Capacity		526	526	526	526	526	526	526
Enrollment		517	538	533	503	492	548	538

Sources: Carrollton-Farmers Branch ISD

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION – ELEMENTARY SCHOOLS
 LAST SEVEN FISCAL YEARS (UNAUDITED)

TABLE XXI
 CONTINUED

	Year of Original Construction	2007	2006	2005	2004	2003	2002	2001
10 Stark	2006							
Square feet		83,400	83,400	65,605	65,605	65,605	65,605	62,605
Capacity		700	700	457	457	457	457	457
Enrollment		613	725	675	607	575	525	518
11 Kent	1989							
Square feet		89,742	89,742	89,742	89,742	89,742	89,742	89,742
Capacity		651	651	651	651	651	651	651
Enrollment		566	569	616	541	576	626	604
12 Landry	1996							
Square feet		73,500	73,500	76,572	76,572	76,572	76,572	76,572
Capacity		466	466	466	466	466	466	466
Enrollment		487	-	441	542	435	410	397
13 Las Colinas	1986							
Square feet		75,099	75,099	76,635	76,635	76,635	76,635	75,099
Capacity		559	559	559	559	559	559	559
Enrollment		455	433	413	733	663	595	578
14 McCoy	1979							
Square feet		55,668	55,668	60,276	60,276	60,276	60,276	56,436
Capacity		440	440	440	440	440	440	440
Enrollment		434	438	437	399	452	473	451
15 McKamy	1992							
Square feet		79,577	79,577	81,881	81,881	81,881	81,881	81,881
Capacity		599	599	599	599	599	599	599
Enrollment		537	527	599	671	466	646	673
16 McLaughlin	1960							
Square feet		73,300	73,300	76,986	76,986	76,986	76,986	76,986
Capacity		577	577	577	577	577	577	577
Enrollment		856	863	698	674	656	607	564
17 McWhorter	2001							
Square feet		75,000	75,000	75,160	75,160	75,160	75,160	-
Capacity		533	533	573	533	533	533	533
Enrollment		533	539	482	433	424	295	-
18 Montgomery	1955							
Square feet		67,600	67,600	67,600	67,600	67,600	67,600	71,440
Capacity		463	463	463	463	463	463	463
Enrollment		560	436	445	393	369	698	731
19 Rainwater	1994							
Square feet		80,000	80,000	80,000	80,000	80,000	80,000	80,000
Capacity		492	492	492	492	492	492	492
Enrollment		364	342	360	401	445	452	472

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION – ELEMENTARY SCHOOLS
 LAST SEVEN FISCAL YEARS (UNAUDITED)

TABLE XXI
 CONCLUDED

	Year of Original Construction	2007	2006	2005	2004	2003	2002	2001
20 Riverchase	2000							
Square feet		75,000	75,000	75,160	75,160	75,160	75,160	75,160
Capacity		533	533	533	533	533	533	533
Enrollment		398	385	403	458	568	466	409
21 Rosemeade	1984							
Square feet		55,668	55,668	56,436	56,436	56,436	56,436	56,436
Capacity		376	376	376	376	376	376	376
Enrollment		342	-	354	350	358	376	404
22 Sheffield Intermediate	1989							
Square feet		66,767	66,767	66,767	56,436	56,436	56,436	66,767
Capacity		459	459	459	459	459	459	459
Enrollment		399	-	445	442	442	423	396
23 Sheffield Primary	1985							
Square feet		55,668	55,668	56,436	66,767	66,767	66,767	56,436
Capacity		462	462	462	462	462	462	462
Enrollment		414	477	470	455	481	490	506
24 Thompson	2006							
Square feet		75,160	75,160	59,100	59,100	59,100	59,100	58,332
Capacity		573	573	461	461	461	461	461
Enrollment		501	459	405	425	447	559	479
25 Freeman	2004							
Square feet		75,160	75,160	75,160	75,160	-	-	-
Capacity		573	573	573	573	-	-	-
Enrollment		550	528	438	-	-	-	-
26 Pre-K Ctr (Fyke Rd)	2007							
Square feet		47,513	18,299	18,299	18,299	18,299	18,299	18,299
Capacity		400	214	214	214	214	214	214
Enrollment		-	-	390	358	413	415	447
26 Pre-K Ctr (CLC)	2005							
Square feet		42,906	42,906	42,906	-	-	-	-
Capacity		272	272	272	-	-	-	-
Enrollment		346	438	-	-	-	-	-
Total Elementary School								
Square feet		1,897,161	1,847,314	1,836,237	1,793,331	1,718,171	1,718,171	1,529,725
Capacity		14,195	13,841	13,466	13,154	12,581	12,581	11,831
Enrollment		13,072	11,105	12,880	12,725	12,669	12,470	12,016

Sources: Carrollton-Farmers Branch ISD

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION – MIDDLE SCHOOLS
 LAST SEVEN FISCAL YEARS (UNAUDITED)

TABLE XXII

	Year of Original Construction	2007	2006	2005	2004	2003	2002	2001
Middle Schools								
1 Blalack	1986							
Square feet		170,150	170,150	170,150	170,150	170,150	170,150	151,305
Capacity		1,381	1,381	1,381	1,381	1,381	1,381	1,381
Enrollment		1,152	1,116	1,147	1,157	1,169	1,190	1,130
2 Bush	1998							
Square feet		142,000	142,000	142,000	142,000	142,000	142,000	142,000
Capacity		931	931	931	931	931	931	931
Enrollment		616	648	630	617	432	544	528
3 Long	1981							
Square feet		164,500	164,500	164,560	164,560	164,560	164,560	154,536
Capacity		1,124	1,124	1,124	1,124	1,124	1,124	1,041
Enrollment		861	-	961	931	987	933	937
4 Perry	1936							
Square feet		179,467	179,467	183,307	183,307	183,307	183,307	183,307
Capacity		843	843	843	843	843	843	843
Enrollment		982	980	960	957	984	928	922
5 Polk	1997							
Square feet		140,000	140,000	140,000	140,000	140,000	140,000	140,000
Capacity		1,040	1,040	1,040	1,040	1,040	1,040	1,040
Enrollment		970	928	933	930	884	936	934
6 Field	1959							
Square feet		170,789	170,789	152,828	152,828	152,828	152,828	139,328
Capacity		1,156	1,156	1,156	1,156	1,156	1,156	1,156
Enrollment		1,087	1,102	1,086	1,022	990	980	969
Total Middle School								
Square feet		966,906	966,906	952,845	952,845	952,845	952,845	910,476
Capacity		6,475	6,475	6,475	6,475	6,475	6,475	6,392
Enrollment		5,668	4,774	5,717	5,614	5,446	5,511	5,420

Sources: Carrollton-Farmers Branch ISD

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION – HIGH SCHOOLS
 LAST SEVEN FISCAL YEARS (UNAUDITED)

TABLE XXIII

	Year of Original Construction	2007	2006	2005	2004	2003	2002	2001
High Schools								
1 Creekview	1998							
Square feet		365,000	365,000	365,000	365,000	365,000	365,000	365,000
Capacity		2,478	2,478	2,478	2,478	2,478	2,478	2,478
Enrollment		2,161	2,171	2,156	2,097	2,199	2,261	2,209
2 Ranchview	2002							
Square feet		250,000	250,000	250,000	250,000	250,000	250,000	-
Capacity		1,027	1,027	1,027	1,027	1,027	1,027	-
Enrollment		756	756	532	355	361	-	-
3 Smith	1973							
Square feet		496,782	496,782	479,597	479,597	479,597	479,597	468,640
Capacity		2,807	2,807	2,767	2,767	2,767	2,767	2,767
Enrollment		2,086	-	2,135	2,209	2,236	2,072	2,027
4 Turner	1960							
Square feet		564,006	497,756	482,000	482,000	482,000	482,000	441,608
Capacity		2,315	2,315	2,315	2,315	2,315	2,315	2,315
Enrollment		2,013	2,014	2,089	2,133	2,229	2,203	2,073
5 Grimes Learning Ctr Center	1989							
Square feet		32,700	32,700	33,468	33,468	33,468	33,468	33,468
Capacity		255	255	255	255	255	255	255
Enrollment		227	183	150	282	259	282	245
Total High School								
Square feet		1,708,488	1,642,238	1,610,065	1,610,065	1,610,065	1,610,065	1,308,716
Capacity		8,882	8,882	8,842	8,842	8,842	8,842	7,815
Enrollment		7,243	5,124	7,062	7,076	7,284	6,818	6,554

Sources: Carrollton-Farmers Branch ISD

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION – OTHER FACILITIES
 LAST SEVEN FISCAL YEARS (UNAUDITED)

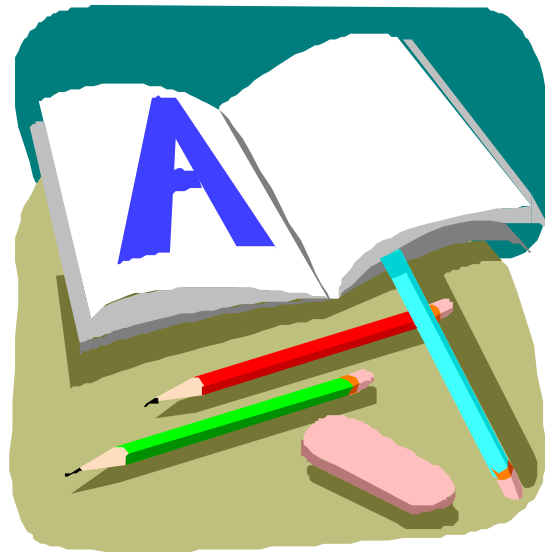
TABLE XXIV

Other Facilities	Year of Original Construction	Square Footage						
		2007	2006	2005	2004	2003	2002	2001
Family Center	1994	2,197	2,197	2,197	2,197	2,197	2,197	2,197
Academic Character Training	1993	32,400	32,400	32,400	32,400	32,400	32,400	32,400
Administration	1982	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Student Services	1971	13,824	13,824	13,824	13,824	13,824	13,824	13,824
Agriculture Site	1981	16,188	16,188	16,188	16,188	16,188	16,188	16,188
PSA Building	1990	38,756	38,756	38,756	38,756	38,756	38,756	38,756
SFC	2005	16,687	16,687	16,687	16,687	16,687	16,687	16,687
CLC Sanctuary and Support	1990	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Wesley Building	1985	24,700	24,700	24,700	24,700	24,700	24,700	24,700
Counseling Ctr	1985	2,341	2,341	2,341	2,341	2,341	2,341	2,341
Technology Learning Ctr	1985	62,000	62,000	62,000	62,000	62,000	62,000	62,000
Kelly Field House	1996	6,740	6,740	6,740	6,740	6,740	6,740	6,740
Service Ctr	1972	88,560	88,560	88,560	88,560	88,560	88,560	88,560
Stadium/Natorium	1963	81,000	81,000	81,000	81,000	81,000	81,000	81,000
Living Materials Ctr	1950	4,500	4,500	4,500	4,500	4,500	4,500	4,500

Sources: Carrollton-Farmers Branch ISD



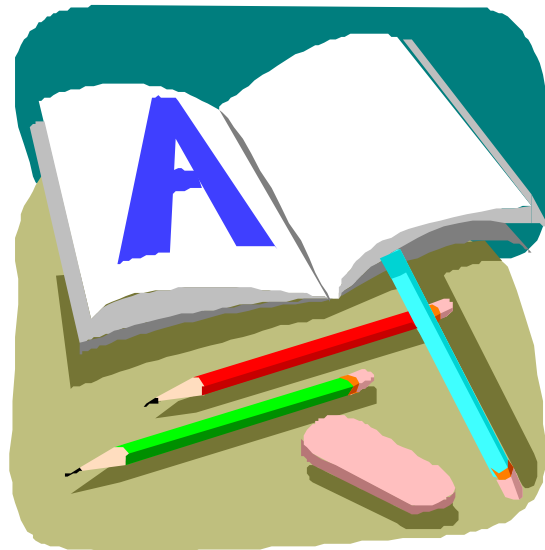
Carrollton · Farmers Branch
Independent School District



**REPORTS ON
INTERNAL CONTROLS, COMPLIANCE
AND
FEDERAL AWARDS**



Carrollton · Farmers Branch
Independent School District



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
Carrollton-Farmers Branch Independent School District
Carrollton, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carrollton-Farmers Branch Independent School District (the "District") as of and for the year ended August 31, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 December 17, 2007.

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

Hankins, Eastup, Deaton, Tonn + Seay

Hankins, Eastup, Deaton, Tonn & Seay
A Professional Corporation
Certified Public Accountants

December 17, 2007

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
Carrollton-Farmers Branch Independent School District
Carrollton, Texas

Compliance

We have audited the compliance of Carrollton-Farmers Branch 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 August 31, 2007. 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 on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2007.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that a noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Hankins, Eastup, Deaton, Tonn + Seay

Hankins, Eastup, Deaton, Tonn & Seay
A Professional Corporation
Certified Public Accountants

December 17, 2007

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2007

I. Summary of the Auditors' Results:

Financial Statements

- a. An unqualified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
- Material weakness(es) identified? Yes X No
 - Reportable condition(s) identified that are not
considered a material weakness? Yes X None reported
- c. Noncompliance material to financial
statements noted Yes X No

Major Programs

- d. Internal control over major programs:
- Material weakness(es) identified? Yes X No
 - Reportable condition(s) identified that are not
considered a material weakness? Yes X None reported
- e. An unqualified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be
reported under Section 510(a) or OMB Circular
A-133. Yes X No
- g. Identification of major programs:
- | | |
|----------------------------|--|
| Special Education Cluster: | |
| 84.027 | IDEA - Part B, Formula |
| 84.027 | IDEA - Part B, Discretionary |
| 84.173 | IDEA - Part B, Preschool |
| 84.367A | ESEA, Title II, Part A, Teacher/Principal Training |
| 93.575 | Work Source Child Care and Development Fund |
- h. The dollar threshold used to distinguish between Type
A and Type B programs. \$504,956
- i. Auditee qualified as a low-risk auditee. X Yes No

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2007

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

None

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

None

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2007

There were no findings in the prior year.

CARROLLTON-FARMERS BRANCH ISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2007

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed through the Region XI ESC</u>			
IDEA - Part B, Discretionary	84.027	N/A	\$ 3,278
Total Passed through the Region XI ESC			\$ 3,278
<u>Passed through the Region XIII ESC</u>			
Advanced Placements Spanish Language	84.330C	N/A	\$ 1,934
Total Passed through the Region XIII ESC			\$ 1,934
<u>Passed Through State Department of Education</u>			
Adult Education (ABE) - Federal	84.002	07410087110153	\$ 108,000
ESEA, Title I, Part A - Improving Basic Programs	84.010A	07610101057903	2,739,799
IDEA - Part B, Formula	84.027	076610010579036600	4,735,448
Vocational Education - Basic Grant	84.048	0742000605790310	206,363
IDEA - Part B, Preschool	84.173	076610010579036610	65,001
ESEA Title IV - Safe and Drug-Free Schools	84.186A	07691001057903	65,737
ESEA, Title I, Part B - Even Start Family Literacy	84.213	076120017110317	183,580
Public Charter Schools	84.282	075900017110008	99,599
Title V, Part A - Innovative Programs	84.298	N/A	41,271
Title II, Part D -Enhancing Ed. Through Technology	84.318	07630001057903	41,621
Title III, Part A - English Language Acquisition	84.365A	07671001057903	767,895
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	07694501057903	795,436
Summer School LEP	84.369A	06955057903	32,400
Total Passed Through State Department of Education			\$ 9,882,150
TOTAL DEPARTMENT OF EDUCATION			\$ 9,887,362
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through the Child Care Group</u>			
Work Source Child Care and Development Fund	93.575	N/A	\$ 651,848
Total Passed Through the Child Care Group			\$ 651,848
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 651,848
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast Program*	10.553	71400701	\$ 1,076,901
National School Lunch Program*	10.550	71300701	4,792,080
Commodity Supplemental Food Program	10.56	N/A	423,661
Total Passed Through the State Department of Agriculture			\$ 6,292,642
TOTAL DEPARTMENT OF AGRICULTURE			\$ 6,292,642
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 16,831,852

*Clustered Programs as required by Compliance Supplement March, 2007

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2007

NOTE 1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.

NOTE 2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these fund present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

NOTE 3. The period of availability for federal grant fund for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement – Provisional 6/97.

NOTE 4. School Health and Related Services-NHIC reimbursements of \$335,672, which are recorded as federal revenue in the general fund, are not considered federal awards for purpose of this schedule.