

***Comprehensive  
Annual Financial  
Report***

***Fiscal Year Ended  
August 31, 2008***



**Carrollton · Farmers Branch**

Independent School District

1445 North Perry Road  
Carrollton, Dallas County, Texas 75011-5186  
[www.cfbisd.edu](http://www.cfbisd.edu)

**CARROLLTON-FARMERS BRANCH  
INDEPENDENT SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
AUGUST 31, 2008**

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

••• An Innovative Leader in Learning •••

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
<b><u>Introductory Section</u></b>		
	Certificate of Board	I
	Letter of Transmittal	i
	GFOA Certificate of Achievement	xvii
	ASBO Certificate of Excellence	xviii
	Principal Officials	xix
	Consultants and Advisors	xxi
	Organization Chart	xxii
<b><u>Financial Section</u></b>		
	<b><u>Independent Auditor’s Report</u></b>	3
	<b><u>Management’s Discussion and Analysis</u></b>	5
	<b><u>Basic Financial Statements</u></b>	
	District-Wide Statements:	
A-1	Statement of Net Assets	19
B-1	Statement of Activities	20
	Governmental Fund Financial Statements:	
C-1	Balance Sheet	22
C-2	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	25
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance	26
C-4	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement Activities	28
	Proprietary Fund Financial Statements:	
D-1	Statement of Net Assets	30
D-2	Statement of Revenues, Expenses, and Changes in Fund Net Assets	31
D-3	Statement of Cash Flows	32
	Fiduciary Fund Financial Statements:	
E-1	Statement of Fiduciary Assets and Liabilities	33
	Notes to the Basic Financial Statements	34
	<b><u>Required Supplementary Information</u></b>	
G-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual- General Fund	59
	Notes to the Required Supplementary Information	60

TABLE OF CONTENTS - CONTINUED

<u>Exhibit</u>		<u>Page</u>
 <b><u>Other Supplementary Information</u></b>		
<b><u>Combining Statements and Schedules</u></b>		
Nonmajor Governmental Funds:		
H-1	Combining Balance Sheet	65
H-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	66
Internal Service Funds:		
H-3	Combining Statement of Net Assets	69
H-4	Combining Statement of Revenues, Expenditures, and Changes in Fund Net Assets	70
H-5	Combining Statement of Cash Flows	71
Agency Funds:		
H-9	Schedule of Changes in Assets and Liabilities	75
 <b><u>Capital Assets Used in the Operation of Governmental Funds</u></b>		
I-1	Schedule by Source	79
I-2	Schedule of Changes by Function and Activity	80
I-3	Schedule of Function and Activity	81
 <b><u>Required T.E.A. Schedules</u></b>		
J-1	Schedule of Delinquent Taxes Receivable	84
J-2	Schedule of Expenditures for Computation of Indirect Cost for 2009-2010	86
J-3	Fund Balance and Cash Flow Calculation Worksheet	87
J-4	Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Child Nutrition Program	88
J-5	Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – Debt Service Fund	90
 <b><u>Statistical Section</u></b>		
I	Net Asset by Component	92
II	Government-Wide Expenses, Program Revenues, and Changes in Net Assets	94
III	General Revenues and Change in Net Assets	96
IV	Fund Balances – Governmental Funds	98
V	Governmental Funds Revenues	100
VI	Governmental Funds Expenditures and Debt Service Ratio	102
VII	Other Financial Sources and Uses and Net Change in Fund Balance	104
VIII	Assessed Value and Actual of Taxable Property	107
IX	Property Tax Rates and Overlapping Governments	108
X	Property Taxes, Levies, and Collections	110
XI	Principal Property Taxpayers	111
XII	Legal Debt Margin	112
XIII	Outstanding Debt by Type	115
XIV	Ratio of Net Bonded Debt to Net Assessed Value and Net Bonded Debt per Capita	116
XV	Direct and Overlapping Government Debt as of August 31, 2008	118

TABLE OF CONTENTS - CONTINUED

<u>Exhibit</u>		<u>Page</u>
XVI	Demographics and Economic Statistics	119
XVII	Principal Employers	120
XVIII	Full Time Equivalent Employees by Type	121
XIX	Teacher Base Salaries	123
XX	Operating Statistics	124
XXI	School Building Information – Elementary Schools	126
XXII	School Building Information – Middle Schools	129
XXIII	School Building Information – High Schools	130
XXIV	School Building Information – Other Facilities	131

**Federal Awards Section**

	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 <i>Government Auditing Standards</i>	135
	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	137
	Schedule of Findings and Questioned Costs	139
	Summary of Prior Audit Findings	141
K-1	Schedule of Expenditures of Federal Awards	142
	Notes on Accounting Policies for Federal Awards	143



# Carrollton · Farmers Branch

---

Independent School District

••• An Innovative Leader in Learning •••

## **INTRODUCTORY SECTION**



# Carrollton · Farmers Branch

---

Independent School District

••• An Innovative Leader in Learning •••

CERTIFICATE OF BOARD

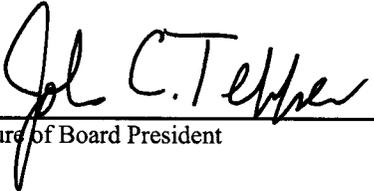
**CARROLLTON-FARMERS BRANCH  
INDEPENDENT SCHOOL DISTRICT**  
Name of School District

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, 2008 at a meeting of the Board of Trustees of such school district on the 15th day of January, 2009.

  
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

••• An Innovative Leader in Learning •••



## Carrollton · Farmers Branch

Independent School District

••• An Innovative Leader in Learning •••

December 16, 2008

### **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, 2008, 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, 2008, 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 questioned costs, 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). 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, 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 businesses related to their career interest. Students apply during their 8<sup>th</sup> 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 27 elementary, and alternative or special program centers is estimated to be 26,397 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 122,269; Male 50.5%, Female 49.5%

Population by Race

White 74.6%

Black 7.2%

American Indian .2%

Asian or Pacific Islander 12.8%

Other Race 3.6%

Two or more races 1.6%

Median age 32.9

18 years and over 70.8%

21 years and over 66.7%

62 years and over 8.7%

65 years and over 6.1%

Area 36.6 square miles

Average household size 2.98; average family size 3.62

*Source: 2006 American Community Survey, Texas Regional Almanac web page*

### **City of Dallas**

Population 1,192,538; Male 51.5%, Female 48.5%

Population by Race

White 52.9%

Black 24.2%

American Indian .4%

Asian or Pacific Islander 2.4%

Other Race 18.9%

Two or more races 1.2%

Median age 31.9

18 years and over 72.9%

21 years and over 68.9%

62 years and over 10.3%

65 years and over 8.3%

Area 384.7 square miles

Average household size 2.66; average family size 3.5

*Source: 2006 American Community Survey, Texas Almanac web page*

**City of Farmers Branch**

Population 28,325; Male 51.1%, Female 48.9%

Population by Race

White 78.7%

Black 2.5%

American Indian .3%

Asian or Pacific Islander 3.8%

Other Race 12.6%

Two or more races 2.1%

Median age 30.5

18 years and over 73.7%

21 years and over 69.6%

62 years and over 13.9%

65 years and over 11.5%

Area 12.1 square miles

Average household size 2.87; average family size 3.31

*Source: City of Farmers Branch, Texas Almanac web page*

**City of Irving**

Population 205,920; Male 52.1%, Female 47.9%

Population by Race

White 68%

Black 12.5%

American Indian .9%

Asian or Pacific Islander 10.3%

Other Race 6.8%

Two or more races 1.5%

Median age 30.4

18 years and over 72.8%

21 years and over 68.6%

62 years and over 7.7%

65 years and over 6.2%

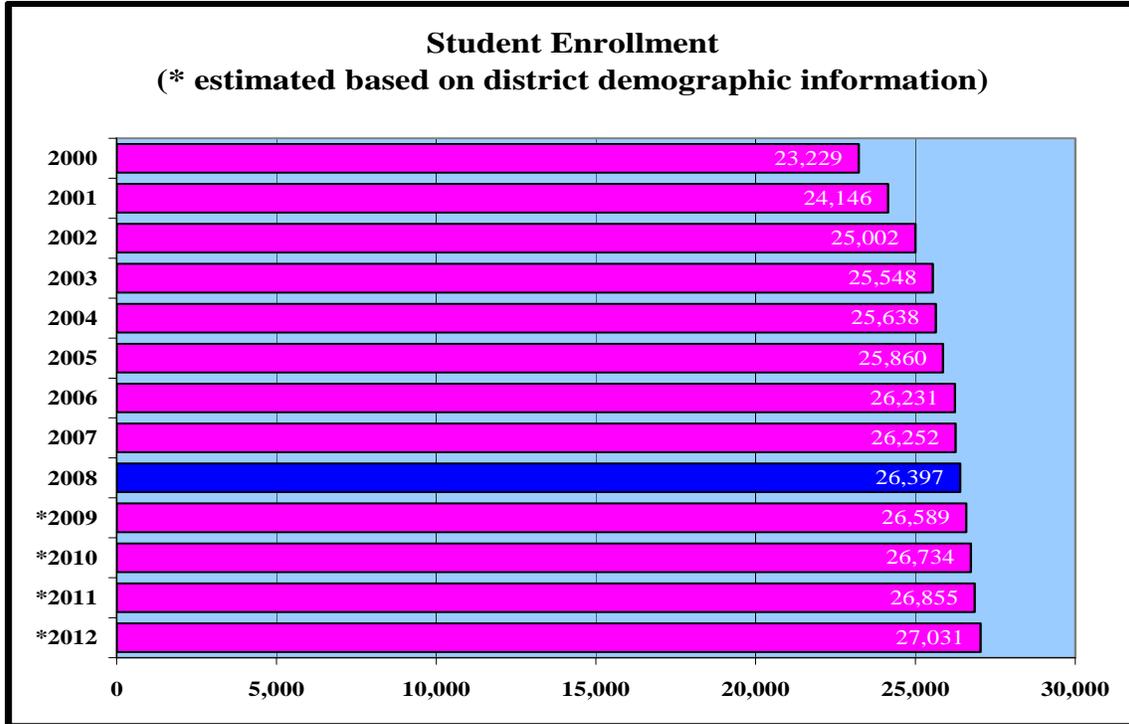
Area 67.6 square miles

Average household size 2.73; average family size 3.42

*Source: 2006 American Community Survey, 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](http://www.cfbisd.edu) families can locate a wealth of information, including a school locator package that identifies the schools which serve residential addresses.



**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 government-wide 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 government-wide 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 Statement 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 report 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 \$229.3 million of the bonds. The remaining bonds will be sold and the projects completed over the next three to five 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 has two anchors that guide the instructional work for the district: the six components of a Standards Based Instructional System and the Principles of Learning, Teaching, and Curriculum. The six components of a Standards Based Instructional System include the following: clear, high standards; fair assessments; curriculum framework; instructional materials, aligned instruction, and safety nets.

The principles of learning include the following.

- Effort produces achievement.
- Learning is about making connections.
- We learn with and through others.
- Learning takes time.
- Motivation matters.

The principles of teaching include the following.

- The teacher matters.
- Focused teaching promotes accelerated learning.
- Clear expectations and continuous feedback activate learning.
- Good teaching builds on students' strengths and respects individuals' differences.
- Good teaching involves modeling what students should learn.

The principles of curriculum include the following.

- The curriculum should focus on powerful knowledge.
- All students should experience a "Thinking Curriculum."
- The best results come from having an aligned instructional system.

These components are aligned with the action strategies in the Campus Improvement Plans and the District Improvement Plan. Professional development opportunities on researched based best practices are ongoing and include instructional coaching, readers'/writers' workshop model classroom observation, SMART Goals, Content Literacy, Marzano's nine strategies, etc.

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.

## **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.

MONEY magazine has named Carrollton, Texas as one of the Best Place's to Live in America (August 2008). Carrollton was ranked #15. The local economy remains vibrant and strong, despite recent downturns. 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 is located in a primary warehousing and distribution center area. 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. Major businesses, such as Exxon-Mobil, have moved their corporate headquarters here. In addition the area attracts a vast array of high tech e-commerce and telecommunications businesses such as Verizon, AT&T, Trinet, Wal-Mart/Sam's 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.

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 is only 1.28% 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 have a significant 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. 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 are 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 opened an elementary school in La Villita in 2008 and has secured a site for a middle school. 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.

A major redevelopment project was initiated in Addison in 2007 where 2,400 older apartments are being torn down. This 99 acre project will replace those apartments with a complete new urban environment and will be known as Vitruvian Park. This development will include a 12 acre waterfront park with open spaces, an amphitheater, a neighborhood park, 500,000 sq. ft. of office space, 6,000 housing units and retail businesses. This project will take 6 to 10 years to complete.

**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, 2008, 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**

<b>Base Indicators</b>	<b>Academically Acceptable</b>	<b>Recognized</b>	<b>Exemplary</b>
<b>Spring 2008 TAKS</b> 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 70% * Writing 65% * Social Studies 65% * Mathematics 50% * Science 45% 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

<b>Base Indicators</b>	<b>Academically Acceptable</b>	<b>Recognized</b>	<b>Exemplary</b>
<b>Completion Rate Class of 2007</b> 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

<b>Base Indicators</b>	<b>Academically Acceptable</b>	<b>Recognized</b>	<b>Exemplary</b>
<b>Annual Dropout Rate 2006-07</b> All students and each student group that meets minimum size criteria: African American Hispanic White Econ Disadv.	Meet 2.0% dropout rate standard OR Meet required improvement	Meet 2.0% dropout rate standard OR Meets Required Improvement	Meet 2.0% dropout rate standard OR Meets Required Improvement

<b>Additional Provisions</b>	<b>Academically Acceptable</b>	<b>Recognized</b>	<b>Exemplary</b>
Exceptions	Applied if the district or campus would be Academically Unacceptable solely due to not meeting the Academically Acceptable TAKS criteria. Other criteria provisions must be met.	Applied if the district or campus would be Academically Acceptable due to not meeting Recognized TAKS criteria. Other criteria provisions must be met.	Applied if the district or campus would be Academically Acceptable due to not meeting Recognized TAKS criteria.

<b>Additional Provisions</b>	<b>Academically Acceptable</b>	<b>Recognized</b>	<b>Exemplary</b>
			Other criteria provisions must be met.
Check for Academically Unacceptable Campuses (District only)	Does not apply to Academically Acceptable districts.	A district with a campus rated Academically Unacceptable cannot be Recognized.	A district with a campus rated Academically Unacceptable cannot be Exemplary.
Check for Underreported Students (District Only)	Does not apply to Academically Acceptable districts.	A district that underreports more than 200 students or more than 5.0% of its prior year students cannot be rated Recognized.	A district that underreports more than 200 students or more than 5.0% of its prior year students cannot be rated Exemplary.

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

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

<b>Exemplary Campuses</b>	<b>Recognized Campuses</b>
L.F. Blanton Elementary Country Place Elementary Dale B. Davis Elementary E.L. Kent Elementary Las Colinas Elementary Charlie McKamy Elementary Annie Heads Rainwater Elementary Rosemeade Elementary	Barbara Bush Middle School Charles M. Blalack Middle School Dave Blair Intermediate Carrollton Elementary Central Elementary Farmers Branch Elementary Bernice Chatman Freeman Elementary R.E. Good Elementary Tom Landry Elementary McCoy Elementary Neil Ray McLaughlin Elementary Kathryn S. McWhorter Elementary L.P. Montgomery Elementary Riverchase Elementary

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.

<b>TAKS Results by Subject and Grade</b>					
<b>Subject Area</b>	<b>Group</b>	<b>2007</b>		<b>2008</b>	
		<b>Met</b>	<b>Met</b>	<b>Met</b>	<b>Met</b>
		<b>Expectation</b>	<b>Commended</b>	<b>Expectation</b>	<b>Commended</b>
Reading/ELA	All Students	91%	36%	92%	36%
Math	All Students	82%	31%	84%	32%
Writing	All Students	94%	33%	94%	37%
Science	All Students	76%	26%	79%	28%
Social Studies	All Students	92%	45%	94%	45%
Reading/ELA	African Am.	90%	28%	91%	31%
Math	African Am.	74%	17%	77%	19%
Writing	African Am.	92%	30%	94%	33%
Science	African Am.	65%	13%	71%	18%
Social Studies	African Am.	90%	33%	91%	33%
Reading/ELA	Hispanics	86%	25%	88%	25%
Math	Hispanics	75%	21%	79%	23%
Writing	Hispanics	91%	24%	92%	27%
Science	Hispanics	64%	15%	71%	18%
Social Studies	Hispanics	85%	30%	90%	33%
Reading/ELA	White	97%	54%	97%	53%
Math	White	91%	43%	92%	46%
Writing	White	97%	47%	97%	52%
Science	White	90%	40%	93%	44%
Social Studies	White	97%	62%	98%	64%
Reading/ELA	Econ. Disadv.	86%	25%	88%	25%
Math	Econ. Disadv.	75%	22%	79%	23%
Writing	Econ. Disadv.	91%	24%	92%	28%
Science	Econ. Disadv.	65%	15%	71%	18%
Social Studies	Econ. Disadv.	87%	31%	90%	33%

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.

<b>Blue Ribbon Schools of Excellence</b>
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 2008 are listed in the chart below.

<b>SAT Results for 2008</b>						
<b>Mean Scores</b>						
<b>Campus</b>	<b>Count</b>	<b>Percent</b>	<b>Critical Reading</b>	<b>Math</b>	<b>Writing</b>	<b>Combined</b>
Turner	142	7.26%	498	545	504	1,547
Smith	227	10.97%	512	524	515	1,551
Creekview	320	14.88%	503	538	501	1,542
Ranchview	92	11.90%	458	505	455	1,418
District	781	2.96%	499	531	500	1,530
National	1,518,859		502	515	494	1,511
Texas	137,024		488	505	480	1,473

### American College Test (ACT)

The American College Test (ACT) is a standardized college examination, similar to the SAT. Nearly all four-year colleges and universities in the United States accept the ACT. Results for 2008 are listed in the chart below.

<b>ACT Results for 2008</b>							
<b>Campus</b>	<b>Count</b>	<b>Percent</b>	<b>English</b>	<b>Math</b>	<b>Reading</b>	<b>Science</b>	<b>Composite</b>
Turner	53	2.71%	20.2	23.7	21.8	22.2	22.2
Smith	89	4.30%	20.3	21.7	21.2	20.2	21.0
Creekview	125	5.81%	21.8	23.2	22.6	22.0	22.5
Ranchview	57	7.37%	18.2	21.1	18.6	19.2	19.4
District	324	1.23%	20.5	22.5	21.4	21.0	21.5
National	1,421,941		20.6	21.0	21.4	20.8	21.1
Texas	79,050		19.8	21.2	20.9	20.6	20.7

- For the seventh 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 \$250,500 to provide additional learning opportunities for its students.
- The 2007-08 Budget Document, produced by the Finance Department, received 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-one 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, 2007. The District has achieved this prestigious award thirty 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 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 will submit 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 77<sup>th</sup> 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.

Carrollton-Farmers Branch Independent School District was a 2007-08 Texas Education Agency (TEA) Recognized District under the state's Accountability System. Only 287 of the 1,031 public schools districts in Texas earned a Recognized Rating, which is only 27.8 percent of the school districts in Texas.

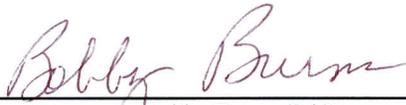
Twenty-two of the District's campuses earned either an Exemplary or Recognized Rating through the state's Accountability System. Sixty-three percent of Carrollton-Farmers Branch schools are either Exemplary or Recognized while on the state level only fifty-four percent are Exemplary or Recognized.

The District received national recognition from the Integrated Pest Management Program for IPM Institute of North America.

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 third time that C-FB ISD made the list.

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.

*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; and Scott Roderick, CPA-Director of Financial Reporting; for their assistance in the preparation of this document. In addition, thanks to the Board of Trustees for their continued commitment to the students and staff of the District and for their excellent leadership.



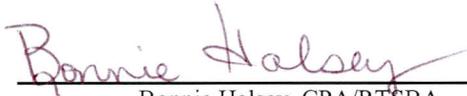
---

Bobby Burns, Ed.D.  
Acting Superintendent of Schools



---

Mark Hyatt, CPA  
Assistant Superintendent for Support Services



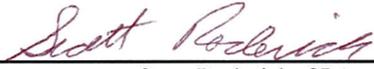
---

Bonnie Halsey, CPA/RTSBA  
Executive Director for Finance



---

Sara Gambrell, CTSBO  
Director of Accounting



---

Scott Roderick, CPA  
Director of 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, 2007

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



A handwritten signature in black ink, appearing to read "M. L. Post".

President

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

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, 2007  
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

*Grome E. Brendel*  
\_\_\_\_\_  
President

*John D. Musso*  
\_\_\_\_\_  
Executive Director

JSSCO

**Carrollton-Farmers Branch  
Independent School District**

**Principal Officials**

**Board of Trustees**

<b>Board Member</b>	<b>Service Began</b>	<b>Service Expires</b>	<b>Position</b>	<b>Occupation</b>
John Tepper	1991	2009	President	Director of Operations, Alpha Med-Surge
Lynn Chaffin	1998	2010	Vice President	Senior IT Project Manager, City of Dallas
James Goode	1999	2011	Secretary	Vice President, Applied Data Sciences
Nancy Cline	2005	2011	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
Bobby Burns, Ed.D.	Acting Superintendent * Total School district experience 28 years	
Bobby Burns, Ed.D.	Assistant Superintendent Administration * Total School district experience 28 years	20 years *
Charles Cole, Ed.D.	Assistant Superintendent Student, Family & Community Services * Total School district experience 40 years	18 years *
Mark Hyatt, CPA	Assistant Superintendent Support Services * Total School district experience 27 years	23 years *
Sheila Maher, Ed.D.	Assistant Superintendent Curriculum * Total School district experience 34 years	28 years *

## Officials Issuing Report

Mark Hyatt, CPA	Assistant Superintendent Support Services * Total School district experience 27 years	23 years *
Bonnie Halsey, CPA/RTSBA	Executive Director of Finance * Total School district experience 22 years	6 years *
Sara Gambrell, CTSBO	Accounting Director * Total School district experience 37 years	37 years *
Stephanie Murphy	Accountant * Total School district experience 9 years	9 years *
Marcia Harbour, CTSBO	Special Revenue Accountant * Total School district experience 22 years	9 years *
Vicki Pippin, CPA	Accountant * Total School district experience 5 years	5 years *
Scott Roderick, CPA	Director of Financial Reporting * Total School district experience 3 years	1 year *

# Carrollton-Farmers Branch Independent School District

## Consultants and Advisors

### Architects

SHW Group  
7517 Legacy Drive, Suite 250  
Plano, Texas 75024

Corgan Associates  
401 North Houston  
Dallas, Texas 75202

### Auditors

Hankins, Eastup, Deaton, Tomn & 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  
777 Main Street, Suite 1200  
Ft. Worth, Texas 76102

### General Counsel

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

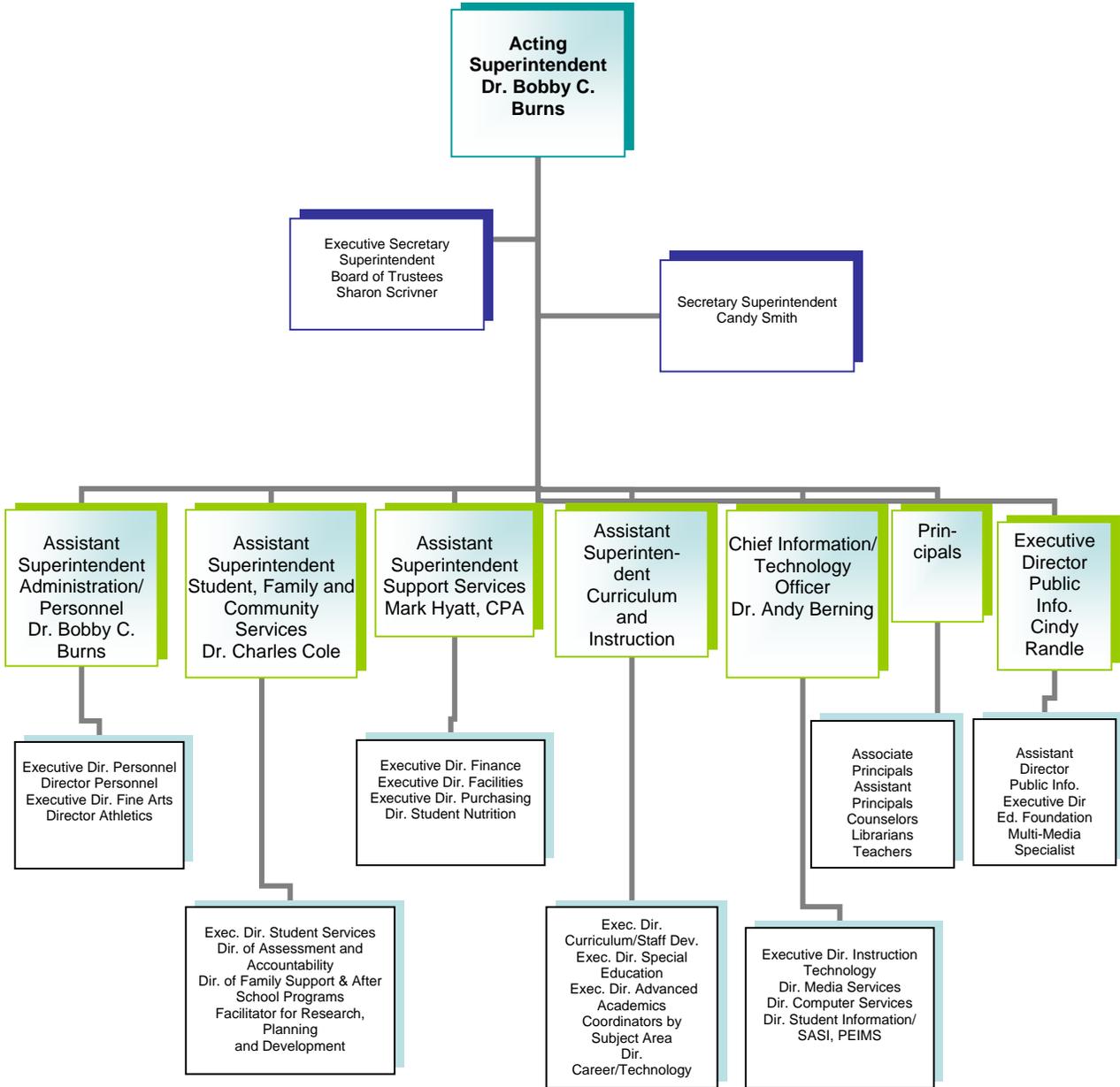
### Depository Bank

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

### Fiscal Agents

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

# Carrollton-Farmers Branch ISD Organization Chart 2007-2008



## **FINANCIAL SECTION**



# Carrollton · Farmers Branch

---

Independent School District

••• An Innovative Leader in Learning •••

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, 2008, 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 these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 the District as of August 31, 2008, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2008, on our consideration of the District's internal control over financial reporting and 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.

The management's discussion and analysis and budgetary comparison information on pages 5 through 16 and 59 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Hankins, Eastup, Deaton, Tonn & Seay*

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

December 16 2008

# 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, 2008. 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 \$146.5 million. The net assets of the District increased by \$11.5 million during the year ended August 31, 2008.
- The District's governmental funds financial statements reported combined ending fund balance of \$147.3 million. Of this amount, \$2.4 million is reserved in the General Fund and \$60.1 million is unreserved in the General Fund and is available for spending at the District's discretion. Fund balance of \$84.8 million 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 fifth bond sale related to this authorization took place on May 8, 2008 when the District issued \$30 million (par value) in new debt and \$28.5 million (par value) in Refunding Bonds. \$70.9 million of authorized debt remains unissued.
- Seven major construction projects were essentially completed this year and two new major projects started. Construction related to this bond program will continue through 2010. Technology projects will continue throughout the program.
- The general fund reported a fund balance this year of \$62.5 million, which is a decrease of \$2.5 million from the prior year fund balance of \$65.0 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 statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. 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:

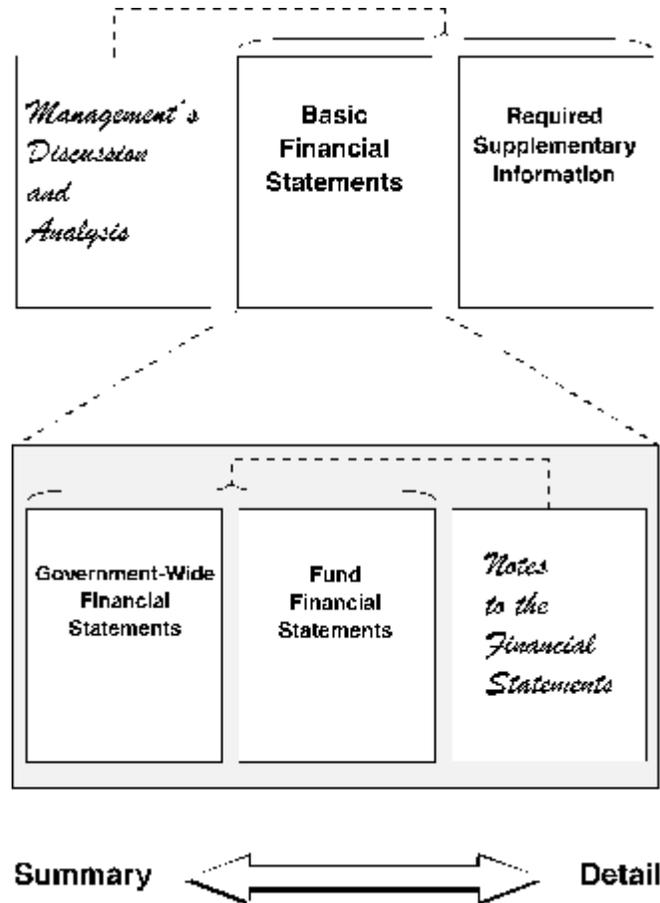
- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the 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 self-insurance.
  - *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 shown 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 information* that further explains and supports the information in the financial statements. The federal

# MANAGEMENT'S DISCUSSION AND ANALYSIS

financial assistance (federal awards) section includes the schedule of expenditures of federal awards, the independent auditor's reports on internal control and compliance 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>	<b>Fund Statements</b>			
	<b>Government-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<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 assets and liabilities
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	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	

## 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 include 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. Also included are business-type activities which include the District's after-school program.

## **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 (reconciliations), 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 assets and liabilities. 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 2007 and 2008 – increasing by \$11.5 million or 8.52% to \$146.5 million at August 31, 2008 (see table A-1, Page 9).

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Current & Other Assets	\$185.8	\$204.3	\$0.8	\$0.7	\$186.6	\$205.0
Capital & Non-Current Assets	\$405.0	\$369.2	\$0.0	\$0.0	\$405.0	\$369.2
<b>Total Assets</b>	<b>\$590.8</b>	<b>\$573.5</b>	<b>\$0.8</b>	<b>\$0.7</b>	<b>\$591.6</b>	<b>\$574.2</b>
Current Liabilities	\$25.4	\$25.1	\$0.1	\$0.1	\$25.5	\$25.2
Long Term Liabilities	\$419.6	\$414.0	\$0.0	\$0.0	\$419.6	\$414.0
<b>Total Liabilities</b>	<b>\$445.0</b>	<b>\$439.1</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$445.1</b>	<b>\$439.2</b>
Net Assets						
Invested in Capital Assets						
net of related debt	\$91.0	\$70.5	\$0.0	\$0.0	\$91.0	\$70.5
Restricted	\$9.5	\$15.5	\$0.0	\$0.0	\$9.5	\$15.5
Unrestricted	\$45.3	\$48.4	\$0.7	\$0.6	\$46.0	\$49.0
<b>Total Net Assets</b>	<b>\$145.8</b>	<b>\$134.4</b>	<b>\$0.7</b>	<b>\$0.6</b>	<b>\$146.5</b>	<b>\$135.0</b>

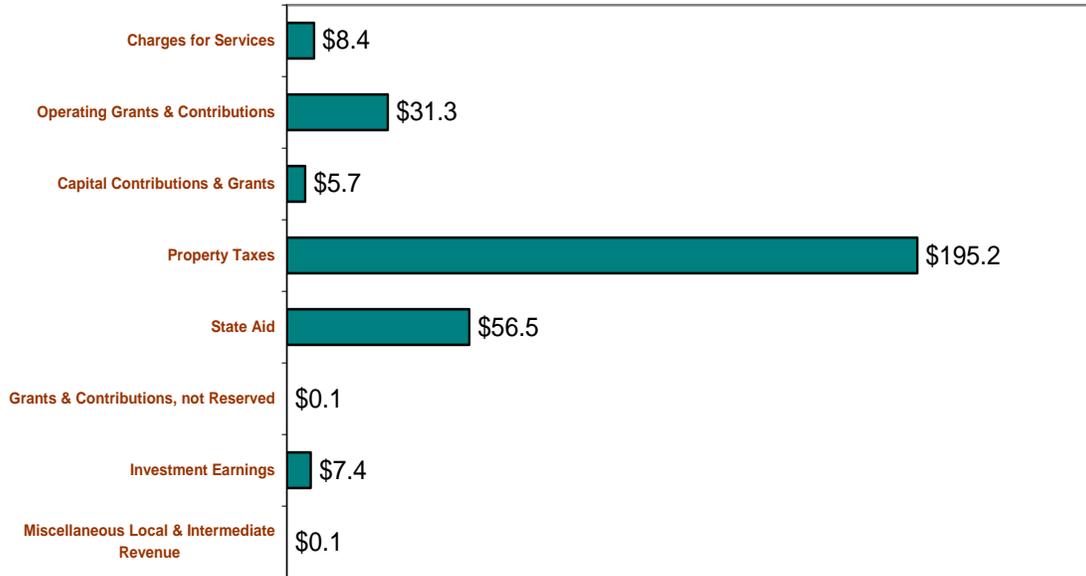
A portion of the net assets are either restricted as to the purposes for which they can be used or they are invested in capital assets. Unrestricted net assets decreased by \$3.0 million. Unrestricted net assets may be used to fund District programs in the next fiscal year. However, this does not mean 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 \$304.7 million representing an increase of \$0.6 million or 0.20%. The majority of this increase is attributed to State aid formula grants that are not restricted. Debt Service Property Tax revenues increased due to the higher property values in the District. The District was able to reduce the Debt Service tax rate due to a substantial increase in property values. Interest income decreased \$4.5 million due to lower interest rates during the year. A significant portion, 64.06%, of the District's revenue comes from taxes. (See Figure A-3, page 12.) Operating grants and contributions represent 10.27% while only 2.76% relates to charges for services.

The total cost of all programs and services was \$293.2 million; an increase over the previous year of \$13.9 million or 4.98%. Instructional and student services represent 70.77% of these costs. Chapter 41 recapture accounts for \$12.6 million, or 4.30% of the total expenditures. The decrease in the Chapter 41 recapture payment from 2007 to 2008 represents a decrease of \$15.2 million or 54.68%, 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 2008**



## 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 decreased by \$0.0059 per \$100 assessed valuation. Property values increased 10.45%. 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 \$3.6 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	
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
<u>Program Revenues</u>						
Charges for Services	\$5.8	\$5.4	\$2.6	\$2.2	\$8.4	\$7.6
Operating Grants & Contributions	\$31.3	\$27.7	\$0.0	\$0.0	\$31.3	\$27.7
Capital Contributions & Grants	\$5.7	\$2.9	\$0.0	\$0.0	\$5.7	\$2.9
<u>General Revenues</u>						
Property Taxes	\$195.2	\$223.7	\$0.0	\$0.0	\$195.2	\$223.7
State aid - Formula Grants	\$56.5	\$30.2	\$0.0	\$0.0	\$56.5	\$30.2
Grants & Contributions Not Restricted	\$0.1	\$0.1	\$0.0	\$0.0	\$0.1	\$0.1
Investment Earnings	\$7.4	\$11.9	\$0.0	\$0.0	\$7.4	\$11.9
Miscellaneous Local & Intermediate Revenue	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0
<b>Total Revenues</b>	<b>\$302.1</b>	<b>\$301.9</b>	<b>\$2.6</b>	<b>\$2.2</b>	<b>\$304.7</b>	<b>\$304.1</b>
<b>Expenses</b>						
Instruction & Instructional related	\$156.7	\$139.0	\$0.0	\$0.0	\$156.7	\$139.0
Instructional leadership & school leadership	\$17.9	\$17.2	\$0.0	\$0.0	\$17.9	\$17.2
Guidance, social work, health & transportation	\$13.6	\$14.0	\$0.0	\$0.0	\$13.6	\$14.0
Food services	\$12.2	\$10.8	\$0.0	\$0.0	\$12.2	\$10.8
Extracurricular	\$5.4	\$5.0	\$0.0	\$0.0	\$5.4	\$5.0
General administration	\$6.8	\$6.8	\$0.0	\$0.0	\$6.8	\$6.8
Plant maintenance & security	\$25.9	\$23.9	\$0.0	\$0.0	\$25.9	\$23.9
Data processing services	\$5.2	\$4.8	\$0.0	\$0.0	\$5.2	\$4.8
Community services	\$1.1	\$1.3	\$0.0	\$0.0	\$1.1	\$1.3
Debt services	\$19.0	\$18.1	\$0.0	\$0.0	\$19.0	\$18.1
Facilities acquisition & construction	\$4.3	\$4.4	\$0.0	\$0.0	\$4.3	\$4.4
Contracted instructional services between public schools & related costs	\$12.6	\$27.8	\$0.0	\$0.0	\$12.6	\$27.8
Payments to juvenile justice alternative ed programs	\$0.2	\$0.2	\$0.0	\$0.0	\$0.2	\$0.2
Payments to tax increment fund	\$9.0	\$4.4	\$0.0	\$0.0	\$9.0	\$4.4
Other Intergovernmental Charges After the Bell Child Care	\$0.9	\$0.0	\$0.0	\$0.0	\$0.9	\$0.0
	\$0.0	\$0.0	\$2.4	\$1.6	\$2.4	\$1.6
<b>Total Expenses</b>	<b>\$290.8</b>	<b>\$277.7</b>	<b>\$2.4</b>	<b>\$1.6</b>	<b>\$293.2</b>	<b>\$279.3</b>
<b>Increase Before</b>						
<b>Transfers &amp; Other Items</b>	\$11.3	\$24.2	\$0.2	\$0.6	\$11.5	\$24.8
Loss on Asset Disposal	\$0.0	(\$1.0)	\$0.0	\$0.0	\$0.0	(\$1.0)
Transfers	\$0.1	\$0.0	(\$0.1)	\$0.0	\$0.0	\$0.0
<b>Total Transfers &amp; Other Items</b>	<b>\$0.1</b>	<b>(\$1.0)</b>	<b>(\$0.1)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$1.0)</b>
<b>Increase in net assets</b>	<b>\$11.4</b>	<b>\$23.2</b>	<b>\$0.1</b>	<b>\$0.6</b>	<b>\$11.5</b>	<b>\$23.8</b>
<b>Beginning net assets</b>	<b>\$134.4</b>	<b>\$111.2</b>	<b>\$0.6</b>	<b>\$0.0</b>	<b>\$135.0</b>	<b>\$111.2</b>
<b>Ending net assets</b>	<b>\$145.8</b>	<b>\$134.4</b>	<b>\$0.7</b>	<b>\$0.6</b>	<b>\$146.5</b>	<b>\$135.0</b>

# 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 \$293.2 million, an increase of \$13.9 million or 4.98% over the prior year. Some functional categories increased. Most notable, Instructional and Instructional related increased \$17.7 million due to staffing increases and raises. Debt service increased \$0.9 million due to the 2008 bond sale. Food Service increased \$1.4 million; Plant maintenance and security increased \$2.0 million. Other functional categories decreased. The functional category attributed to the wealth equalization (Chapter 41 payment) decreased \$15.2 million (due to the legislative initiated State funding formula changes).
- The amount that our taxpayers paid for these activities through property taxes was \$195.2 million.
- \$8.4 million or 2.76% of the cost was paid by those who directly benefited from the programs.
- Operating grants and contributions totaled \$31.3 million.

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

	Total Cost of			Net Cost of		
	Services		% Change	Services		% Change
	2008	2007		2008	2007	
Instruction	\$145.8	\$127.9	14.00%	\$127.2	\$112.3	13.27%
Instructional Resources & Media Services	\$4.3	\$4.0	7.50%	\$4.0	\$3.8	5.26%
Curriculum & Staff Development	\$6.6	\$7.2	-8.33%	\$4.4	\$4.7	-6.38%
School Leadership	\$15.2	\$14.4	5.56%	\$14.2	\$13.5	5.19%
Food Service	\$12.2	\$10.8	12.96%	\$1.6	\$1.5	6.67%
Plant maintenance and Operations	\$24.2	\$22.3	8.52%	\$23.4	\$21.5	8.84%

## 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 \$302.3 million, an increase of \$.4 million over the preceding year. Property taxes were the largest source of revenue received by the District. The District’s total taxable values increased \$1.4 billion or 10.45%; however, the legislatively required reduction in the General Fund tax rate resulted in a property tax revenue decrease of \$28.5 million or 12.74%. Due to legislative directed State funding formula changes State aid formula grants increased \$26.3 million or 87.09%. Investment earnings decreased \$4.5 million or 37.82%.
- Expenditures for general governmental operations totaled \$353.0 million during fiscal year 2008. The total increase for expenditures was \$20.8 million. Increases are seen in most functional areas. The largest increases were in the following functional categories: Instruction, \$16.3 million; Facilities Acquisition and Construction, \$6.5 million; Debt Service, \$4.4 million; Tax Increment

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund, \$4.6 million. Instruction increased due to the addition of thirty-one new positions. The District implemented a 3.5% raise for teachers, librarians, counselors and nurses as well as a state mandated \$425 increase. In addition to the District raise all employees received an additional \$500 for the state discontinued insurance supplement. Other employees received a 2.75% raise. Raises for all employees raised functional categories with payroll costs. Debt Service increased due to a bond sale but the District was able to avoid a tax rate increase due to appreciation in property values. The largest decreases were in the following functional categories: Chapter 41 (Wealth equalization) decreased \$15.0 million due to legislatively changed state funding formulas; Student Transportation decreased \$1.1 million due to a significant refund from a vendor that operates student transportation; and Curriculum and Instruction Staff Development decreased \$0.6 million.

- In fiscal year 2004 voters approved a bond authorization of \$300.165 million. Bonds totaling \$229.3 million have been issued during the 2004-2008 fiscal years. The \$4.4 million increase in bond principal and interest is a result of the additional debt issued.
- The governmental funds reported a combined fund balance of \$147.3 million, a decrease of \$22.4 million. The combined fund balance was comprised of fund balance decreases in the General Fund of \$2.5 million and in the Debt Service Fund of \$.1 million. The increased payroll costs associated with District pay raises and the addition of staff contributed to the decrease in the General fund balance. Also the downturn in the economy led to a significant decrease in investment earnings that negatively affected fund balances of both the General Fund and Debt Service Fund. The Capital Projects Fund balance also decreased \$12.5 million. The Capital Projects Fund completed several major projects during the 2007-2008 fiscal year while choosing to issue a smaller amount of bonds compared to previous periods. The combination of completed major projects and the initiation of smaller projects contributed to the decrease in the Capital Projects Fund balance. Out of the combined fund balances, \$60.0 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 \$29.1 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 \$8.5 million below final budget amounts. The most significant positive variance resulted from student transportation. The District received a significant refund for previously billed services while the cost of student transportation declined during the fiscal 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 \$1.5 million below the final budget amount. The district has 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 2008, the rate of shrinkage was higher than anticipated. The district budgeted shrinkage at 2.0% based on prior history. The

# MANAGEMENT'S DISCUSSION AND ANALYSIS

actual shrinkage was higher, 2.35%. This resulted in less tax revenue. Investment earnings also were down during the fiscal year, the slowing economy contributed to a decreasing rate of return for the District's deposits and investments.

- Plant Maintenance actual expenditures were \$2.1 million below final budget amounts. The District negotiated a new electricity contract in January, 2005 that resulted in lower utility costs to the district. E-rate discounts lowered the cost of telecommunication to the District.

## Capital Assets and Debt Administration

### Capital Assets

At the end of 2008, the District had invested \$629.2 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 \$50.1 million or 8.65% 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 46-47.

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

	Governmental Activities		Total % Change
	2008	2007	
Land	\$52.3	\$52.3	0.00%
Buildings, building improvements & land improvements	\$509.2	\$466.5	9.15%
Construction in progress	\$48.9	\$44.0	11.14%
Furniture and equipment	\$18.8	\$16.3	15.34%
Totals at historical costs	\$629.2	\$579.1	8.65%
Total accumulated depreciation	(\$224.2)	(\$209.9)	6.81%
Net capital assets	\$405.0	\$369.2	9.70%

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Debt Administration

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

	Governmental		Total % Change
	2008	2007	
Bonds payable	\$411.3	\$406.0	1.31%
Other Long Term Debt payable	\$8.3	\$7.9	5.06%
<b>Sub-Total</b>	<u>\$419.6</u>	<u>\$413.9</u>	1.38%
Less Current Portion	(\$30.6)	(\$27.1)	12.92%
<b>Total due in more than one year</b>	<u><u>\$389.0</u></u>	<u><u>\$386.8</u></u>	0.57%

At year-end the District had \$419.6 million in bonds and notes outstanding. (See Table A-5.) During 2008, the District issued \$30.0 million (par value) in general obligation bonds to finance the construction of several projects. Also, the district issued \$28.5 million (par value) 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 2008, 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 2009 budget preparation are up \$397.5 million or 2.68% from 2008.
- General operating fund spending per student in the 2009 budget increases from \$7,535 to \$7,824 (excluding the Chapter 41 and Tax Increment Financing payments). This is a 3.84% increase.
- The District's refined average daily attendance is 24,420, a slight decrease of 14.0 or 0.06% over 2007.
- The District's attendance rate decreased .10% from 96.00% for 2007 to 95.9% for 2008.

These indicators were taken into account when adopting the general fund budget for 2009. 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 to 88.67% of the 2004-05 Maintenance & Operations tax rate for 2006-

# MANAGEMENT'S DISCUSSION AND ANALYSIS

07 and a reduction to 66.67% for 2007-08. The new legislation reduces local maintenance and operating property tax rates from \$1.50 to \$1.00 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 in previous fiscal years. The increase in property values allowed tax revenues budgeted to increase \$6.7 million more than actual collections for fiscal year 2008. The new legislation provides for State revenue to hold districts harmless for fiscal year 2009 using the best of three options to calculate the hold harmless amount. The District does not anticipate an increase in revenue growth due to limited student growth and the current State formula funding system. State revenue is budgeted at a \$.8 million decrease for fiscal year 2009.

General Fund expenditures are budgeted to rise 8.15% to \$238.6 million over the final 2008 expenditure amounts of \$220.6 million. The District implemented a 4.5% raise for teachers and a 3.5% raise for administrators for fiscal year 2009. Salaries and benefits increased \$8.1 million. Increased contracted services account for \$1.2 million. The Tax Increment Finance Zone increased \$4.2 million. The District's recapture payment increased \$4.8 million due to the higher property values and the restructuring of the state school finance funding formula contained in the new legislation. Due to financial concerns for fiscal year 2009, the District revised the schedule for secondary teachers of non-core classes to teach seven of eight periods. This change allowed a twenty teacher reduction. The District also added eight paraprofessional positions.

If these estimates are realized, the District's budgetary general fund balance is expected to decrease by \$13.4 million by the close of the 2009 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](mailto:halseyb@cfbisd.edu) or the District's Director of Financial Reporting, Scott Roderick, (972) 968- 6116, [rodericks@cfbisd.edu](mailto:rodericks@cfbisd.edu).

## **BASIC FINANCIAL STATEMENTS**



# Carrollton · Farmers Branch

---

Independent School District

••• An Innovative Leader in Learning •••

CARROLLTON-FARMERS BRANCH ISD  
STATEMENT OF NET ASSETS  
AUGUST 31, 2008

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 162,054,269	\$ 801,959	\$ 162,856,228
1220 Property Taxes Receivable (Delinquent)	6,911,730	-	6,911,730
1230 Allowance for Uncollectible Taxes	(4,131,624)	-	(4,131,624)
1240 Due from Other Governments	17,558,454	-	17,558,454
1260 Internal Balances	(9,940)	9,940	-
1290 Other Receivables, net	337,161	8,979	346,140
1300 Inventories	1,299,316	-	1,299,316
1410 Deferred Expenses	147,655	-	147,655
1420 Capitalized Bond and Other Debt Issuance Costs	1,643,760	-	1,643,760
Capital Assets:			
1510 Land	52,335,898	-	52,335,898
1520 Buildings	509,205,966	-	509,205,966
1530 Furniture and Equipment	18,755,719	-	18,755,719
1570 Accumulated Depreciation	(224,191,112)	-	(224,191,112)
1580 Construction in Progress	48,912,156	-	48,912,156
1000 Total Assets	<u>590,829,408</u>	<u>820,878</u>	<u>591,650,286</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	12,293,252	5,805	12,299,057
2140 Interest Payable	1,534,675	-	1,534,675
2150 Payroll Deductions & Withholdings	732,851	-	732,851
2160 Accrued Wages Payable	7,587,032	99,166	7,686,198
2180 Due to Other Governments	883,265	-	883,265
2200 Accrued Expenses	1,778,329	-	1,778,329
2300 Unearned Revenues	552,337	-	552,337
Noncurrent Liabilities			
2501 Due Within One Year	30,577,903	-	30,577,903
2502 Due in More Than One Year	389,045,990	-	389,045,990
2000 Total Liabilities	<u>444,985,634</u>	<u>104,971</u>	<u>445,090,605</u>
<b>NET ASSETS</b>			
3200 Invested in Capital Assets, Net of Related Debt	90,997,624	-	90,997,624
Restricted for:			
3840 Restricted for Food Service	1,461,220	-	1,461,220
3850 Restricted for Debt Service	1,469,401	-	1,469,401
3890 Restricted for Tax Increment Zone	6,579,086	-	6,579,086
3900 Unrestricted Net Assets	45,336,443	715,907	46,052,350
3000 Total Net Assets	<u>\$ 145,843,774</u>	<u>\$ 715,907</u>	<u>\$ 146,559,681</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, 2008

Data Control Codes	1  Expenses	Program Revenues		
		3  Charges for Services	4  Operating Grants and Contributions	5  Capital Grants and Contributions
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 145,823,968	\$ 1,199,431	\$ 17,412,108	\$ -
12 Instructional Resources and Media Services	4,280,482	35,863	228,921	-
13 Curriculum and Instructional Staff Development	6,606,195	11,517	2,203,643	-
21 Instructional Leadership	2,660,336	-	366,452	-
23 School Leadership	15,206,187	74,639	900,839	-
31 Guidance, Counseling and Evaluation Services	9,240,729	93,711	662,697	-
32 Social Work Services	161,566	-	8,637	-
33 Health Services	2,287,597	22	216,802	-
34 Student (Pupil) Transportation	1,866,514	-	-	-
35 Food Services	12,228,579	3,222,640	7,406,640	-
36 Extracurricular Activities	5,366,881	904,564	153,078	-
41 General Administration	6,742,993	-	353,128	-
51 Plant Maintenance and Operations	24,244,624	255,406	562,613	-
52 Security and Monitoring Services	1,700,039	3,040	55,422	-
53 Data Processing Services	5,199,687	-	360,485	-
61 Community Services	1,070,303	1,657	401,984	-
72 Debt Service - Interest on Long Term Debt	18,943,254	-	-	-
73 Debt Service - Bond Issuance Cost and Fees	30,597	-	-	-
81 Facilities Acquisition and Construction	4,319,852	-	4,672	5,726,158
91 Contracted Instructional Services Between Schools	12,636,919	-	-	-
92 Incremental Costs Associated with Chapter 41	12,705	-	-	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	196,409	-	-	-
97 Payments to Tax Increment Fund	9,039,482	-	-	-
99 Other Intergovernmental Charges	936,315	-	-	-
[TG] Total Governmental Activities:	290,802,213	5,802,490	31,298,121	5,726,158
BUSINESS-TYPE ACTIVITIES:				
01 After the Bell	2,418,236	2,684,788	-	-
[TB] Total Business-Type Activities:	2,418,236	2,684,788	-	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 293,220,449	\$ 8,487,278	\$ 31,298,121	\$ 5,726,158

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
FR	Transfers In (Out)
TR	Total General Revenues and Transfers
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
\$ (127,212,429)	\$ -	\$ (127,212,429)
(4,015,698)	-	(4,015,698)
(4,391,035)	-	(4,391,035)
(2,293,884)	-	(2,293,884)
(14,230,709)	-	(14,230,709)
(8,484,321)	-	(8,484,321)
(152,929)	-	(152,929)
(2,070,773)	-	(2,070,773)
(1,866,514)	-	(1,866,514)
(1,599,299)	-	(1,599,299)
(4,309,239)	-	(4,309,239)
(6,389,865)	-	(6,389,865)
(23,426,605)	-	(23,426,605)
(1,641,577)	-	(1,641,577)
(4,839,202)	-	(4,839,202)
(666,662)	-	(666,662)
(18,943,254)	-	(18,943,254)
(30,597)	-	(30,597)
1,410,978	-	1,410,978
(12,636,919)	-	(12,636,919)
(12,705)	-	(12,705)
(196,409)	-	(196,409)
(9,039,482)	-	(9,039,482)
(936,315)	-	(936,315)
(247,975,444)	-	(247,975,444)
-	266,552	266,552
-	266,552	266,552
(247,975,444)	266,552	(247,708,892)
148,626,083	-	148,626,083
46,549,170	-	46,549,170
56,524,499	-	56,524,499
75,485	-	75,485
7,456,490	-	7,456,490
59,554	-	59,554
106,300	(106,300)	-
259,397,581	(106,300)	259,291,281
11,422,137	160,252	11,582,389
134,421,637	555,655	134,977,292
\$ 145,843,774	\$ 715,907	\$ 146,559,681

CARROLLTON-FARMERS BRANCH ISD  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2008

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 56,299,331	\$ 3,371,927	\$ 79,915,132
1220 Property Taxes - Delinquent	5,719,798	1,191,932	-
1230 Allowance for Uncollectible Taxes (Credit)	(3,143,462)	(988,162)	-
1240 Due from Other Governments	16,708,156	-	-
1260 Due from Other Funds	517,388	79,522	130,352
1290 Other Receivables	119,318	-	32,107
1300 Inventories	795,195	-	-
1410 Deferred Expenditures	147,655	-	-
1000 Total Assets	<u>\$ 77,163,379</u>	<u>\$ 3,655,219</u>	<u>\$ 80,077,591</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
2110 Accounts Payable	\$ 1,981,180	\$ -	\$ 8,221,196
2140 Interest Payable - Current	-	281,359	-
2150 Payroll Deductions and Withholdings Payable	732,851	-	-
2160 Accrued Wages Payable	7,413,489	-	-
2170 Due to Other Funds	1,483,490	369,784	15,961
2180 Due to Other Governments	880,909	-	-
2300 Deferred Revenues	2,182,288	141,117	-
2000 Total Liabilities	<u>\$ 14,674,207</u>	<u>\$ 792,260</u>	<u>\$ 8,237,157</u>
Fund Balances:			
Reserved For:			
3410 Investments in Inventory	\$ 795,195	\$ -	\$ -
3420 Retirement of Long Term Debt	-	2,862,959	-
3430 Prepaid Items	147,655	-	-
3440 Outstanding Encumbrances	1,477,505	-	16,645,571
3450 Food Service	-	-	-
3470 Capital Acquisition Program	-	-	55,194,863
3490 Tax Increment Zone	-	-	-
Unreserved and Undesignated:			
3600 Reported in the General Fund	60,068,817	-	-
3610 Reported in Special Revenue Funds	-	-	-
3000 Total Fund Balances	<u>\$ 62,489,172</u>	<u>\$ 2,862,959</u>	<u>\$ 71,840,434</u>
4000 Total Liabilities and Fund Balances	<u>\$ 77,163,379</u>	<u>\$ 3,655,219</u>	<u>\$ 80,077,591</u>

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

Other Funds	Total Governmental Funds
\$ 11,590,075	\$ 151,176,465
-	6,911,730
-	(4,131,624)
850,298	17,558,454
14,377	741,639
9,271	160,696
504,121	1,299,316
-	147,655
<u>\$ 12,968,142</u>	<u>\$ 173,864,331</u>
\$ 2,014,065	\$ 12,216,441
-	281,359
-	732,851
171,829	7,585,318
202,408	2,071,643
2,356	883,265
513,004	2,836,409
<u>\$ 2,903,662</u>	<u>\$ 26,607,286</u>
\$ 504,121	\$ 1,299,316
-	2,862,959
-	147,655
301,135	18,424,211
655,964	655,964
-	55,194,863
6,579,086	6,579,086
-	60,068,817
2,024,174	2,024,174
<u>\$ 10,064,480</u>	<u>\$ 147,257,045</u>
<u>\$ 12,968,142</u>	<u>\$ 173,864,331</u>



# Carrollton · Farmers Branch

---

Independent School District

••• An Innovative Leader in Learning •••

CARROLLTON-FARMERS BRANCH ISD  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET ASSETS  
 AUGUST 31, 2008

<b>Total Fund Balances - Governmental Funds</b>	\$	147,257,045
<b>1</b> The District uses internal service funds to charge the costs of self-insurance 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 net assets.		8,126,101
<b>2</b> Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		629,209,739
<b>3</b> Accumulated depreciation has not been included in the governmental fund financial statements.		(224,191,112)
<b>4</b> Bonds payable and contractual obligations have not been included in the governmental fund financial statements.		(411,303,711)
<b>5</b> Accreted interest for capital appreciation bonds have not been included in the governmental fund financial statements.		(626,933)
<b>6</b> Bond issuance costs reported as an expenditure in the governmental fund financial statements are capitalized in the government-wide financial statements.		1,643,760
<b>7</b> Premium on issuance of debt were not recognized on the balance sheet for governmental funds.		(9,988,889)
<b>8</b> 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.		4,687,018
<b>9</b> Revenue reported as unearned revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.		2,284,072
<b>10</b> 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.		(1,253,316)
<b>19 Net Assets of Governmental Activities</b>	\$	145,843,774

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, 2008

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 153,826,783	\$ 47,080,712	\$ 2,729,256
5800 State Program Revenues	65,624,756	-	-
5900 Federal Program Revenues	193,196	-	-
5020 Total Revenues	<u>219,644,735</u>	<u>47,080,712</u>	<u>2,729,256</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	121,054,616	-	4,397,861
0012 Instructional Resources and Media Services	3,562,641	-	635
0013 Curriculum and Instructional Staff Development	4,294,296	-	-
0021 Instructional Leadership	2,338,347	-	-
0023 School Leadership	14,295,952	-	-
0031 Guidance, Counseling and Evaluation Services	8,768,605	-	-
0032 Social Work Services	160,431	-	-
0033 Health Services	2,121,034	-	-
0034 Student (Pupil) Transportation	1,819,301	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	3,564,265	-	-
0041 General Administration	6,143,262	-	-
0051 Facilities Maintenance and Operations	23,548,099	-	-
0052 Security and Monitoring Services	1,646,289	-	-
0053 Data Processing Services	3,662,881	-	-
0061 Community Services	688,453	-	-
<b>Debt Service:</b>			
0071 Debt Service - Principal on Long Term Debt	-	23,667,961	-
0072 Debt Service - Interest on Long Term Debt	-	23,177,464	-
0073 Debt Service - Bond Issuance Cost and Fees	-	74,019	-
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	85,307	-	40,891,488
<b>Intergovernmental:</b>			
0091 Contracted Instructional Services Between Schools	12,636,919	-	-
0092 Incremental Costs Associated with Chapter 41	12,705	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	196,409	-	-
0097 Payments to Tax Increment Fund	9,039,482	-	-
0099 Other Intergovernmental Charges	936,315	-	-
6030 Total Expenditures	<u>220,575,609</u>	<u>46,919,444</u>	<u>45,289,984</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(930,874)</u>	<u>161,268</u>	<u>(42,560,728)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7911 Capital Related Debt Issued (Regular Bonds)	-	27,435,000	30,000,000
7912 Sale of Real and Personal Property	29,747	-	-
7915 Transfers In	106,300	100,560	-
7916 Premium or Discount on Issuance of Bonds	-	1,097,708	194,579
8911 Transfers Out (Use)	(1,729,635)	-	(100,560)
8949 Payment to Refunded Bond Escrow Agent	-	(28,913,368)	-
7080 Total Other Financing Sources (Uses)	<u>(1,593,588)</u>	<u>(280,100)</u>	<u>30,094,019</u>
1200 Net Change in Fund Balances	<u>(2,524,462)</u>	<u>(118,832)</u>	<u>(12,466,709)</u>
0100 Fund Balance - September 1 (Beginning)	<u>65,013,634</u>	<u>2,981,791</u>	<u>84,307,143</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 62,489,172</u>	<u>\$ 2,862,959</u>	<u>\$ 71,840,434</u>

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

Other Funds	Total Governmental Funds
\$ 11,697,467	\$ 215,334,218
3,893,382	69,518,138
17,285,647	17,478,843
<u>32,876,496</u>	<u>302,331,199</u>
11,554,016	137,006,493
111,344	3,674,620
2,060,222	6,354,518
265,115	2,603,462
231,431	14,527,383
285,909	9,054,514
-	160,431
104,176	2,225,210
-	1,819,301
11,067,175	11,067,175
542,110	4,106,375
113,188	6,256,450
10,197	23,558,296
3,440	1,649,729
247,889	3,910,770
369,386	1,057,839
-	23,667,961
-	23,177,464
-	74,019
13,229,631	54,206,426
-	12,636,919
-	12,705
-	196,409
-	9,039,482
-	936,315
<u>40,195,229</u>	<u>352,980,266</u>
<u>(7,318,733)</u>	<u>(50,649,067)</u>
-	57,435,000
-	29,747
29,635	236,495
-	1,292,287
-	(1,830,195)
-	(28,913,368)
<u>29,635</u>	<u>28,249,966</u>
<u>(7,289,098)</u>	<u>(22,399,101)</u>
<u>17,353,578</u>	<u>169,656,146</u>
<u>\$ 10,064,480</u>	<u>\$ 147,257,045</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, 2008

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ (22,399,101)
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 increase net assets.	374,766
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 2008 capital asset additions is to increase net assets.	50,464,857
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.	(14,617,789)
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.	23,667,961
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.	(57,435,000)
Current year payment to escrow agent for refunded debt are expenditures in the fund financials statements, but are shown as reductions in long-term debt in the government-wide financial statements.	28,913,368
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.	(138,623)
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.	926,019
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 expenditure is reported when due.	3,522,039
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.	137,441

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, 2008

<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>	(1,017,705)
<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>	(349,807)
<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>	(626,289)
<p><b>Change in Net Assets of Governmental Activities</b></p>	<hr style="border: 0.5px solid black;"/> \$ 11,422,137 <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, 2008

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 801,959	\$ 10,877,804
Due from Other Funds	9,940	1,320,064
Other Receivables	8,979	176,465
Total Assets	820,878	12,374,333
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	5,805	76,811
Accrued Wages Payable	99,166	1,714
Accrued Expenses	-	4,169,707
Total Liabilities	104,971	4,248,232
<b>NET ASSETS</b>		
Unrestricted Net Assets	715,907	8,126,101
Total Net Assets	\$ 715,907	\$ 8,126,101

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, 2008

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 2,684,788	\$ 17,168,921
Total Operating Revenues	<u>2,684,788</u>	<u>17,168,921</u>
OPERATING EXPENSES:		
Payroll Costs	2,181,300	236,036
Professional and Contracted Services	9,135	116,774
Supplies and Materials	68,234	2,030
Other Operating Costs	159,567	18,522,708
Total Operating Expenses	<u>2,418,236</u>	<u>18,877,548</u>
Operating Income (Loss)	<u>266,552</u>	<u>(1,708,627)</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	-	383,393
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>383,393</u>
Income Before Transfers	266,552	(1,325,234)
Transfer In	-	1,700,000
Transfers Out	<u>(106,300)</u>	<u>-</u>
Change in Net Assets	160,252	374,766
Total Net Assets - September 1 (Beginning)	<u>555,655</u>	<u>7,751,335</u>
Total Net Assets - August 31 (Ending)	<u>\$ 715,907</u>	<u>\$ 8,126,101</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, 2008

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	\$ 2,690,097	\$ 17,031,716
Cash Payments to Employees for Services	(2,188,865)	(235,638)
Cash Payments for Insurance Claims	-	(18,927,322)
Cash Payments for Suppliers	(73,370)	(2,030)
Cash Payments for Other Operating Expenses	(168,702)	(103,315)
Net Cash Provided by (Used for) Operating Activities	<u>259,160</u>	<u>(2,236,589)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfer In	-	1,700,000
Operating Transfer Out	(106,300)	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(106,300)</u>	<u>1,700,000</u>
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	-	383,393
Net Increase (Decrease) in Cash and Cash Equivalents	152,860	(153,196)
Cash and Cash Equivalents at Beginning of the Year:	649,099	11,031,000
Cash and Cash Equivalents at the End of the Year:	<u>\$ 801,959</u>	<u>\$ 10,877,804</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss):	\$ 266,552	\$ (1,708,627)
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(5,708)	(137,205)
Decrease (increase) in Prepaid Expenses	11,017	-
Increase (decrease) in Accounts Payable	(5,136)	13,459
Increase (decrease) in Accrued Wages Payable	(7,565)	398
Increase (decrease) in Accrued Expenses	-	(404,614)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 259,160</u>	<u>\$ (2,236,589)</u>

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

CARROLLTON-FARMERS BRANCH ISD  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
AUGUST 31, 2008

	Agency Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 275,917
Investments - Current	225,000
Accrued Interest	1,799
Total Assets	<u>\$ 502,716</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 78,886
Due to Student Groups	423,830
Total Liabilities	<u>\$ 502,716</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 2008 fiscal year was based upon, was \$14,847,932,832.

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, 2008 were 99.29% of the tax levy.

The tax rates assessed for the year ended August 31, 2008 to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$1.04 and \$0.327 per \$100 valuation, respectively, for a total of \$1.367 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:

<u>Assets</u>	<u>Years</u>
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**

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

Restricted for Food Service – The component of net assets that reports the difference between assets and liabilities of the Food 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, 2008 that were in the subsequent year’s budget are:

General Fund	\$ 1,477,505
Special Revenue Fund-Food Service	301,135
Capital Projects Fund	<u>16,645,571</u>
Total	<u>\$ 18,424,211</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, 2008 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, 2008, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing saving accounts included in temporary investments) was \$5,551,251 and the bank balance was \$10,132,667. The District's cash deposits at August 31, 2008 and during the year ended August 31, 2008 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 \$65,170,984.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$64,787,546 and occurred during the month of December, 2007.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$300,000.

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

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2008

---

**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, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 162,856,228
Fiduciary funds:	
Cash and investments	<u>500,917</u>
Total cash and investments	<u><u>\$ 163,357,145</u></u>

Cash and investments as August 31, 2008 consist of the following:

Cash on hand	\$ 20,076
Savings and checking accounts	5,326,251
Certificates of deposit	225,000
Texpool	<u>157,785,818</u>
Total cash and investments	<u><u>\$ 163,357,145</u></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, 2008, the District had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
Certificates of deposit	\$ 225,000	67 days
Texpool	<u>157,785,818</u>	42 days
Total	<u><u>\$ 158,010,818</u></u>	

As of August 31, 2008 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	\$ 157,785,818	N/A	AAAm
Total	\$ 157,785,818		

**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, 2008, 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, 2008, 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, 2008

---

**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, 2008 the components of delinquent taxes receivables are as follows:

	General Fund	Debt Service Fund	Total
Delinquent taxes	\$ 3,823,770	\$ 845,338	\$ 4,669,108
Related penalty and interest	1,896,028	346,594	2,242,622
	<u>\$ 5,719,798</u>	<u>\$ 1,191,932</u>	<u>\$ 6,911,730</u>

At August 31, 2008 an allowance for uncollectible taxes is provided for the following:

	General Fund	Debt Service Fund	Total
Personal property	\$ 3,100,134	\$ 974,754	\$ 4,074,888
Real property	43,328	13,408	56,736
	<u>\$ 3,143,462</u>	<u>\$ 988,162</u>	<u>\$ 4,131,624</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, 2008, 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	\$ 16,537,928	\$ 564,142	\$ 17,102,070
Federal Grants	11,423	240,173	251,596
Farmers Branch	47,431	-	47,431
City of Irving	11,374	-	11,374
Dallas County Schools	100,000	-	100,000
University of North Texas	-	45,983	45,983
	<u>\$ 16,708,156</u>	<u>\$ 850,298</u>	<u>\$ 17,558,454</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2008

---

**NOTE 5. OTHER RECEIVABLES**

Other receivables as of August 31, 2008, 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	\$ 6,079	\$ -	\$ 7,741	\$ -	\$ 13,820
Health Insurance Receivable	5,500	-	-	176,465	181,965
Due from Employees	106,547	-	1,351	-	107,898
Other Receivable	1,192	32,107	179	-	33,478
	<u>\$ 119,318</u>	<u>\$ 32,107</u>	<u>\$ 9,271</u>	<u>\$ 176,465</u>	<u>\$ 337,161</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, 2008 consisted of the following individual fund receivables and payables:

	Receivables	Payables
Major Funds:		
General Fund	\$ 517,388	\$ 1,483,490
Debt Service Fund	79,522	369,784
Capital Projects Fund	130,352	15,961
Non-Major Funds:		
Federal Funds	11,515	39,787
State Funds	2,862	134,874
Local Funds	-	27,747
Internal Service Funds	1,320,064	-
Enterprise Fund	9,940	-
Total	<u>\$ 2,071,643</u>	<u>\$ 2,071,643</u>

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

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2008

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - CONTINUED**

Interfund transfers for the year ended August 31, 2008 were as follows:

Transfer In	Transfer Out	Amount	
Debt Service Fund	Capital Project Fund	\$ 100,560	Transfer to complete bond sale transaction
Health Insurance Fund	General Fund	1,700,000	Supplement Health Insurance Fund
Food Service Fund	General Fund	6,716	Transfer for furniture and fixtures
Ralph Ellis Donation Fund	General Fund	22,919	Match requirement for local grant
		<u>\$ 1,830,195</u>	

**NOTE 7. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended August 31, 2008, was as follows:

Governmental Activities:	Primary Government				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Non-depreciable assets					
Land	\$ 52,283,918	\$ 51,980	\$ -	\$ -	\$ 52,335,898
Construction In Progress	44,008,337	46,980,258	-	(42,076,439)	48,912,156
Total Non-depreciable assets	<u>96,292,255</u>	<u>47,032,238</u>	<u>-</u>	<u>(42,076,439)</u>	<u>101,248,054</u>
Depreciable					
Land Improvements	1,108,138	-	-	-	1,108,138
Buildings and Improvements	465,437,983	583,406	-	42,076,439	508,097,828
Furniture and Equipment	16,266,995	2,849,213	(360,489)	-	18,755,719
Total depreciable assets	<u>482,813,116</u>	<u>3,432,619</u>	<u>(360,489)</u>	<u>42,076,439</u>	<u>527,961,685</u>
Less Accumulated Depreciation for:					
Land Improvements	190,885	55,407	-	-	246,292
Buildings and Improvements	198,609,875	12,566,057	-	-	211,175,932
Furniture and Equipment	11,133,052	1,996,325	(360,489)	-	12,768,888
Total Accumulated Depreciation	<u>209,933,812</u>	<u>14,617,789</u>	<u>(360,489)</u>	<u>-</u>	<u>224,191,112</u>
Total Capital Assets, Net	<u>\$ 369,171,559</u>	<u>\$ 35,847,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,018,627</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2008

---

**NOTE 7. CAPITAL ASSET ACTIVITY - CONTINUED**

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Function</u>	<u>Depreciation</u>
Instruction	\$ 7,839,387
Instructional Resources and Media Services	582,801
Curriculum Development and Instructional Staff Development	230,476
Instructional Leadership	43,335
School Leadership	567,904
Guidance, Counseling and Evaluation Services	122,834
Social Work Services	84
Health Services	40,717
Student (Pupil) Transportation	47,200
Food Services	1,058,954
Cocurricular/Extracurricular Activities	1,328,962
General Administration	492,060
Plant Maintenance and Operations	943,687
Security and Monitoring Service	35,700
Data Processing Services	1,283,688
	<hr/>
Total Depreciation Expense	<u>\$ 14,617,789</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2008

**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	\$ 2,164,675	\$ 119,397	\$ -	\$ 2,284,072
Other receipts	17,613	21,720	157,614	196,947
Public Charter Schools	-	-	839	839
Texas Workforce Commission	-	-	42,642	42,642
Spanish language	-	-	3,171	3,171
Advanced Placement Incentives	-	-	3,614	3,614
Technology Allotment	-	-	24,702	24,702
Communities Foundation	-	-	243,989	243,989
City of Coppell	-	-	4,852	4,852
Ralph Ellis Donation	-	-	27,081	27,081
Washington Mutual	-	-	4,500	4,500
	<u>\$ 2,182,288</u>	<u>\$ 141,117</u>	<u>\$ 513,004</u>	<u>\$ 2,836,409</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 2008, the District issued \$57,435,000 (par value) in Unlimited Tax Building and Refunding Bonds to provide \$30,000,000 in construction funds and to advance refund \$28,490,000 (par value) of outstanding bonds. The net proceeds of \$58,547,288 (\$57,435,000 par amount of the bonds plus \$1,292,288 of premium paid on the bonds less \$180,000 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 refunding was undertaken to reduce the District's total debt service payments by approximately \$1,377,101 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$1,199,980.

In prior years, the District has defeased other bond series in advance refunding transactions. On August 31, 2008, \$75,100,000 of defeased bonds remains outstanding.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2008

**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, 2008 are as follows:

Purpose and Lawful Authority	Interest Rate	Amount	Amount Outstanding 09/01/07	Issued	Retired	Amount Outstanding 08/31/08
Unlimited Tax Refunding Bonds, Series 1993	0.00% to 5.38%	21,349,988	89,774	-	66,063	23,711
Unlimited Tax School Building and Refunding Bonds, Series 1998	1.65% to 5.00%	15,299,988	9,904,988	-	7,989,988	1,915,000
Unlimited Tax School Building Bonds, Series 1998	4.30% to 5.88%	64,000,000	25,535,000	-	25,535,000	-
Unlimited Tax School Building Bonds, Series 1999	5.00% to 6.00%	60,000,000	7,375,000	-	2,315,000	5,060,000
Unlimited Tax School Building Bonds, Series 2000	4.63% to 5.50%	74,600,000	19,315,000	-	2,775,000	16,540,000
Unlimited Tax Refunding Bonds, Series 2001	0.00% to 5.25%	83,899,962	78,491,910	-	4,261,910	74,230,000
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	21,450,000	-	-	21,450,000
Unlimited Tax Refunding Bonds, Series 2004	2.00% to 5.00%	54,350,000	47,215,000	-	2,805,000	44,410,000
Unlimited Tax Refunding Bonds, Series 2005	3.00% to 5.00%	54,810,000	50,265,000	-	3,030,000	47,235,000
Unlimited Tax Refunding Bonds, Series 2006	4.125% to 5.00%	41,220,000	39,705,000	-	2,195,000	37,510,000
Unlimited Tax School Building and Refunding Bonds, Series 2007	4.00% to 5.00%	105,775,000	105,775,000	-	1,185,000	104,590,000
Unlimited Tax School Building and Refunding Bonds, Series 2008	3.50% to 5.00%	57,435,000	-	57,435,000	-	57,435,000
			<u>406,026,672</u>	<u>57,435,000</u>	<u>52,157,961</u>	<u>411,303,711</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2008

**NOTE 10. LONG-TERM DEBT - CONTINUED**

Debt service requirement are as follows:

Year Ending August 31	General Obligation Principal	Interest	Total Requirement
2009	28,648,711	19,867,853	48,516,564
2010	27,060,000	17,196,356	44,256,356
2011	26,135,000	15,959,147	42,094,147
2012	25,990,000	14,769,963	40,759,963
2013	25,570,000	13,618,053	39,188,053
2014-2018	131,085,000	49,605,059	180,690,059
2019-2023	75,230,000	24,124,910	99,354,910
2024-2028	45,130,000	11,180,362	56,310,362
2029-2033	26,455,000	2,357,285	28,812,285
	<u>\$ 411,303,711</u>	<u>\$ 168,678,988</u>	<u>\$ 579,982,699</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, 2008.

Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government Activities					
General Obligation Bonds	\$ 406,026,672	\$ 57,435,000	\$ 52,157,961	\$ 411,303,711	\$ 28,648,711
Accreted Interest	4,010,349	138,623	3,522,039	626,933	626,933
Premium on Bonds	8,971,183	1,292,288	274,582	9,988,889	-
Deferred Loss on Refunding	(5,036,825)	-	(349,807)	(4,687,018)	-
Workers' Compensation	-	2,391,378	-	2,391,378	1,302,259
Long-term Liabilities	<u>\$ 413,971,379</u>	<u>\$ 61,257,289</u>	<u>\$ 55,604,775</u>	<u>\$ 419,623,893</u>	<u>\$ 30,577,903</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	\$ 192,202
Indirect Cost Reimbursement	84.186A	994
		<u>\$ 193,196</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2008

**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	\$ 148,056,388	\$ 46,408,054	\$ -	\$ -	\$ 194,464,442
Penalties and Interest	1,048,647	288,453	-	-	1,337,100
Tax Increment Fund	-	-	-	6,018,641	6,018,641
Investment Earnings	3,478,747	384,205	2,729,256	480,889	7,073,097
Insurance Recovery	14,185	-	-	-	14,185
Food Sales	-	-	-	3,222,640	3,222,640
Tuition from Patrons	433,988	-	-	-	433,988
Co-Curricular	385,100	-	-	1,215,318	1,600,418
Rent	241,221	-	-	-	241,221
Gifts and Bequest	75,485	-	-	657,970	733,455
Enterprising	-	-	-	102,009	102,009
Other	93,022	-	-	-	93,022
	<u>\$ 153,826,783</u>	<u>\$ 47,080,712</u>	<u>\$ 2,729,256</u>	<u>\$ 11,697,467</u>	<u>\$ 215,334,218</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 § 21.402, Texas Education Code, and for members who would have been entitled to the minimum salary for certain school personnel under former § 16.056, Texas Education Code, as that section existed on January 1, 1995, the employing district shall pay the state's contribution on the portion of the member's salary that exceeds the statutory minimum or former statutory minimum as applicable. 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](http://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-Age Service Retirement:

If you became a member of TRS prior to September 1, 2007 and maintain your membership until retirement, you will meet the age and service requirements for normal-age service retirement when:

- a) Age 65 with 5 years of service
- b) Any combination of age plus years of service which equals 80 and with at least 5 years of service

If you first became a member of TRS or returned to membership on or after September 1, 2007, you will meet the age and service requirements for normal-age service retirement when:

- a) Age 65 with 5 years of service
- b) Age 60 and any combination of age plus years of service which equals 80 with at least 5 years of service

2) Early-Age Service Retirement Reductions:

If you became a member of TRS prior to September 1, 2007, and you maintain your membership until retirement, you are entitled to early-age service retirement when the total of your age and service credit is less than 80 and one of the following conditions is met:

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

If you became a member of TRS or returned to membership on or after September 1, 2007, you are entitled to early-age service retirement when one of the following conditions is met:

- a) Age 55 with at least 5 years of service
- b) Age and years of service total 80 but age is less than 60
- c) At least 30 years of service but age is less than 60

Members who establish at least five years of membership service credit are eligible to retire at a future date and receive a lifetime monthly annuity.

**NOTE 13. DEFINED BENEFIT PENSION PLAN - CONTINUED**

**Funding Policy**

State law provides for fiscal year 2008 a state contribution of 6.58% and 6.00% for fiscal years 2007 and 2006. State law further provides a member contribution rate of 6.4% for fiscal years 2008, 2007 and 2006. In certain instances the reporting district is required to make all or a portion of the state's 6.58% contribution for fiscal year 2008 and 6.0% for fiscal years 2007 and 2006. 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, 2008, 2007 and 2006 were \$9,691,957, \$9,083,924, and \$8,274,376 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, 2008, 2007 and 2006 were \$8,848,493, \$7,190,625, and \$7,150,238, respectively. The District paid additional state required contributions for the years ended August 31, 2008, 2007 and 2006 in the amount of \$2,336,310, \$1,480,900, and \$1,808,166, 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. SCHOOL DISTRICT RETIREE HEALTH PLAN**

**Plan Description**

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

**Funding Policy**

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set a 0.55% for fiscal years 2008, 2007 and 2006. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For years ended August 31, 2008, 2007, and 2006, the State's contributions to TRS-Care were \$1,514,368, \$1,419,363, and \$1,292,871, respectively, the active member contributions were \$984,339, \$922,586, and \$840,366, respectively, and the school district's contributions were \$832,903, \$780,650, and \$711,079, respectively, which equaled the required contributions each year.

**NOTE 14. SCHOOL DISTRICT RETIREE HEALTH PLAN-CONTINUED**

**Medicare Part D – On-Behalf Payments**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf of \$346,476 recognized for the year ended August 31, 2008 as equal revenues and expenditures.

**NOTE 15. 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, 2008, 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 aggregate stop-loss coverage for the month of August was \$1,673,331. Latest financial statements for Fidelity Security Life Insurance Co. are available for the year ended December 31, 2007, 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.

**NOTE 15. RISK MANAGEMENT-CONTINUED**

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 (\$1,778,329 and \$2,391,378, respectively) include incurred but not reported claims. These liabilities reported in the Funds at August 31, 2008 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 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 2008 and 2007 were:

Self-Insurance Liability	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2007- medical	\$ 2,748,717	\$ 14,503,350	\$ 14,021,867	\$ 2,267,234
2008- medical	\$ 2,267,234	\$ 15,960,492	\$ 15,471,587	\$ 1,778,329
2007-workers' compensation	\$ 2,125,520	\$ 1,246,909	\$ 1,428,476	\$ 2,307,087
2008-workers' compensation	\$ 2,307,087	\$ 1,320,347	\$ 1,404,638	\$ 2,391,378

**NOTE 16. 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, 2008 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.

**NOTE 16. COMMITMENTS AND CONTINGENCIES-CONTINUED**

**Future Construction**

The funds in the Capital Projects Fund will be used for future school construction and renovation. Commitments on outstanding construction contracts for future school and renovations totaled approximately \$17 million at August 31, 2008.

**Arbitrage Rebate Liability**

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. Arbitrage liability for tax-exempt debt subject to the Tax Reform Act issued through August 31, 2008, amounted to \$582,364. The estimated liability is updated annually for any tax-exempt issuances or changes in yields until such time payment of the calculated liability is due.

**NOTE 17. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION**

The Texas Education Agency requires the budgets for certain Governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in one functional category in the Food Service Fund for the year ended August 31, 2008.

**NOTE 18. SUBSEQUENT EVENT**

Effective on January 1, 2009, the District will convert to fully insured plans from self funded medical and dental indemnity insurance plans. The medical insurance plans are offered by the State of Texas through TRS-ActiveCare and both network and indemnity dental benefits are through United Healthcare and QCD of America. The election to convert to the TRS-ActiveCare plan is irrevocable. Management of the District determined that in light of the increasing costs of health care claims, it would be more cost effective to convert to TRS-ActiveCare.

**REQUIRED SUPPLEMENTARY INFORMATION**



# Carrollton · Farmers Branch

---

Independent School District

••• An Innovative Leader in Learning •••

CARROLLTON-FARMERS BRANCH ISD  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2008

EXHIBIT G-1

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 158,655,463	\$ 156,987,250	\$ 153,826,783	\$ (3,160,467)
5800	State Program Revenues	58,056,717	63,845,922	65,624,756	1,778,834
5900	Federal Program Revenues	360,000	360,000	193,196	(166,804)
5020	Total Revenues	217,072,180	221,193,172	219,644,735	(1,548,437)
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	116,411,142	121,924,740	121,054,616	870,124
0012	Instructional Resources and Media Services	3,456,365	3,711,106	3,562,641	148,465
0013	Curriculum and Instructional Staff Development	5,091,107	4,474,215	4,294,296	179,919
0021	Instructional Leadership	3,290,250	2,506,960	2,338,347	168,613
0023	School Leadership	14,147,393	14,404,621	14,295,952	108,669
0031	Guidance, Counseling and Evaluation Services	9,344,791	8,964,465	8,768,605	195,860
0032	Social Work Services	151,101	169,885	160,431	9,454
0033	Health Services	2,131,474	2,144,350	2,121,034	23,316
0034	Student (Pupil) Transportation	4,267,308	4,684,057	1,819,301	2,864,756
0036	Extracurricular Activities	4,370,907	4,546,872	3,564,265	982,607
0041	General Administration	7,347,244	6,604,840	6,143,262	461,578
0051	Facilities Maintenance and Operations	23,892,367	25,629,249	23,548,099	2,081,150
0052	Security and Monitoring Services	1,676,269	1,788,227	1,646,289	141,938
0053	Data Processing Services	3,594,480	3,812,281	3,662,881	149,400
0061	Community Services	736,899	731,716	688,453	43,263
Capital Outlay:					
0081	Facilities Acquisition and Construction	86,318	86,660	85,307	1,353
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	14,431,490	12,639,072	12,636,919	2,153
0092	Incremental Costs Associated with Chapter 41	58,700	13,850	12,705	1,145
0095	Payments to Juvenile Justice Alternative Ed. Prg.	214,001	214,001	196,409	17,592
0097	Payments to Tax Increment Fund	8,864,000	9,039,500	9,039,482	18
0099	Other Intergovernmental Charges	-	959,488	936,315	23,173
6030	Total Expenditures	223,563,606	229,050,155	220,575,609	8,474,546
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,491,426)	(7,856,983)	(930,874)	6,926,109
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	Sale of Real and Personal Property	-	30,000	29,747	(253)
7915	Transfers In	500,000	500,000	106,300	(393,700)
8911	Transfers Out (Use)	-	(1,756,716)	(1,729,635)	27,081
7080	Total Other Financing Sources (Uses)	500,000	(1,226,716)	(1,593,588)	(366,872)
1200	Net Change in Fund Balances	(5,991,426)	(9,083,699)	(2,524,462)	6,559,237
0100	Fund Balance - September 1 (Beginning)	65,013,634	65,013,634	65,013,634	-
3000	Fund Balance - August 31 (Ending)	\$ 59,022,208	\$ 55,929,935	\$ 62,489,172	\$ 6,559,237

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED AUGUST 31, 2008

---

**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:

Function	Increase (Decrease)
Instruction	\$ 5,513,598
Instructional Leadership	(783,290)
General Administration	(742,404)
Plant Maintenance and Operations	1,736,882
Contracted Instructional Services	(1,792,418)
Other Intergovernmental Charges	959,488

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

••• An Innovative Leader in Learning •••

**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

••• An Innovative Leader in Learning •••

CARROLLTON-FARMERS BRANCH ISD  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2008

Data Control Codes	289 Federal Special Revenue Funds	429 State Special Revenue Funds	499 Local Special Revenue Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
1110	\$ 1,659,225	\$ 517,700	\$ 9,413,150	\$ 11,590,075
1240	234,189	616,109	-	850,298
1260	11,515	2,862	-	14,377
1290	1,606	1,530	6,135	9,271
1300	504,121	-	-	504,121
1000	<u>\$ 2,410,656</u>	<u>\$ 1,138,201</u>	<u>\$ 9,419,285</u>	<u>\$ 12,968,142</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2110	\$ 531,318	\$ 122,814	\$ 1,359,933	\$ 2,014,065
2160	171,829	-	-	171,829
2170	39,787	134,874	27,747	202,408
2180	2,236	120	-	2,356
2300	204,266	28,316	280,422	513,004
2000	<u>949,436</u>	<u>286,124</u>	<u>1,668,102</u>	<u>2,903,662</u>
Fund Balances:				
Reserved For:				
3410	504,121	-	-	504,121
3440	301,135	-	-	301,135
3450	655,964	-	-	655,964
3490	-	-	6,579,086	6,579,086
Unreserved and Undesignated:				
3610	-	852,077	1,172,097	2,024,174
3000	<u>1,461,220</u>	<u>852,077</u>	<u>7,751,183</u>	<u>10,064,480</u>
4000	<u>\$ 2,410,656</u>	<u>\$ 1,138,201</u>	<u>\$ 9,419,285</u>	<u>\$ 12,968,142</u>

CARROLLTON-FARMERS BRANCH ISD  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes	289 Federal Special Revenue Funds	429 State Special Revenue Funds	499 Local Special Revenue Funds	Total Nonmajor Governmental Funds	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 3,278,092	\$ 45,983	\$ 8,373,392	\$ 11,697,467
5800	State Program Revenues	79,522	3,813,860	-	3,893,382
5900	Federal Program Revenues	17,285,647	-	-	17,285,647
5020	Total Revenues	<u>20,643,261</u>	<u>3,859,843</u>	<u>8,373,392</u>	<u>32,876,496</u>
EXPENDITURES:					
Current:					
0011	Instruction	7,389,120	2,791,528	1,373,368	11,554,016
0012	Instructional Resources and Media Services	59,699	154	51,491	111,344
0013	Curriculum and Instructional Staff Development	1,404,770	604,028	51,424	2,060,222
0021	Instructional Leadership	245,333	19,782	-	265,115
0023	School Leadership	68,622	88,207	74,602	231,431
0031	Guidance, Counseling and Evaluation Services	207,129	292	78,488	285,909
0033	Health Services	99,451	4,703	22	104,176
0035	Food Services	11,067,175	-	-	11,067,175
0036	Extracurricular Activities	8,887	7,383	525,840	542,110
0041	General Administration	113,188	-	-	113,188
0051	Facilities Maintenance and Operations	-	-	10,197	10,197
0052	Security and Monitoring Services	400	-	3,040	3,440
0053	Data Processing Services	31,569	184,262	32,058	247,889
0061	Community Services	330,361	37,368	1,657	369,386
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	13,229,631	13,229,631
6030	Total Expenditures	<u>21,025,704</u>	<u>3,737,707</u>	<u>15,431,818</u>	<u>40,195,229</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(382,443)</u>	<u>122,136</u>	<u>(7,058,426)</u>	<u>(7,318,733)</u>
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	6,716	-	22,919	29,635
7080	Total Other Financing Sources (Uses)	<u>6,716</u>	<u>-</u>	<u>22,919</u>	<u>29,635</u>
1200	Net Change in Fund Balance	(375,727)	122,136	(7,035,507)	(7,289,098)
0100	Fund Balance - September 1 (Beginning)	<u>1,836,947</u>	<u>729,941</u>	<u>14,786,690</u>	<u>17,353,578</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 1,461,220</u>	<u>\$ 852,077</u>	<u>\$ 7,751,183</u>	<u>\$ 10,064,480</u>

## **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

••• An Innovative Leader in Learning •••

CARROLLTON-FARMERS BRANCH ISD  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 AUGUST 31, 2008

	753 Health Insurance Fund	773 Workers Compensation Fund	Total Internal Service Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 739,529	\$ 10,138,275	\$ 10,877,804
Due from Other Funds	1,320,064	-	1,320,064
Other Receivables	176,465	-	176,465
Total Assets	<u>2,236,058</u>	<u>10,138,275</u>	<u>12,374,333</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	76,811	-	76,811
Accrued Wages Payable	990	724	1,714
Accrued Expenses	1,778,329	2,391,378	4,169,707
Total Liabilities	<u>1,856,130</u>	<u>2,392,102</u>	<u>4,248,232</u>
<b>NET ASSETS</b>			
Unrestricted Net Assets	<u>379,928</u>	<u>7,746,173</u>	<u>8,126,101</u>
Total Net Assets	<u>\$ 379,928</u>	<u>\$ 7,746,173</u>	<u>\$ 8,126,101</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, 2008

	753 Health Insurance Fund	773 Workers Compensation Fund	Total Internal Service Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 15,787,108	\$ 1,381,813	\$ 17,168,921
Total Operating Revenues	<u>15,787,108</u>	<u>1,381,813</u>	<u>17,168,921</u>
OPERATING EXPENSES:			
Payroll Costs	152,091	83,945	236,036
Professional and Contracted Services	89,505	27,269	116,774
Supplies and Materials	1,714	316	2,030
Other Operating Costs	17,032,985	1,489,723	18,522,708
Total Operating Expenses	<u>17,276,295</u>	<u>1,601,253</u>	<u>18,877,548</u>
Operating Income (Loss)	<u>(1,489,187)</u>	<u>(219,440)</u>	<u>(1,708,627)</u>
NONOPERATING REVENUES (EXPENSES):			
Earnings from Temporary Deposits & Investments	39,533	343,860	383,393
Total Nonoperating Revenues (Expenses)	<u>39,533</u>	<u>343,860</u>	<u>383,393</u>
Income (Loss) Before Transfers	(1,449,654)	124,420	(1,325,234)
Transfer In	1,700,000	-	1,700,000
Change in Net Assets	250,346	124,420	374,766
Total Net Assets - September 1 (Beginning)	<u>129,582</u>	<u>7,621,753</u>	<u>7,751,335</u>
Total Net Assets - August 31 (Ending)	<u>\$ 379,928</u>	<u>\$ 7,746,173</u>	<u>\$ 8,126,101</u>

CARROLLTON-FARMERS BRANCH ISD  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2008

	753 Health Insurance Fund	773 Workers Compensation Fund	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 15,649,903	\$ 1,381,813	\$ 17,031,716
Cash Payments to Employees for Services	(152,005)	(83,633)	(235,638)
Cash Payments for Insurance Claims	(17,521,890)	(1,405,432)	(18,927,322)
Cash Payments for Suppliers	(1,714)	(316)	(2,030)
Cash Payments for Other Operating Expenses	(76,046)	(27,269)	(103,315)
Net Cash Used For Operating Activities	<u>(2,101,752)</u>	<u>(134,837)</u>	<u>(2,236,589)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Operating Transfer In	1,700,000	-	1,700,000
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	39,533	343,860	383,393
Net Increase (Decrease) in Cash and Cash Equivalents	(362,219)	209,023	(153,196)
Cash and Cash Equivalents at Beginning of the Year:	<u>1,101,748</u>	<u>9,929,252</u>	<u>11,031,000</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 739,529</u>	<u>\$ 10,138,275</u>	<u>\$ 10,877,804</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Operating Income (Loss):	\$ (1,489,187)	\$ (219,440)	\$ (1,708,627)
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Receivables	(137,205)	-	(137,205)
Increase (decrease) in Accounts Payable	13,459	-	13,459
Increase (decrease) in Accrued Wages Payable	86	312	398
Increase (decrease) in Accrued Expenses	(488,905)	84,291	(404,614)
Net Cash Used for Operating Activities	<u>\$ (2,101,752)</u>	<u>\$ (134,837)</u>	<u>\$ (2,236,589)</u>



# Carrollton · Farmers Branch

---

Independent School District

••• An Innovative Leader in Learning •••

**AGENCY FUND**

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



# Carrollton · Farmers Branch

---

Independent School District

••• An Innovative Leader in Learning •••

CARROLLTON-FARMERS BRANCH ISD  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED AUGUST 31, 2008

	BALANCE SEPTEMBER 1 2007	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2008
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 264,623	\$ 2,292,404	\$ 2,281,110	\$ 275,917
Investments - Current	225,000	450,000	450,000	225,000
Accrued Interest	3,768	1,799	3,768	1,799
Total Assets	<u>\$ 493,391</u>	<u>\$ 2,744,203</u>	<u>\$ 2,734,878</u>	<u>\$ 502,716</u>
Liabilities:				
Accounts Payable	\$ 24,954	\$ 242,326	\$ 188,394	\$ 78,886
Due to Student Groups	468,437	1,760,234	1,804,841	423,830
Total Liabilities	<u>\$ 493,391</u>	<u>\$ 2,002,560</u>	<u>\$ 1,993,235</u>	<u>\$ 502,716</u>
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 264,623	\$ 2,292,404	\$ 2,281,110	\$ 275,917
Investments - Current	225,000	450,000	450,000	225,000
Accrued Interest	3,768	1,799	3,768	1,799
Total Assets	<u>\$ 493,391</u>	<u>\$ 2,744,203</u>	<u>\$ 2,734,878</u>	<u>\$ 502,716</u>
Liabilities:				
Accounts Payable	\$ 24,954	\$ 242,326	\$ 188,394	\$ 78,886
Due to Student Groups	468,437	1,760,234	1,804,841	423,830
Total Liabilities	<u>\$ 493,391</u>	<u>\$ 2,002,560</u>	<u>\$ 1,993,235</u>	<u>\$ 502,716</u>



# Carrollton · Farmers Branch

---

Independent School District

••• An Innovative Leader in Learning •••

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



# Carrollton · Farmers Branch

---

Independent School District

••• An Innovative Leader in Learning •••

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE BY SOURCE (1)  
 AUGUST 31, 2008

EXHIBIT I-1

<b>CAPITAL ASSETS:</b>	
Land	\$ 52,335,898
Land Improvements	1,108,138
Building and improvements	508,097,828
Furniture and equipment	18,755,719
Construction in progress	<u>48,912,156</u>
<b>TOTAL</b>	<u><u>\$ 629,209,739</u></u>

<b>INVESTMENTS IN CAPITAL ASSETS:</b>	
Investment in property from unidentified sources, other than federal <sup>(2)</sup>	\$ 22,060,233
Investment in property from identified sources,	
From capital projects fund	550,696,695
From general fund	35,858,061
From special revenue funds	18,355,147
From others-gifts and donations	<u>2,239,603</u>
<b>TOTAL</b>	<u><u>\$ 629,209,739</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, 2008

EXHIBIT I-2

	CAPITAL ASSETS SEPTEMBER 1, 2007	ADDITIONS AND TRANSFERS	DEDUCTIONS	CAPITAL ASSETS AUGUST 31, 2008
<b>SENIOR HIGH SCHOOLS:</b>				
LAND	\$ 12,158,084	\$ -	\$ -	\$ 12,158,084
BUILDINGS	190,446,171	8,970,293	-	199,416,464
EQUIPMENT & OTHER	3,540,427	266,583	(88,267)	3,718,743
	<u>206,144,682</u>	<u>9,236,876</u>	<u>(88,267)</u>	<u>215,293,291</u>
<b>MIDDLE SCHOOLS:</b>				
LAND	7,468,573	10,000	-	7,478,573
BUILDINGS	88,609,039	6,079,139	-	94,688,178
EQUIPMENT & OTHER	1,310,460	12,648	(69,310)	1,253,798
	<u>97,388,072</u>	<u>6,101,787</u>	<u>(69,310)</u>	<u>103,420,549</u>
<b>ELEMENTARY SCHOOLS:</b>				
LAND	18,563,086	-	-	18,563,086
BUILDINGS	167,733,102	6,469,149	-	174,202,251
EQUIPMENT & OTHER	2,414,315	1,735,307	(31,645)	4,117,977
	<u>188,710,503</u>	<u>8,204,456</u>	<u>(31,645)</u>	<u>196,883,314</u>
<b>ADMINISTRATION:</b>				
LAND	225,853	-	-	225,853
BUILDINGS	3,738,679	-	-	3,738,679
EQUIPMENT & OTHER	678,819	62,144	-	740,963
VEHICLE	-	-	-	-
	<u>4,643,351</u>	<u>62,144</u>	<u>-</u>	<u>4,705,495</u>
<b>SERVICE CTR./MAINTENANCE:</b>				
LAND	1,145,649	41,980	-	1,187,629
BUILDINGS	5,226,296	484,475	-	5,710,771
EQUIPMENT & OTHER	1,266,487	153,249	(5,610)	1,414,126
VEHICLES	2,871,534	275,843	(86,135)	3,061,242
	<u>10,509,966</u>	<u>955,547</u>	<u>(91,745)</u>	<u>11,373,768</u>
<b>INSTRUCTIONAL FACILITIES:</b>				
LAND	6,052,624	218,550	-	6,271,174
BUILDINGS	44,400,470	7,389,393	-	51,789,863
EQUIPMENT & OTHER	4,107,232	312,813	(79,522)	4,340,523
	<u>54,560,326</u>	<u>7,920,756</u>	<u>(79,522)</u>	<u>62,401,560</u>
<b>FUTURE SITES:</b>				
LAND	7,778,187	81,450	-	7,859,637
BUILDINGS	9,292,563	17,871,215	-	27,163,778
EQUIPMENT & OTHER	77,721	30,626	-	108,347
	<u>17,148,471</u>	<u>17,983,291</u>	<u>-</u>	<u>35,131,762</u>
<b>TOTAL</b>	<u>\$ 579,105,371</u>	<u>\$ 50,464,857</u>	<u>\$ (360,489)</u>	<u>\$ 629,209,739</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, 2008

EXHIBIT I-3

	LAND AND IMPROVEMENTS	BUILDING AND IMPROVEMENTS	EQUIPMENT AND OTHER	TOTAL
<b>SENIOR HIGH SCHOOLS:</b>				
CREEKVIEW	\$ 3,278,010	\$ 47,049,459	\$ 856,747	\$ 51,184,216
MARY GRIMES	10,800	2,439,588	129,022	2,579,410
RANCHVIEW	6,030,302	33,209,350	622,790	39,862,442
NEWMAN SMITH	1,288,406	58,198,938	1,038,759	60,526,103
R. L. TURNER	1,550,566	58,519,129	1,071,425	61,141,120
	<u>12,158,084</u>	<u>199,416,464</u>	<u>3,718,743</u>	<u>215,293,291</u>
<b>MIDDLE SCHOOLS:</b>				
CHARLES M. BLALACK	1,399,235	18,640,248	235,543	20,275,026
BARBARA BUSH	1,221,903	13,072,167	174,372	14,468,442
VIVIAN FIELD	1,234,858	18,522,745	273,918	20,031,521
DAN F. LONG	906,640	16,810,507	217,883	17,935,030
DEWITT PERRY	927,079	14,895,456	234,394	16,056,929
TED POLK	1,788,858	12,747,055	117,688	14,653,601
	<u>7,478,573</u>	<u>94,688,178</u>	<u>1,253,798</u>	<u>103,420,549</u>
<b>ELEMENTARY SCHOOLS:</b>				
BLAIR INTER.	861,905	9,038,337	167,728	10,067,970
BLANTON	113,695	11,513,362	102,851	11,729,908
CARROLLTON	71,610	7,530,634	171,240	7,773,484
CENTRAL	205,130	9,476,679	183,490	9,865,299
COUNTRY PLACE	100,185	7,684,161	169,606	7,953,952
DAVIS	117,767	8,180,041	257,957	8,555,765
FARMERS BRANCH	86,735	5,229,257	193,422	5,509,414
FREEMAN	1,153,548	7,592,859	51,718	8,798,125
FURNEAUX	291,153	6,414,453	163,802	6,869,408
GOOD	529,248	3,639,703	188,260	4,357,211
KENT	1,869,324	5,994,445	211,035	8,074,804
LANDRY	667,025	6,743,937	153,491	7,564,453
LAS COLINAS	2,188,167	6,360,180	156,632	8,704,979
MC COY	69,653	3,022,414	203,189	3,295,256
MC KAMY	2,160,486	5,502,423	143,393	7,806,302
MC LAUGHLIN	271,783	6,966,316	244,522	7,482,621
MC WHORTER	1,803,762	9,589,814	219,109	11,612,685
MONTGOMERY	97,182	3,666,667	69,329	3,833,178
RAINWATER	808,066	6,322,797	153,479	7,284,342
RIVERCHASE	900,925	9,463,397	219,315	10,583,637
ROSEMEADE	491,406	2,998,461	133,540	3,623,407
SHEFFIELD INTER.	1,849,645	4,172,084	129,145	6,150,874
SHEFFIELD PRIMARY	1,136,526	6,502,891	151,622	7,791,039
STARK	215,925	10,810,028	135,179	11,161,132
THOMPSON	202,235	9,786,911	144,923	10,134,069
	<u>18,263,086</u>	<u>174,202,251</u>	<u>4,117,977</u>	<u>196,583,314</u>
<b>ADMINISTRATION:</b>	<u>225,853</u>	<u>3,738,679</u>	<u>740,963</u>	<u>4,705,495</u>
<b>SERVICE CTR. / MAINTENANCE:</b>	<u>1,187,629</u>	<u>5,710,771</u>	<u>4,475,368</u>	<u>11,373,768</u>
<b>INSTRUCTIONAL FACILITY:</b>				
AG BARN / OUTDOOR LEARNING CTR.	215,149	217,487	-	432,636
BEA SALAZAR (A. E. P.)	280,309	2,311,213	81,769	2,673,291
COMMUNITY LEARNING CTR./PRE-K	1,368,480	11,379,290	87,731	12,835,501
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	203,455	528,593
STANDRIDGE STADIUM / NATATORIUM	2,345,786	13,228,064	744,383	16,318,233
TECHNOLOGY LEARNING CENTER	608,835	16,464,742	3,138,257	20,211,834
	<u>6,271,174</u>	<u>51,789,863</u>	<u>4,340,523</u>	<u>62,401,560</u>
<b>FUTURE SITES:</b>				
FUTURE STADIUM	5,600,499	-	-	5,600,499
LA VILLITA ELEM.	1,959,138	15,283,208	6,500	17,248,846
STRICKLAND INTER.	300,000	12,180,570	101,847	12,582,417
	<u>7,859,637</u>	<u>27,463,778</u>	<u>108,347</u>	<u>35,431,762</u>
<b>TOTAL</b>	<u>\$ 53,444,036</u>	<u>\$ 557,009,984</u>	<u>\$ 18,755,719</u>	<u>\$ 629,209,739</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

••• An Innovative Leader in Learning •••

**REQUIRED T.E.A. SCHEDULES**

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2008

---

Last Ten Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Net Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
1999 & Prior	Various	Various	Various
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	1.3501	0.3329	13,443,649,465
2008 (Current year under Audit)	1.0400	0.3270	14,847,932,832

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 09/01/07	(20) Current Year's Total Levy	(31) Maintenance Total Collections	(32) Debt Service Total Collections	(40) Entire Year's Adjustment	(50) Ending Balance 08/31/08
240,983	-	694	72	(1,076)	239,141
53,670	-	1,765	222	(1,399)	50,284
105,938	-	1,798	256	(10,740)	93,144
641,445	-	20,783	3,106	(437,217)	180,339
427,847	-	11,593	1,719	(138,667)	275,868
542,220	-	78,005	12,262	7,547	459,500
778,125	-	227,190	42,772	11,097	519,260
949,807	-	(44,473)	(9,663)	(330,707)	673,236
2,079,994	-	201,414	49,664	(1,077,084)	751,832
-	197,288,793	147,363,575	46,334,522	(2,198,354)	1,392,342
<u>\$ 5,820,029</u>	<u>\$ 197,288,793</u>	<u>\$ 147,862,344</u>	<u>\$ 46,434,932</u>	<u>\$ (4,176,600)</u>	<u>4,634,946</u>
					34,162
					<u>2,242,622</u>
					<u>\$ 6,911,730</u>
		<u>\$ 9,039,482</u>			

CARROLLTON-FARMERS BRANCH ISD  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2009-2010  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2008

**FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST**

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	\$ -	\$ 134,386	\$ 462,544	\$ 3,534,560	\$ 293,656	\$ -	\$ 4,425,146
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	431,608	-	-	-	-	-	431,608
6212	Audit Services	-	-	-	56,400	-	-	56,400
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	913,940	-	-	-	-	913,940
621X	Other Professional Services	889	-	-	57,516	10,095	-	68,500
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	52,062	-	-	52,062
6240	Contr. Maint. and Repair	-	-	-	-	68,804	-	68,804
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	3,126	-	29,323	3,576	-	36,025
6290	Miscellaneous Contr.	6,784	12,067	-	458,026	70,678	-	547,555
6320	Textbooks and Reading	2,885	-	720	6,286	1,726	-	11,617
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	3,540	12,564	4,990	124,606	36,888	-	182,588
6410	Travel, Subsistence, Stipends	16,893	3,120	23,975	86,430	8,126	-	138,544
6420	Ins. and Bonding Costs	-	7,500	-	125,306	-	-	132,806
6430	Election Costs	-	-	-	-	-	-	-
6490	Miscellaneous Operating	43,886	5,487	35,126	43,647	14,221	-	142,367
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	37,026	37,026
6000	<b>TOTAL</b>	<b>\$ 506,485</b>	<b>\$ 1,092,190</b>	<b>\$ 527,355</b>	<b>\$ 4,574,162</b>	<b>\$ 507,770</b>	<b>\$ 37,026</b>	<b>\$ 7,244,988</b>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 260,770,838

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 13,371,012
Total Debt & Lease(6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	23,115,268
Food (Function 35, 6341 and 6499)	(13)	3,469,297
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		4,574,162

SubTotal:

44,529,739

Net Allowed Direct Cost

\$ 216,241,099

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 508,097,828
Historical Cost of Building over 50 years old	(16)	\$ 28,510,359
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ 15,492,405
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 18,755,719
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 1,094,172
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 903,513

(8) NOTE A: \$74,598 in Function 53 expenditures are included in this report on administrative costs.

\$913,940 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

CARROLLTON-FARMERS BRANCH ISD  
 FUNDBALANCE AND CASH FLOW CALCULATION WORKSHEET  
 GENERAL FUND AS OF AUGUST 31, 2008

**UNAUDITED**

1	Total General Fund Balance as of 8/31/08 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 62,489,172
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 2,420,355	
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.)	52,008,962	
5	Estimate of one month's average cash disbursements during the regular school session (9/1/08-5/31/09).	23,115,094	
6	Estimate of delayed payments from state sources (58xx) including August payment delays	6,897,851	
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>84,442,262</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)		<u>\$ (21,953,090)</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, 2008

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	\$ 2,884,361	\$ 2,835,361	\$ 3,278,092	\$ 442,731
5800 State Program Revenues	80,000	80,000	79,522	(478)
5900 Federal Program Revenues	6,626,597	7,030,480	7,327,118	296,638
5020 Total Revenues	9,590,958	9,945,841	10,684,732	738,891
EXPENDITURES:				
0035 Food Services	9,590,958	11,039,599	11,067,175	(27,576)
6030 Total Expenditures	9,590,958	11,039,599	11,067,175	(27,576)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,093,758)	(382,443)	711,315
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	6,716	6,716	-
7080 Total Other Financing Sources (Uses)	-	6,716	6,716	-
1200 Net Change in Fund Balances	-	(1,087,042)	(375,727)	711,315
0100 Fund Balance - September 1 (Beginning)	1,836,947	1,836,947	1,836,947	-
3000 Fund Balance - August 31 (Ending)	\$ 1,836,947	\$ 749,905	\$ 1,461,220	\$ 711,315

**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, 2008

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	\$ 48,081,496	\$ 47,966,496	\$ 47,080,712	\$ (885,784)
5020 Total Revenues	48,081,496	47,966,496	47,080,712	(885,784)
EXPENDITURES:				
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	23,667,961	23,667,961	23,667,961	-
0072 Debt Service - Interest on Long Term Debt	24,407,535	23,177,465	23,177,464	1
0073 Debt Service - Bond Issuance Cost and Fees	6,000	91,981	74,019	17,962
6030 Total Expenditures	48,081,496	46,937,407	46,919,444	17,963
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	1,029,089	161,268	(867,821)
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	27,435,000	27,435,000	-
7915 Transfers In	-	100,560	100,560	-
7916 Premium or Discount on Issuance of Bonds	-	1,097,708	1,097,708	-
8949 Payment to Refunded Bond Escrow Agent	-	(28,913,368)	(28,913,368)	-
7080 Total Other Financing Sources (Uses)	-	(280,100)	(280,100)	-
1200 Net Change in Fund Balances	-	748,989	(118,832)	(867,821)
0100 Fund Balance - September 1 (Beginning)	2,981,791	2,981,791	2,981,791	-
3000 Fund Balance - August 31 (Ending)	\$ 2,981,791	\$ 3,730,780	\$ 2,862,959	\$ (867,821)

## 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.

<b>Contents</b>	<b>Page</b>
Financial Trends	
These schedules contain trend information to help understand how the government's financial performance and well-being have changed over time.	92
Revenue Capacity	
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	107
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.	112
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.	119
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.	121

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  
NET ASSETS BY COMPONENT  
LAST SEVEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING, UNAUDITED)  
(AMOUNTS IN THOUSANDS)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 90,998	\$ 70,518	\$ 57,950	\$ 46,317
Restricted for				
Federal and state programs	-	-	-	-
Food service	1,461	1,837	2,322	2,814
Tax increment zone	6,579	13,701	12,385	9,535
Debt service	1,469.00	-	-	-
Other purposes	-	-	-	-
Unrestricted	45,336	48,365	38,536	35,940
Total governmental activities net assets	<u>145,843</u>	<u>134,421</u>	<u>111,193</u>	<u>94,606</u>
Business type activities - Unrestricted	716	556	-	-
Total primary government net assets	<u>\$ 146,559</u>	<u>\$ 134,977</u>	<u>\$ 111,193</u>	<u>\$ 94,606</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 I

---

<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 27,953	\$ 22,520	\$ 15,936
-	6	48
2,497	1,930	1,263
6,709	-	2,427
-	9	2,203
-	5,282	-
44,918	44,082	44,046
<u>82,077</u>	<u>73,829</u>	<u>65,923</u>
-	-	-
<u>\$ 82,077</u>	<u>\$ 73,829</u>	<u>\$ 65,923</u>

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

	<u>2008</u>	<u>2007</u>
<b>Expenses</b>		
<b>Governmental activities:</b>		
Instruction	\$ 145,823,968	\$ 127,900,101
Instruction Resources and Media Services	4,280,482	3,952,659
Curriculum and Staff Development	6,606,195	7,228,153
Instructional Leadership	2,660,336	2,733,545
School Leadership	15,206,187	14,417,520
Guidance, Counseling, and Evaluation Services	9,240,729	8,700,494
Social Work Services	161,566	150,757
Health services	2,287,597	2,125,213
Student Transportation	1,866,514	2,980,445
Food Service	12,228,579	10,841,824
Cocurricular/Extracurricular Activities	5,366,881	4,957,689
General Administration	6,742,993	6,812,524
Plant Maintenance and Operations	24,244,624	22,254,946
Security and monitoring services	1,700,039	1,620,931
Data Processing Services	5,199,687	4,848,636
Community Services	1,070,303	1,293,265
Interest on Long Term Debt	18,943,254	18,044,502
Bond Issuance Costs and Fees	30,597	35,028
Facilities Acquisition and Construction	4,319,852	4,414,665
Contracted Instructional Services between Schools	12,636,919	27,662,926
Incremental Costs Related to WADA	12,705	104,486
Payment to Juvenile Justice Alternative Education Programs	196,409	170,387
Payments to Tax Increment Fund	9,039,482	4,418,075
Other Intergovernment Charges	936,315	-
<b>Total government activities expenses</b>	<u>290,802,213</u>	<u>277,668,771</u>
<b>Business-Type Activities (After the Bell)</b>		
Expenses	<u>2,418,236</u>	<u>1,687,632</u>
<b>Total Business-Type Activities</b>	<u>2,418,236</u>	<u>1,687,632</u>
<b>Total Primary Government Expenses</b>	<u>293,220,449</u>	<u>279,356,403</u>
<b>Program Revenues</b>		
<b>Governmental Activities</b>		
<b>Charges for services</b>		
Food service	3,222,640	2,942,060
Extracurricular activities	904,564	975,337
Other	1,675,286	1,520,787
<b>Operating grants and contributions</b>		
Instruction	17,412,108	14,489,313
Food service	7,406,640	6,369,623
Other	6,479,373	6,849,849
<b>Capital grants and contributions</b>	5,726,158	2,949,542
<b>Business-Type Activities (After the Bell)</b>		
<b>Charges for Services</b>	<u>2,684,788</u>	<u>2,243,287</u>
<b>Total primary government program revenues</b>	<u>45,511,557</u>	<u>38,339,798</u>
<b>Net (Expense) Revenue</b>		
Governmental Activities	(247,975,444)	(241,572,260)
Business Type Activities	<u>266,552</u>	<u>555,655</u>
<b>Total Primary Government</b>	<u>\$ (247,708,892)</u>	<u>\$ (241,016,605)</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

	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
\$	121,376,766	\$ 112,161,207	\$ 109,174,605	\$ 107,898,423	\$ 99,657,093
	3,915,399	3,843,340	5,358,742	5,523,827	6,391,048
	6,739,846	6,150,384	4,103,064	4,250,069	3,670,614
	2,595,267	1,984,337	1,944,294	2,339,332	2,009,352
	13,282,404	12,863,087	12,246,676	11,532,186	11,703,233
	8,181,547	7,660,438	7,781,767	7,745,027	7,238,069
	179,471	199,357	203,272	413,413	945,997
	2,124,750	2,032,135	1,966,756	1,927,283	1,909,077
	2,493,202	2,653,657	3,360,156	3,550,986	3,216,414
	10,456,433	8,973,209	8,335,269	8,058,565	7,474,462
	4,497,921	4,257,260	3,856,577	3,964,234	3,882,024
	6,194,417	6,402,360	6,255,161	5,851,347	5,532,126
	22,580,448	19,871,002	18,552,472	20,626,744	20,291,026
	1,423,542	1,028,169	940,253	1,161,128	987,970
	4,290,867	4,392,071	3,452,353	2,927,784	2,421,116
	1,310,476	820,772	1,418,808	1,559,974	732,351
	17,139,405	17,249,062	15,441,825	15,674,371	17,828,720
	327,679	317,841	233,860	8,795	-
	3,070,261	4,890,941	4,541,812	2,146,324	5,337,749
	35,669,887	41,232,500	48,764,272	53,992,043	50,255,412
	128,755	162,981	202,402	-	-
	154,466	167,557	146,268	146,438	138,512
	3,971,007	3,951,267	5,041,114	4,226,627	2,630,645
	-	-	-	-	-
	<u>272,104,216</u>	<u>263,264,934</u>	<u>263,321,778</u>	<u>265,524,920</u>	<u>254,253,010</u>
	<u>1,456,535</u>	<u>1,124,061</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,456,535</u>	<u>1,124,061</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>273,560,751</u>	<u>264,388,995</u>	<u>263,321,778</u>	<u>265,524,920</u>	<u>254,253,010</u>
	3,078,361	2,958,311	1,343	3,272,739	3,332,527
	1,434,319	1,508,709	352,090	812,466	897,443
	716,224	744,071	2,847,528	2,233,899	2,280,753
	17,383,420	11,913,643	12,732,997	12,340,580	8,838,518
	6,085,282	5,657,153	8,320,751	4,723,301	3,974,426
	7,606,052	7,881,540	8,421,721	5,151,208	4,019,141
	2,656,078	3,923,458	-	-	-
	2,139,272	1,653,423	-	-	-
	<u>41,099,008</u>	<u>36,240,308</u>	<u>32,676,430</u>	<u>28,534,193</u>	<u>23,342,808</u>
	(233,144,480)	(228,678,049)	(230,645,348)	(236,990,727)	(230,910,202)
	682,737	529,362	-	-	-
\$	<u>(232,461,743)</u>	<u>(228,148,687)</u>	<u>(230,645,348)</u>	<u>(236,990,727)</u>	<u>(230,910,202)</u>

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Net (Expense)/Revenue</b>			
Total primary government net expense	\$ (247,708,892)	\$ (241,016,605)	\$ (232,461,743)
<b>General Revenues</b>			
Property taxes levied for general purposes	148,626,083	179,624,950	187,618,767
Property taxes levied for capital projects	46,549,170	44,042,078	40,805,823
State aid - formula grants	56,524,499	30,233,635	12,377,716
Grants & contributions -not restricted	75,485	89,463	46,988
Investment earnings	7,456,490	11,854,553	9,638,251
Miscellaneous local and intermediate revenues	59,554	5,169	67,062
Special item- resource	-	-	-
Loss on asset disposal	-	(1,048,068)	(1,506,908)
<b>Total General revenues- primary government</b>	<u>259,291,281</u>	<u>264,801,780</u>	<u>249,047,699</u>
<b>Change in Net Assets</b>	<u>11,582,389</u>	<u>23,785,175</u>	<u>16,585,956</u>
<b>Net assets- beginning</b>	134,977,292	111,192,117	94,606,161
<b>Prior period adjustment</b>	-	-	-
<b>Net Assets- ending</b>	<u>\$ 146,559,681</u>	<u>\$ 134,977,292</u>	<u>\$ 111,192,117</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>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ (228,148,687)	\$ (230,645,348)	\$ (236,990,727)	\$ (230,910,202)
187,057,197	192,525,041	203,347,668	200,632,340
34,993,114	30,133,562	29,547,454	29,514,150
12,165,712	11,478,280	9,771,242	5,841,233
80,652	477,981	173,154	1,799,110
5,280,330	1,491,639	2,033,763	3,117,624
97,013	116,433	23,723	1,667,270
-	5,640,977	-	-
-	(2,970,427)	-	-
<u>239,674,018</u>	<u>238,893,486</u>	<u>244,897,004</u>	<u>242,571,727</u>
<u>11,525,331</u>	<u>8,248,138</u>	<u>7,906,277</u>	<u>11,661,525</u>
82,076,525	73,828,387	65,922,110	54,260,585
1,004,305	-	-	-
<u>\$ 94,606,161</u>	<u>\$ 82,076,525</u>	<u>\$ 73,828,387</u>	<u>\$ 65,922,110</u>

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund				
Reserved	\$ 2,420,355	\$ 4,507,401	\$ 2,786,579	\$ 2,411,329
Unreserved	60,068,817	60,506,233	52,669,444	50,803,639
Total General fund	<u>62,489,172</u>	<u>65,013,634</u>	<u>55,456,023</u>	<u>53,214,968</u>
Other Governmental Funds				
Reserved, reported in				
Federal Special Revenue Fund	-	-	2,321,891	2,813,529
Debt Service Fund	2,862,959	2,981,791	1,062,173	696,204
Capital Projects Fund	71,840,434	84,307,143	82,571,758	90,840,182
Non-major Funds	8,040,306	15,538,041	12,384,590	9,534,966
Unreserved, reported in				
Debt Service Fund	-	-	-	-
Capital Projects Fund	-	-	-	-
Special Revenue Funds	2,024,174	1,815,537	1,032,054	911,710
Total other governmental funds	<u>84,767,873</u>	<u>104,642,512</u>	<u>99,372,466</u>	<u>104,796,591</u>
Total Governmental Funds	<u>\$ 147,257,045</u>	<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 IV

---

<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 2,185,980	\$ 1,384,313	\$ 4,545,612
47,382,392	46,039,915	44,095,098
<u>49,568,372</u>	<u>47,424,228</u>	<u>48,640,710</u>
2,496,877	1,929,839	-
910,710	1,485,405	2,202,602
63,186,148	15,985,196	29,161,163
6,709,258	5,287,570	1,310,432
-	-	-
-	-	-
811,386	647,706	549,581
<u>74,114,379</u>	<u>25,335,716</u>	<u>33,223,778</u>
<u>\$ 123,682,751</u>	<u>\$ 72,759,944</u>	<u>\$ 81,864,488</u>

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

---

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Federal sources:			
Federal grants	\$ 10,151,724	\$ 10,874,882	\$ 9,712,707
Food services	7,327,119	6,292,642	5,922,740
Total federal sources	<u>17,478,843</u>	<u>17,167,524</u>	<u>20,345,442</u>
State sources:			
State education finance program	56,429,787	29,525,407	12,377,716
Food services	79,522	76,981	75,996
State grants and other	13,008,829	10,779,265	10,232,732
Total state sources	<u>69,518,138</u>	<u>40,381,653</u>	<u>22,686,444</u>
Local sources:			
Property taxes	195,801,542	224,251,444	226,851,949
Tax Increment fund	6,018,641	2,949,542	2,646,566
Investment earnings	7,073,097	11,258,859	9,082,260
Food sales	3,222,640	2,942,060	3,078,361
Other	3,218,298	2,983,999	3,862,098
Total local sources	<u>215,334,218</u>	<u>244,385,904</u>	<u>245,521,234</u>
Total revenues	<u>\$ 302,331,199</u>	<u>\$ 301,935,081</u>	<u>\$ 288,553,120</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 V

<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
\$ 10,135,902	\$ 7,714,147	\$ 5,831,038	\$ 5,498,844
5,499,545	4,902,360	4,463,015	3,740,575
<u>15,635,447</u>	<u>12,616,507</u>	<u>10,294,053</u>	<u>9,239,419</u>
12,165,712	11,478,280	9,771,242	5,841,233
79,473	80,666	79,537	77,420
9,481,292	10,049,840	11,778,822	9,186,262
<u>21,726,477</u>	<u>21,608,786</u>	<u>21,629,601</u>	<u>15,104,915</u>
222,236,512	221,802,026	230,087,006	228,306,178
2,632,379	3,353,568	2,813,200	1,748,799
4,990,541	1,421,677	1,900,552	2,952,819
2,958,311	3,257,950	3,272,739	3,332,527
3,963,000	3,877,404	3,302,832	4,923,476
<u>236,780,743</u>	<u>233,712,625</u>	<u>241,376,329</u>	<u>241,263,799</u>
<u>\$ 274,142,667</u>	<u>\$ 267,937,918</u>	<u>\$ 273,299,983</u>	<u>\$ 265,608,133</u>

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Non Capital -Operational Expenditures</b>			
Instruction	\$ 136,897,403	\$ 120,680,762	\$ 115,428,607
Instruction resources and media services	3,674,620	3,449,049	3,464,287
Curriculum and staff development	6,354,518	6,982,699	6,507,867
Instructional Leadership	2,603,462	2,676,997	2,525,331
School leadership	14,527,383	13,874,345	12,839,605
Guidance, counseling, and evaluation services	9,054,514	8,551,727	8,071,066
Social work services	160,431	149,906	162,375
Health services	2,225,210	2,077,334	2,084,708
Student Transportation	1,819,301	2,939,301	2,452,058
Food service	11,067,175	9,886,344	9,688,739
Cocurricular/Extracurricular activities	4,035,248	3,814,607	3,615,566
General administration	6,219,424	6,294,370	5,823,489
Plant maintenance and operations	23,115,268	21,235,262	21,818,620
Security and monitoring services	1,649,729	1,569,960	1,395,133
Data processing services	3,899,270	3,894,697	3,828,733
Community services	1,057,839	1,286,398	1,298,877
Facilities acquisition and construction	4,413,340	4,770,012	3,173,860
<b>Total non-capital operational expenditures</b>	<u>232,774,135</u>	<u>214,133,770</u>	<u>204,178,921</u>
<b>Intergovernmental</b>			
Contracted instructional services between public schools	12,636,919	27,662,926	35,669,887
Incremental costs associated with Chapter 41	12,705	104,486	128,755
Payments to juvenile justice alternative ed. Program	196,409	170,387	154,466
Payments to Tax Increment Fund	9,039,482	4,418,075	3,971,007
Other governmental charges	936,315	-	-
<b>Total intergovernmental</b>	<u>22,821,830</u>	<u>32,355,874</u>	<u>39,924,115</u>
<b>Capital outlay</b>			
Facilities acquisition/construction	49,793,086	42,900,560	47,883,084
Other capital outlay	671,771	333,351	902,439
<b>Total capital outlay</b>	<u>50,464,857</u>	<u>43,233,911</u>	<u>48,785,523</u>
<b>Debt service</b>			
Principal	23,667,961	18,656,322	22,695,230
Interest and fiscal charges	23,251,483	23,835,470	18,304,609
<b>Total debt service expenditures</b>	<u>46,919,444</u>	<u>42,491,792</u>	<u>40,999,839</u>
<b>Total expenditures</b>	<u>352,980,266</u>	<u>332,215,347</u>	<u>333,888,398</u>
<b>Total Expenditures less expenditures for capital outlay</b>	<u>\$ 302,515,409</u>	<u>\$ 288,981,436</u>	<u>\$ 285,102,875</u>
<b>Debt service as a percentage of noncapital expenditures</b>	15.5%	14.7%	14.4%

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

	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
\$	107,239,425	\$ 104,988,151	\$ 102,012,327	\$ 95,539,802
	3,417,429	4,957,488	5,055,106	6,005,189
	5,942,800	3,902,382	4,018,175	3,539,895
	1,923,542	1,888,224	2,265,083	1,954,705
	12,521,281	11,992,299	11,087,424	11,403,728
	7,601,265	7,773,675	7,617,895	7,172,782
	183,303	186,507	390,224	932,895
	2,011,565	1,961,949	1,894,509	1,891,509
	2,607,884	3,070,396	3,188,667	2,823,502
	8,344,717	7,741,797	7,350,733	6,898,338
	3,379,980	3,039,179	3,121,919	3,168,265
	6,223,330	6,103,312	5,559,283	5,365,760
	19,547,977	18,383,974	20,172,115	19,725,728
	1,014,315	940,931	1,130,753	956,597
	3,983,413	3,033,663	2,355,728	1,999,537
	833,793	1,431,998	1,539,014	736,014
	5,110,301	4,665,812	2,139,900	5,337,749
	<u>191,886,320</u>	<u>186,061,737</u>	<u>180,898,855</u>	<u>175,451,995</u>
	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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>45,514,305</u>	<u>54,154,056</u>	<u>58,365,108</u>	<u>53,024,569</u>
	23,013,989	7,019,222	11,558,577	33,695,938
	391,778	244,695	150,740	1,932,968
	<u>23,405,767</u>	<u>7,263,917</u>	<u>11,709,317</u>	<u>35,628,906</u>
	19,758,697	16,539,628	15,234,666	11,690,104
	16,627,686	15,025,438	16,300,054	19,223,493
	<u>36,386,383</u>	<u>31,565,066</u>	<u>31,534,720</u>	<u>30,913,597</u>
	<u>297,192,775</u>	<u>279,044,776</u>	<u>282,508,000</u>	<u>295,019,067</u>
\$	<u>273,787,008</u>	<u>\$ 271,780,859</u>	<u>\$ 270,798,683</u>	<u>\$ 259,390,161</u>
	13.3%	11.6%	11.6%	11.9%

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ (50,649,067)	\$ (30,280,266)	\$ (45,335,278)
<b>Other Financing Sources (Uses)</b>			
Refunding bonds issued	27,435,000	60,775,000	-
Capital-related debt issued (regular bonds)	30,000,000	45,000,000	41,220,000
Sale of real or personal property	29,747	53,712	43,371
Transfers in	236,495	1,160,684	1,074,819
Premium or discount on issuance of bonds	1,292,287	3,564,464	206,100
Transfers out	(1,830,195)	(1,160,684)	(392,082)
Payment to bond refunding escrow agent (use)	(28,913,368)	(64,285,253)	-
Other (uses)	-	-	-
Total other financing sources (uses)	<u>28,249,966</u>	<u>45,107,923</u>	<u>42,152,208</u>
Special item	-	-	-
<b>Net change in fund balances</b>	(22,399,101)	14,827,657	(3,183,070)
<b>Beginning Fund Balance -Sept 1</b>	<u>169,656,146</u>	<u>154,828,489</u>	<u>158,011,559</u>
<b>Ending Fund Balance - Aug 31</b>	<u>\$ 147,257,045</u>	<u>\$ 169,656,146</u>	<u>\$ 154,828,489</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

<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
\$ (23,050,108)	\$ (11,106,658)	\$ (9,208,017)	\$ (29,410,934)
-	23,740,000	10,230,000	83,899,962
54,810,000	54,350,000	-	-
29,057	16,440	35,886	28,528
1,079,101	158,271	2,618,117	1,090
2,016,457	3,801,321	151,694	5,732,132
(549,739)	(158,271)	(2,618,117)	(1,090)
-	(25,511,685)	(10,304,621)	(89,632,094)
(5,960)	(7,588)	(9,486)	-
<u>57,378,916</u>	<u>56,388,488</u>	<u>103,473</u>	<u>28,528</u>
-	5,640,977	-	-
34,328,808	50,922,807	(9,104,544)	(29,382,406)
<u>123,682,751</u>	<u>72,759,944</u>	<u>81,864,488</u>	<u>111,246,894</u>
<u>\$ 158,011,559</u>	<u>\$ 123,682,751</u>	<u>\$ 72,759,944</u>	<u>\$ 81,864,488</u>



# Carrollton · Farmers Branch

---

Independent School District

••• An Innovative Leader in Learning •••

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS (UNAUDITED)  
 (AMOUNTS IN THOUSANDS, EXCEPT TAX RATE INFORMATION)

TABLE VIII

Fiscal Year	Actual Value		Less: Exemptions	Total Taxable Value	Total Direct Tax Rate
	Real Property	Personal Property			
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
2008	13,515,787	3,310,222	1,978,076	14,847,933	1.3670

**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					
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
2008	1.0400	0.3270	1.3670	0.434	0.618	0.641	0.748	0.495

**Source:** District Tax Office  
Rates are per \$100 of assessed value.

TABLE IX

---

<b>Overlapping Rates</b>				
<b>City of Irving</b>	<b>County of Denton</b>	<b>County of Dallas</b>	<b>Dallas County Hospital</b>	<b>Dallas County Community College</b>
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
0.541	0.236	0.228	0.254	0.080

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
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%
2007	197,288,793	193,698,097	98.2%	2,198,355	195,896,452	99.29%

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	2008			1999		
		TAXABLE ASSESSED VALUATION	Percent of Total Assessed Taxable Value	Rank	Taxable Value	Percent of Total Assessed Taxable Value	Rank
Wells Operating PS LTD	Real Estate	\$ 189,423,120	1.28%	1			
AT&T/Southwestern Bell	Telephone Utility	131,770,420	0.89%	2	\$ 103,968,734	1.0%	2
TCI Park West	Rental Property	122,338,140	0.82%	3	97,525,110	1.0%	3
Oncor Electric Delivery	Power Utility	110,872,044	0.75%	4	93,823,470	0.9%	6
Exxon/Mobile Oil Corp.	Power Utility	100,874,505	0.68%	5			
WalMart/Sam's	Retail	98,171,783	0.66%	6			
Nokia / ISTAR	Electronics	95,910,590	0.65%	7			
Verizon/GTE	Telephone Utility	85,959,296	0.58%	8	206,218,450	2.0%	1
Triden Village	Residential Apartments	84,186,746	0.57%	9			
Cobalt Industrial / REIT	Rental Property	81,067,890	0.55%	10			
Amlt Southwest Res Ltd PS					98,283,810	1.0%	4
ST Microelectronics Inc.					94,157,160	0.9%	5
Petula Associates					92,330,030	0.9%	7
Trinet					88,980,680	0.9%	8
Daltex Centre LP					85,181,460	0.8%	9
Boeing					82,610,190	0.8%	10
<b>TOTAL</b>		<b>\$ 1,100,574,534</b>	<b>7.43%</b>		<b>\$ 1,043,079,094</b>	<b>10.20%</b>	

Source: District Tax Office

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
 LEGAL DEBT MARGIN  
 LAST TEN FISCAL YEARS  
 AUGUST 31, 2008 (UNAUDITED)

---

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Debt limit	\$ 1,484,793,283	\$ 1,344,364,947	\$ 1,273,455,161	\$ 1,241,984,735
Total net debt applicable to limit	408,440,752	403,044,881	380,495,821	362,337,021
Legal debt margin	1,076,352,531	941,320,066	892,959,340	879,647,714
Total net debt applicable to the limit as a percentage of debt limit	28%	30%	30%	29%

**Source:** Carrollton-Farmers Branch ISD

TABLE XII

---

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 1,302,786,952	\$ 1,394,399,193	\$ 1,341,295,885	\$ 1,240,976,996	\$ 1,125,293,551	\$ 1,016,756,586
326,726,211	288,331,144	302,348,613	313,103,436	247,192,048	194,117,737
976,060,741	1,106,068,049	1,038,947,272	927,873,560	878,101,503	822,638,849
25%	21%	23%	25%	22%	19%



# Carrollton · Farmers Branch

---

Independent School District

••• An Innovative Leader in Learning •••

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				
1999	2,230	195,931	-	-	198,161	8.51%	1,543	9,291
2000	2,200	249,286	-	-	251,486	9.79%	1,820	11,021
2001	2,725	315,346	-	-	318,071	11.81%	2,236	13,342
2002	1,830	304,551	-	-	306,381	9.82%	2,169	12,886
2003	1,105	289,817	-	-	290,922	10.19%	2,045	11,592
2004	345	327,637	-	-	327,982	11.73%	2,311	12,824
2005	-	363,033	-	-	363,033	Not available	2,561	14,038
2006	-	381,558	-	-	381,558	Not available	2,604	14,546
2007	-	406,027	-	-	406,027	7.88%	2,463	15,467
2008	-	411,304	-	-	411,304	8.06%	2,484	15,581

**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
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
2008	165,556	14,847,932,832	411,303,711	2,862,959

**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
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
408,440,752	2.75	2,467

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 AS OF AUGUST 31, 2008 (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	\$ 411,303,711	100.00%	\$ 411,303,711
Town of Addison	86,440,000	5.88%	5,082,672
City of Carrollton	150,030,000	57.98%	86,987,394
City of Coppell	62,085,000	10.00%	6,208,500
City of Dallas	1,898,227,609	1.11%	21,070,326
Dallas County	158,486,552	6.62%	10,491,810
Dallas County Community College District	298,185,000	6.62%	19,739,847
Dallas County Utility & Reclamation District	310,319,830	50.40%	156,401,194
Denton County	285,616,003	5.65%	16,137,304
City of Farmers Branch	17,210,000	76.70%	13,200,070
City of Irving	210,890,000	26.14%	55,126,646
Irving Flood Control District III	3,026,153	76.05%	2,301,389
NW Dallas County Flood Control District	8,424,000	100.00%	8,424,000
Valwood Improvement Authority	11,190,377	100.00%	11,190,377
<b>Total direct and overlapping tax supported debt</b>			\$ 823,665,241
<b>Total Assessed Taxable Valuation</b>			\$ 14,847,932,832
<b>Total Population</b>			165,556
<b>Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation</b>			5.55%
<b>Per Capita Total Direct and Overlapping Tax Supported Debt</b>			\$ 4,975

**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

<b>Calendar Year</b>	<b>Population(A)</b>	<b>Disposable Personal Income(B)</b>	<b>Per Capita Disposable Personal Income(C)</b>	<b>Unemployment Rate(D)</b>
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%
2008	165,556	5,100,118,136	30,806	4.71%

**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  
 2007-2008 Claritas Market Place Survey
- B** From Official Statements of CFBISD Bond Issuance. Amounts for years 2004 and prior are City of Carrollton only.  
 2007-2008 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.  
 2007-2008 Claritas Market Place Survey-Entire School District Included.
- D** From US Department of Labor, Bureau of Labor Statistics  
 2007-2008 Texas Workforce Commission

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

TABLE XVII

<u>Employer</u>	<u>2008</u>			<u>1999</u>		
	<u>Approx. # Employees</u>	<u>Rank</u>	<u>Workforce Percentage</u>	<u>Approx. # Employees</u>	<u>Rank</u>	<u>Workforce Percentage</u>
Carrollton-Farmers Branch ISD	3,367	1	3.47%	2,358	2	2.43%
International Business Machines	3,200	2	3.30%	3,700	1	3.81%
JP Morgan Investment Services	2,390	3	2.46%			
Dallas Semiconductor	1,352	4	1.39%			
GEICO	1,200	5	1.24%			
Halliburton Energy Services	1,125	6	1.16%			
ST Microelectronics	1,084	7	1.12%			
Tuesday Morning	1,000	8	1.03%			
Telvista	950	9	0.98%			
G E Automation Services Inc	875	10	0.90%			
Otis Engineering				2,000	3	2.06%
SGS-Thompson				907	4	0.93%
City of Carrollton				875	5	0.90%
Westcott Communications				800	6	0.82%
T.D. Mechanical				600	7	0.62%
Omega Optical				600	8	0.62%
Foxmeyer Drug				600	9	0.62%
Home Interior & Gifts				500	10	0.52%

Total employed workforce - 97,028

**Source:** Official Statement dated January 15, 1999  
 City of Farmers Branch  
 North Central Texas Council of Governments  
 Claritas Inc.

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

TABLE XVIII

	Full-Time Equivalent Employees for fiscal year ending										Change '99 - '08
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	
<b>Teachers</b>											
Pre-K & Kindergarten	187	171	166	156	147	146	143	131	102	68	175%
Elementary	725	713	745	722	730	719	705	688	663	669	8%
Secondary	767	730	693	642	700	682	676	717	562	586	31%
All Level	169	197	189	180	165	166	161	157	248	169	0%
Miscellaneous	0	1	0	0	0	0	0	0	8	12	-100%
<b>Total Teachers</b>	<b>1,848</b>	<b>1,812</b>	<b>1,793</b>	<b>1,700</b>	<b>1,742</b>	<b>1,713</b>	<b>1,685</b>	<b>1,693</b>	<b>1,583</b>	<b>1,504</b>	<b>23%</b>
<b>Support Staff</b>											
Supervisors	1	9	4	3	3	3	3	3	2	2	-50%
Counselors	48	47	43	45	46	49	51	44	56	55	-13%
Ed Diagnostics	31	31	31	29	27	25	23	22	21	25	24%
Librarians	38	37	38	38	35	37	35	33	31	29	31%
Nurse/Physicians	32	31	32	31	30	31	29	26	24	24	33%
Therapists	38	36	34	29	30	27	31	28	29	27	41%
Psychologists/Assoc Psych.	7	7	6	7	7	7	7	7	7	6	17%
Other Support Staff	140	154	96	101	104	83	79	68	63	62	126%
<b>Total Support Staff</b>	<b>335</b>	<b>352</b>	<b>284</b>	<b>283</b>	<b>282</b>	<b>262</b>	<b>258</b>	<b>231</b>	<b>233</b>	<b>230</b>	<b>46%</b>
<b>Administrators</b>											
Admin/Instructional Officers	42	22	23	24	19	23	23	17	17	16	163%
Principals	39	39	37	37	36	37	36	35	34	33	18%
Assistant Principals	58	57	56	56	52	44	47	44	41	39	49%
Superintendents	1	1	1	1	1	1	1	1	1	1	0%
Assistant Superintendents	4	4	4	4	4	3	3	4	4	3	33%
<b>Total Administrators</b>	<b>144</b>	<b>123</b>	<b>121</b>	<b>122</b>	<b>112</b>	<b>108</b>	<b>110</b>	<b>101</b>	<b>97</b>	<b>92</b>	<b>57%</b>
<b>Total Professionals</b>	<b>2,327</b>	<b>2,287</b>	<b>2,198</b>	<b>2,105</b>	<b>2,136</b>	<b>2,083</b>	<b>2,053</b>	<b>2,025</b>	<b>1,913</b>	<b>1,826</b>	<b>27%</b>
<b>Educational Aides</b>	<b>259</b>	<b>231</b>	<b>234</b>	<b>224</b>	<b>215</b>	<b>188</b>	<b>160</b>	<b>1</b>	<b>126</b>	<b>143</b>	<b>81%</b>
<b>Auxiliary Staff</b>	<b>781</b>	<b>740</b>	<b>723</b>	<b>711</b>	<b>781</b>	<b>799</b>	<b>837</b>	<b>980</b>	<b>785</b>	<b>703</b>	<b>11%</b>
<b>Total</b>	<b>3,367</b>	<b>3,258</b>	<b>3,155</b>	<b>3,040</b>	<b>3,132</b>	<b>3,070</b>	<b>3,050</b>	<b>3,006</b>	<b>2,824</b>	<b>2,672</b>	<b>26%</b>

Source: Texas Education Agency (Standard Reports)



# Carrollton · Farmers Branch

---

Independent School District

••• An Innovative Leader in Learning •••

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

TABLE XIX

<b>Fiscal Year</b>	<b>Minimum Salary</b>	<b>Maximum Salary</b>	<b>District Average Salary</b>	<b>Statewide Average Salary</b>
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
2008	43,249	60,188	47,940	46,178

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

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
 OPERATING STATISTICS  
 LAST SEVEN 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
2008	26,397	232,774,135	8,818	8.1%	244,686,680	9,269

- Notes** All information provided by Carrollton-Farmers Branch ISD.
- A** Total Governmental Fund expenditures less capital, debt service, and intergovernmental expenditures
  - B** Total Government-Wide 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

---

<b>Percentage Change from PY</b>	<b>Teaching Staff(C)</b>	<b>Pupil- Teacher Ratio</b>	<b>Students Receiving Free or Reduced-Price Meals(D)</b>	<b>Percentage of Students Receiving Free or Reduced-Price Meals</b>
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%
9.2%	1,848	14.3	14,302	54%

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

TABLE XXI

Elementary Schools	Year of	2008	2007	2006	2005	2004	2003	2002	2001
	Orginial Construction								
1 Blair Intermediate	2002								
Square feet		77,631	77,631	77,631	77,631	77,631	77,631	77,631	-
Capacity		605	605	605	545	545	545	545	-
Enrollment		522	521	404	396	371	347	-	-
2 Blanton	2007								
Square feet		75,160	75,160	54,527	57,677	57,677	57,677	57,677	55,391
Capacity		573	573	405	405	405	405	405	405
Enrollment		459	444	406	507	514	552	466	415
3 Carrollton	1951								
Square feet		83,180	83,180	83,180	69,150	69,150	69,150	69,150	60,354
Capacity		656	656	656	656	656	656	656	656
Enrollment		719	679	591	702	694	662	513	537
4 Central	1965								
Square feet		93,690	93,690	93,690	100,326	100,326	100,326	100,326	100,326
Capacity		729	729	729	729	729	729	729	669
Enrollment		625	654	680	720	774	876	927	918
5 Country Place	1982								
Square feet		58,675	58,675	58,675	59,443	59,443	59,443	59,443	59,443
Capacity		388	388	388	388	388	388	388	388
Enrollment		363	361	344	358	355	365	361	410
6 Davis	1975								
Square feet		76,485	76,485	76,485	72,615	72,615	72,615	72,615	58,738
Capacity		532	532	532	532	532	532	532	532
Enrollment		566	591	-	564	574	529	505	545
7 Farmers Branch	1968								
Square feet		63,000	63,000	63,000	73,000	73,000	73,000	73,000	67,608
Capacity		585	585	585	585	585	585	585	440
Enrollment		516	508	524	533	575	575	584	548
8 Furneaux	1982								
Square feet		55,668	55,668	55,668	57,204	57,204	57,204	57,204	57,204
Capacity		473	473	473	473	473	473	473	473
Enrollment		437	442	459	496	483	501	510	476
9 Good	1957								
Square feet		66,944	66,944	66,944	68,470	68,470	68,470	68,470	68,470
Capacity		526	526	526	526	526	526	526	526
Enrollment		527	517	538	533	503	492	548	538

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

Sources: Carrollton-Farmers Branch ISD

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

TABLE XXI  
CONTINUED

	Year of Original Construction	2008	2007	2006	2005	2004	2003	2002	2001
10 Stark	2006								
Square feet		83,400	83,400	83,400	65,605	65,605	65,605	65,605	62,605
Capacity		700	700	700	457	457	457	457	457
Enrollment		471	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	89,742
Capacity		651	651	651	651	651	651	651	651
Enrollment		546	566	569	616	541	576	626	604
12 Landry	1996								
Square feet		73,500	73,500	73,500	76,572	76,572	76,572	76,572	76,572
Capacity		466	466	466	466	466	466	466	466
Enrollment		459	487	-	441	542	435	410	397
13 Las Colinas	1986								
Square feet		75,099	75,099	75,099	76,635	76,635	76,635	76,635	75,099
Capacity		559	559	559	559	559	559	559	559
Enrollment		490	455	433	413	733	663	595	578
14 McCoy	1979								
Square feet		55,668	55,668	55,668	60,276	60,276	60,276	60,276	56,436
Capacity		440	440	440	440	440	440	440	440
Enrollment		442	434	438	437	399	452	473	451
15 McKamy	1992								
Square feet		79,577	79,577	79,577	81,881	81,881	81,881	81,881	81,881
Capacity		599	599	599	599	599	599	599	599
Enrollment		469	537	527	599	671	466	646	673
16 McLaughlin	1960								
Square feet		73,300	73,300	73,300	76,986	76,986	76,986	76,986	76,986
Capacity		577	577	577	577	577	577	577	577
Enrollment		636	856	863	698	674	656	607	564
17 McWhorter	2001								
Square feet		75,000	75,000	75,000	75,160	75,160	75,160	75,160	-
Capacity		533	533	533	573	533	533	533	533
Enrollment		645	533	539	482	433	424	295	-
18 Montgomery	1955								
Square feet		67,600	67,600	67,600	67,600	67,600	67,600	67,600	71,440
Capacity		463	463	463	463	463	463	463	463
Enrollment		549	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	80,000
Capacity		492	492	492	492	492	492	492	492
Enrollment		418	364	342	360	401	445	452	472

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

TABLE XXI  
CONCLUDED

	Year of Original Construction	2008	2007	2006	2005	2004	2003	2002	2001
20 Riverchase	2000								
Square feet		75,000	75,000	75,000	75,160	75,160	75,160	75,160	75,160
Capacity		533	533	533	533	533	533	533	533
Enrollment		405	398	385	403	458	568	466	409
21 Rosemeade	1984								
Square feet		55,668	55,668	55,668	56,436	56,436	56,436	56,436	56,436
Capacity		376	376	376	376	376	376	376	376
Enrollment		349	342	-	354	350	358	376	404
22 Sheffield Intermediate	1989								
Square feet		66,767	66,767	66,767	66,767	56,436	56,436	56,436	66,767
Capacity		459	459	459	459	459	459	459	459
Enrollment		387	399	-	445	442	442	423	396
23 Sheffield Primary	1985								
Square feet		55,668	55,668	55,668	56,436	66,767	66,767	66,767	56,436
Capacity		462	462	462	462	462	462	462	462
Enrollment		455	414	477	470	455	481	490	506
24 Thompson	2006								
Square feet		75,160	75,160	75,160	59,100	59,100	59,100	59,100	58,332
Capacity		573	573	573	461	461	461	461	461
Enrollment		504	501	459	405	425	447	559	479
25 Freeman	2004								
Square feet		75,160	75,160	75,160	75,160	75,160	-	-	-
Capacity		573	573	573	573	573	-	-	-
Enrollment		668	550	528	438	-	-	-	-
26 Kelly Pre-K Ctr	2007								
Square feet		47,513	47,513	-	-	-	-	-	-
Capacity		400	400	-	-	-	-	-	-
Enrollment		381	-	-	-	-	-	-	-
27 Pre-K Ctr (CLC)	2005								
Square feet		42,906	42,906	42,906	42,906	-	-	-	-
Capacity		272	272	272	272	-	-	-	-
Enrollment		222	346	438	-	-	-	-	-
<b>Total Elementary School</b>									
<b>Square feet</b>		1,897,161	1,897,161	1,829,015	1,817,938	1,775,032	1,699,872	1,699,872	1,511,426
<b>Capacity</b>		14,195	14,195	13,627	13,252	12,940	12,367	12,367	11,617
<b>Enrollment</b>		13,230	13,072	11,105	12,490	12,367	12,256	12,055	11,569

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

Sources: Carrollton-Farmers Branch ISD

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

TABLE XXII

	Year of Original Construction	2008	2007	2006	2005	2004	2003	2002	2001
<b><u>Middle Schools</u></b>									
1 Blalack	1986								
Square feet		170,150	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	1,381
Enrollment		1,141	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	142,000
Capacity		931	931	931	931	931	931	931	931
Enrollment		622	616	648	630	617	432	544	528
3 Long	1981								
Square feet		164,500	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	1,124	1,041
Enrollment		806	861	-	961	931	987	933	937
4 Perry	1936								
Square feet		179,467	179,467	179,467	183,307	183,307	183,307	183,307	183,307
Capacity		843	843	843	843	843	843	843	843
Enrollment		1,010	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	140,000
Capacity		1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040
Enrollment		1,056	970	928	933	930	884	936	934
6 Field	1959								
Square feet		170,789	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	1,156
Enrollment		1,014	1,087	1,102	1,086	1,022	990	980	969
<b>Total Middle School</b>									
<b>Square feet</b>		966,906	966,906	966,906	952,845	952,845	952,845	952,845	910,476
<b>Capacity</b>		6,475	6,475	6,475	6,475	6,475	6,475	6,475	6,392
<b>Enrollment</b>		5,649	5,668	4,774	5,717	5,614	5,446	5,511	5,420

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

Sources: Carrollton-Farmers Branch ISD

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

TABLE XXIII

High Schools	Year of	2008	2007	2006	2005	2004	2003	2002	2001
	Original Construction								
1 Creekview	1998								
Square feet		365,000	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	2,478
Enrollment		2,150	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	250,000	-
Capacity		1,027	1,027	1,027	1,027	1,027	1,027	1,027	-
Enrollment		773	756	756	532	355	361	-	-
3 Smith	1973								
Square feet		496,782	496,782	496,782	479,597	479,597	479,597	479,597	468,640
Capacity		2,807	2,807	2,807	2,767	2,767	2,767	2,767	2,767
Enrollment		2,069	2,086	-	2,135	2,209	2,236	2,072	2,027
4 Turner	1960								
Square feet		564,006	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	2,315
Enrollment		1,956	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	32,700	33,468	33,468	33,468	33,468	33,468
Capacity		255	255	255	255	255	255	255	255
Enrollment		240	227	183	150	282	259	282	245
<b>Total High School</b>									
<b>Square feet</b>		1,708,488	1,708,488	1,642,238	1,610,065	1,610,065	1,610,065	1,610,065	1,308,716
<b>Capacity</b>		8,882	8,882	8,882	8,842	8,842	8,842	8,842	7,815
<b>Enrollment</b>		7,188	7,243	5,124	7,062	7,076	7,284	6,818	6,554

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

Sources: Carrollton-Farmers Branch ISD

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

TABLE XXIV

Other Facilities	Year of Original Construction	Square Footage							
		2008	2007	2006	2005	2004	2003	2002	2001
Family Center	1994	2,197	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	32,400
Administration	1982	28,000	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	13,824
Agriculture Site	1981	16,188	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	38,756
SFC	2005	16,687	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	14,000
Wesley Building	1985	24,700	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	2,341
Technology Learning Ctr	1985	62,000	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	6,740
Service Ctr	1972	88,560	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	81,000
Living Materials Ctr	1950	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500

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

**Sources:** Carrollton-Farmers Branch ISD



# Carrollton · Farmers Branch

---

Independent School District

••• An Innovative Leader in Learning •••

**FEDERAL AWARDS SECTION**



# Carrollton · Farmers Branch

---

Independent School District

••• An Innovative Leader in Learning •••

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, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 16, 2008. 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*.

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 16, 2008

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, 2008. 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, 2008.

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 16, 2008

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED AUGUST 31, 2008

---

**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
  - Significant deficiency(ies) 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
  - Significant deficiency(ies) 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:
- |                          |  |
|--------------------------|--|
| Child Nutrition Cluster: |  |
| 10.553                   | National School Breakfast                        |
| 10.555                   | National School Lunch Program                    |
| 84.010A                  | ESEA, Title I, Part A - Improving Basic Programs |
- h. The dollar threshold used to distinguish between Type A and Type B programs.   \$518,599
- 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, 2008

---

**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, 2008

---

There were no findings in the prior year.

CARROLLTON-FARMERS BRANCH ISD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2008

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through Region X ESC</u>			
Title V, Part A - Innovative Programs	84.298	N/A	\$ 19,930
Total Passed Through Region X ESC			\$ 19,930
<u>Passed Through Region XIII ESC</u>			
Advanced Placements Spanish Language	84.330	N/A	\$ 1,937
Total Passed Through Region XIII ESC			\$ 1,937
<u>Passed Through State Department of Education</u>			
Adult Education (ABE) - Federal	84.002	841000871100224	\$ 114,000
ESEA, Title I, Part A - Improving Basic Programs	84.010A	8610101057903	2,932,489
IDEA - Part B, Formula	84.027	86600010579036600	4,436,251
Career and Technical - Basic Grant	84.048	8420006057903	220,013
IDEA - Part B, Preschool	84.173	86610010579036600	164,923
ESEA Title IV - Safe and Drug-Free Schools	84.186A	8691001057903	68,465
ESEA, Title I, Part B - Even Start Family Literacy	84.213C	86120017110337	169,521
Public Charter Schools	84.282	85900067110003	125,482
Title II, Part D -Enhancing Ed. Through Technology	84.318X	8630001057903	43,070
Title III, Part A - English Language Acquisition	84.365	8671001057903	711,911
Title III, Part A - Immigrant	84.365	8671003057903	165,967
Total CFDA Number 84.365			877,878
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	8694501057903	733,511
Summer School LEP	84.369A	69550702	28,488
Total Passed Through State Department of Education			\$ 9,914,091
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<b>\$ 9,935,958</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Child Care Group</u>			
Work Source Child Care and Development Fund	93.575	N/A	\$ 23,565
Total Passed Through Child Care Group			\$ 23,565
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>\$ 23,565</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast Program*	10.553	71400801	\$ 1,275,129
National School Lunch Program*	10.555	71300801	5,570,577
Commodity Supplemental Food Program	10.565	N/A	481,412
Total Passed Through the State Department of Agriculture			\$ 7,327,118
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<b>\$ 7,327,118</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 17,286,641</b>

\*Clustered Programs as required by Compliance Supplement March, 2008

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2008

---

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 \$192,202, which are recorded as federal revenue in the general fund, are not considered federal awards for purpose of this schedule.