



Carrollton · Farmers Branch

Independent School District

••• An Innovative Leader in Learning •••

**2011-2012
Comprehensive
Annual Financial
Report**

**Fiscal Year Ended
August 31, 2012**

1445 North Perry Road
Carrollton, Dallas County, Texas 75011-5186
www.cfbisd.edu

**CARROLLTON-FARMERS BRANCH
INDEPENDENT SCHOOL DISTRICT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
AUGUST 31, 2012**

Prepared By:
Division of Business Services
Mark Hyatt
Associate Superintendent
for Administrative &
Support Services

**1445 North Perry Road
Carrollton, Texas 75011-5186**



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INTRODUCTORY SECTION



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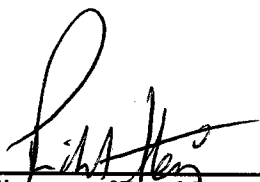
CERTIFICATE OF BOARD

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

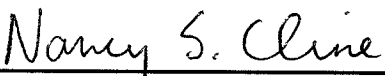
Dallas/Denton
County

057-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial report of the Carrollton-Farmers Branch Independent School District were reviewed and (check one) approved disapproved for the year ended August 31, 2012 at a meeting of the Board of Trustees of such school district on the 17th day of January, 2013.



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)



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December 12, 2012

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, 2012, 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, 2012, 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).

Generally Accepted Accounting Principles (GAAP) 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 a 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, C-FB 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 8th grade year and are selected according to the criteria of grades, attendance records, 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 was 26,423 for the 2011-2012 fiscal 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 120,332; Male 49.6%, Female 50.4%

Population by Race:

- White 45.3%
- Black 8.2%
- Hispanic or Latino Origin 31.2% (of any race)
- American Indian 0.4%
- Asian or Pacific Islander 12.6%
- Other Race 0.1%
- Two or more races 2.2%

Median age 35.7

- Persons under 5 years old 6.3%
- Persons over 18 years old 74.1%
- Persons 65 and over 8.2%

Economic Characteristics:

- Median household income \$68,097
- Median family income \$76,159
- Per capita income \$30,468

Housing Characteristics:

- Owner-occupied housing units 59.2%
- Renter-occupied housing units 34.9%
- Vacant housing units 5.9%

Area 36.6 square miles

Source: U.S. Census Bureau, American FactFinder, 2009-2011 American Community Survey

City of Dallas

Population 1,205,888; Male 50.2%, Female 49.8%

Population by Race:

- White 29.3%
- Black 23.9%
- Hispanic or Latino Origin 42.5% (of any race)
- American Indian 0.2%
- Asian or Pacific Islander 2.7%
- Other Race 0.1%
- Two or more races 1.3%

Median age 31.7

- Persons under 5 years old 8.6%
- Persons over 18 years old 73.8%
- Persons 65 and over 9.1%

Economic Characteristics:

- Median household income \$41,399
- Median family income \$44,934
- Per capita income \$26,354

Housing Characteristics:

- Owner-occupied housing units 38.6%
- Renter-occupied housing units 48.8%
- Vacant housing units 12.6%

Area 384.7 square miles

Source: U.S. Census Bureau, American FactFinder, 2009-2011 American Community Survey

City of Farmers Branch

Population 28,770; Male 49.6%, Female 50.4%

Population by Race:

- White 48.6%
- Black 5.0%
- Hispanic or Latino Origin 39.9% (of any race)
- American Indian 0.9%
- Asian or Pacific Islander 4.8%
- Other Race 0.0%
- Two or more races 0.8%

Median age 37.6

- Persons under 5 years old 6.3%
- Persons over 18 years old 75.7%
- Persons 65 and over 13.6%

Economic Characteristics:

- Median household income \$57,695
- Median family income \$62,985
- Per capita income \$29,623

Housing Characteristics:

- Owner-occupied housing units 58.5%
- Renter-occupied housing units 35.1%
- Vacant housing units 6.4%

Area 12.1 square miles

Source: U.S. Census Bureau, American FactFinder, 2009-2011 American Community Survey

City of Irving

Population 217,059; Male 49.8%, Female 50.2%

Population by Race:

- White 30.6%
- Black 11.6%
- Hispanic or Latino Origin 41.8% (of any race)
- American Indian 0.2%
- Asian or Pacific Islander 13.7%
- Other Race 0.5%
- Two or more races 1.6%

Median age 31.0

- Persons under 5 years old 8.6%
- Persons over 18 years old 72.4%
- Persons 65 and over 6.6%

Economic Characteristics:

- Median household income \$47,866
- Median family income \$52,333
- Per capita income \$25,734

Housing Characteristics:

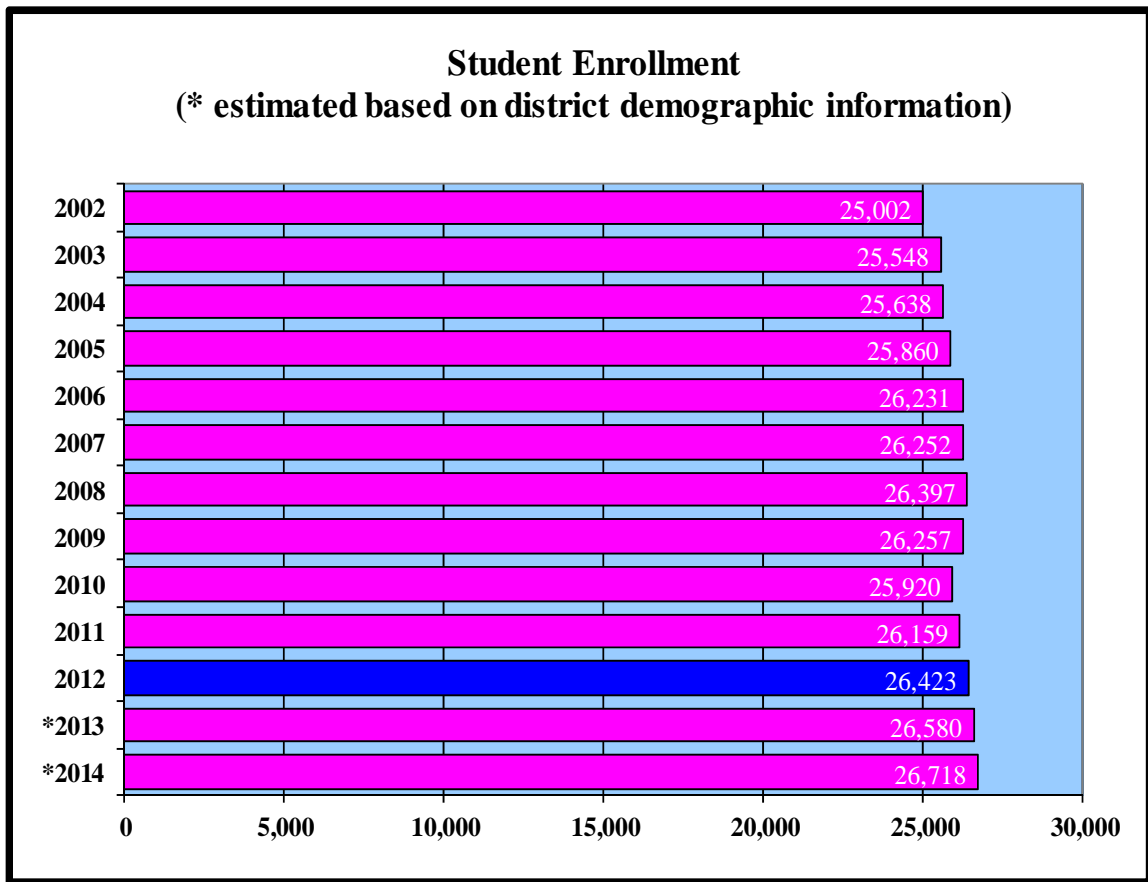
- Owner-occupied housing units 35.9%
- Renter-occupied housing units 53.5%
- Vacant housing units 10.6%

Area 67.6 square miles

Source: U.S. Census Bureau, American FactFinder, 2009-2011 American Community Survey

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

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



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, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes 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 District's internal controls provide reasonable assurance errors or irregularities that could be material to the financial statements would be detected within a timely period by employees in the normal course of performing their assigned functions.

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. Activities in the General Fund, Food Service Special Revenue Fund and Debt Service Fund are included in the District's formally adopted budget. Budgets for Special Revenue Fund (other than Food Service Fund) and Capital Projects Fund are prepared on a project basis, based on grant regulations or applicable bond ordinances. Budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the fund-function level as required by the Texas Education Agency. The Board of Trustees has delegated authority for functional changes to the Accounting Department. Budget transfers from one functional category to another functional category are reviewed and approved/disapproved by Accounting Department personnel. However, budget changes that would increase/decrease the overall fund are taken to the Board of Trustees for their approval before any action regarding the proposed change is made.

The District's interactive, on-line budgetary accounting and control system provides many useful reports to assist District personnel in administering, monitoring and controlling the implementation of the budget. The system provides many checks on account balances to insure that funds are not over-expended at the budgetary control account level. If sufficient funds are not available at the budgetary control account level, purchase orders and checks requisitions cannot be generated.

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 \$254.3 million of the bonds. The remaining bonds will be sold and the projects completed over the next two to four 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 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 renovations and new construction, there are major technology projects ongoing within the District. The technology initiatives include improvements to the network infrastructure, computer hardware and software. The District maintains a fiber optic network to provide connectivity for over 15,000 computers. The focus this year is on integrating wireless, mobile handheld devices into the classroom. The focus on this initiative is to enable students and staff flexible, wireless access to online instructional applications.

Educational Services The Educational Services division of C-FB ISD has organized several significant documents and research studies into a framework that guides our work. The foundation of this framework is our district vision statement, district goal with supporting objectives, and the Standards Based Instructional System.

The vision of the Carrollton-Farmers Branch Independent School District is that all students will meet the State of Texas Assessments of Academic Readiness (STAAR) at the satisfactory or advanced level and graduate college-ready and/or workforce ready without remediation.

The goal of the Carrollton-Farmers Branch ISD is high achievement for all students.

To achieve this goal, four supporting objectives have been identified:

Continuously increase student achievement.

Continuously improve the learning environment for students and staff.

Continuously increase operational effectiveness.

Continuously increase stakeholder confidence and support of our school system.

The six components of a Standards Based Instructional System include clear, high standards; fair assessments; curriculum framework; instructional materials; aligned instruction; and safety nets.

The values we keep in front of us are the Principles of Teaching, Learning, and Curriculum and the Principles of Best Practice.

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.

Best practice principles remind us to keep our work student-centered while addressing students' cognitive and social domains.

Planning structures help focus our work. These are Understanding by Design, Professional Learning Communities, SMART Goals Trees, and the Instructional Improvement Process. Classroom strategies that support the successful implementation of the curriculum are Marzano's Nine, Content Literacy, AVID, and GLAD strategies for English Language Learners.

The District Improvement Plan and Campus Improvement Plans are all aligned to these components.

Information Useful in Assessing the District's Economic Condition

ECONOMIC CONDITIONS AND OUTLOOK

Carrollton-Farmers Branch Independent School District is located in north central Texas on the northern edge of Dallas. The District overlaps a small area of the City of Dallas, and includes most of the City of Carrollton and about 70 percent of the City of Farmers Branch as well as portions of the Cities of Irving, Addison and Coppell.

The local economy remains 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.

The District's largest taxpayer is only 1.0% 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 in the northwest quadrant of Dallas County and the school district. The upgrading of the road system within the metroplex continues to be a plus for the District. A combination of interstate highways, state highways, and toll roads insures that residents can easily commute to jobs anywhere in the metroplex and serves as a magnet for the location of new businesses coming into the area. In addition, the Dallas Area Rapid Transit, (DART) system has opened the Green Line extension of their light rail system in 2011. This extension has major stops in the District. The Cities of Carrollton and Farmers Branch have initiated plans in these transit areas, creating a lifestyle renaissance of high-density housing, retail, restaurants and offices a quality urban environment. Initial development of these projects has already begun. Within the next year a major highway widening project will also begin for Interstate 35, which will further encourage growth and development.

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 construction phase of the 200 acre site. The project will contain multifamily, small office buildings, single-family and town home development. 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. While enrollment is stagnant or declining in most areas of the District, Las Colinas and specifically the La Villita community continues to grow and is expected to increase by over 500 within the next few years.

A major redevelopment project was initiated in Addison in 2007 where 2,400 older apartments were 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. The first elements of this project are complete.

Long-term Financial Planning The District has maintained its fund balance to insure that the needed resources are available to provide for current operations and unexpected situations. Trends identified in budgeting for subsequent fiscal years include:

- If the future follows recent trends, our taxable values will increase. We are projecting a slow incremental increase since the District had a taxable value decline for the 2009-10, 2010-11 and 2011-12 budget years.
- Unless current law changes, we will be held to a General Fund tax rate cap of \$1.17/\$100 assessed value. Amounts over \$1.04 will require a tax authorization election.
- Based on past history, our collection percentages will remain 98% or more.
- Federal revenue sources are not expected to increase significantly over current levels.
- The passage of Senate Bill 1 in the summer of 2011 reduced State sources of revenue over the next fiscal year. For fiscal years beyond 2013-14, the percentage reduction will be set by legislative appropriation.

Future budget projections predict deficit General Fund budgets through 2013-2014. If projections are accurate, the District will consider program/operation reductions or additional pennies on the tax rate to balance the budget but in the short-term the District anticipates utilizing fund balance to cover any budget shortfalls. Any additional pennies on the tax rate will require an election and voter approval.

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 District (2 campuses)	Collin County, Texas
Dallas Baptist University	Dallas, Texas
Dallas County Community College District (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

There are no district or campus state ratings for 2012.

The state created new assessments for all grades (3-11) and all subjects tested. These changes required a year to establish standards for these new assessments. The previous TAKS assessments have been replaced with the new STAAR assessments. In 2013, only the TAKS exit level test will still be administered for grade 11 as the final transition to the new assessments system. In 2014, only STAAR assessments will be used for grades 3-11.

In addition, the state is totally restructuring its accountability system which will result in new accountability labels with a completely new system involving for indices with unique elements of evaluation for each index. Each new index will have unique for the various elements within the index. The new system will reflect the new federal guidelines for ethnic identification. Instead of there being three ethnic student groups as in the old system (African Americans, Hispanics and Whites), the new system will have seven ethnic student groups (Hispanics, Black/African American, American Indian, Asian, Pacific Islander, White and Two or more races.) One index will only be calculated only at the All Student level, some indices will address Economically Disadvantaged students, and some will use the ethnic categories to calculate results. The former labels of Exemplary, Recognized, Acceptable and Unacceptable will no longer be used. The new labels are expected to be Advanced, Satisfactory and Unsatisfactory. Final decisions for the new accountability system will not be made prior to May 2013. There is no blueprint available at this time to specify the criteria for the indices or for the new labels.

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 2012 are listed in the chart below.

<u>SAT Results for 2012</u>					
Mean Scores					
<u>Campus</u>	<u>Count</u>	<u>Critical Reading</u>	<u>Math</u>	<u>Writing</u>	<u>Combined</u>
Turner	254	461	498	456	1,415
Smith	236	514	528	506	1,548
Creekview	264	499	532	479	1,510
Ranchview	162	487	499	477	1,463
Early College	47	421	446	422	1,289
District	963	487	512	477	1,476
National	1,664,479	496	514	488	1,498
Texas	172,802	474	499	461	1,434

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 2012 are listed in the chart below.

<u>ACT Results for 2012</u>						
<u>Campus</u>	<u>Count</u>	<u>English</u>	<u>Math</u>	<u>Reading</u>	<u>Science</u>	<u>Composite</u>
Turner	129	18.4	21.1	20.0	20.1	20.0
Smith	120	22.8	22.6	23.5	22.8	23.1
Creekview	129	21.5	23.4	21.9	22.3	22.4
Ranchview	63	20.8	21.7	21.5	21.5	21.5
Early College	2	20.5	24.5	25.0	23.5	23.5
District	443	20.8	22.3	21.7	21.7	21.8
National	1,666,017	20.5	21.1	21.3	20.9	21.1
Texas	110,180	19.6	21.4	20.8	20.8	20.8

OTHER INFORMATION

- The District has been awarded the Certificate of Excellence in Financial Reporting by the Association of School Business Officials (ASBO) for thirty-five 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, 2011. The District has achieved this prestigious award thirty-four 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.
- The 2011-12 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.
- In 1999, the 76th Texas Legislature approved legislation requiring the commissioner of education in consultation with the comptroller of public accounts to develop a rating system for school district financial accountability. The 77th Texas Legislature in 2001 subsequently adopted rules for the implementation and administration of the financial accountability rating system known as School FIRST, Financial Integrity Rating System of Texas. The financial accountability rating system benefits the public by having in place a system to ensure that school districts will be held accountable for the quality of their financial management practices and achieve improved performance in the management

of their financial management practices and achieve improved performance in the management of their financial resources. The Carrollton-Farmers Branch Independent School District has received a Superior Achievement rating since the implementation of the rating system in the 2002-03 fiscal year.

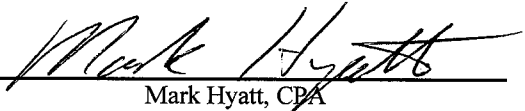
- Carrollton-Farmers Branch Independent School District has one goal: “high achievement for all students.” For the 2011-2012 school year, C-FB ISD is a TEA Recognized school district. Twelve campuses have Exemplary ratings and nineteen have Recognized ratings.
- The Education Resource Group (ERG) annually measures the academic and financial performance of all Texas school districts. By using multiple data, ERG determines the educational productivity of individual school districts in three areas: overall educational value, academic performance and finance performance. For 2011: C-FB ISD ranked 8 out of the 200 Texas largest school districts in overall educational value. For 2011, C-FB ISD ranked 17 out of 200 in academic performance and 55 out of 200 in finance performance. What this tells our community is that C-FB ISD is achieving at academically high levels while spending tax dollars wisely.
- 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 fifth time that C-FB ISD made the list.

ACKNOWLEDGMENTS

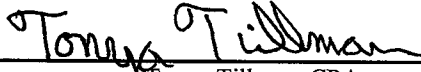
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the business office and tax office. Special thanks to Steve Franks, CPA-Director of Accounting; Vicki Pippin, CPA-Accountant; Marcia Harbour, CTSBO-Special Revenue 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.
Superintendent of Schools



Mark Hyatt, CPA
Associate Superintendent for Administrative &
Support Services



Tonya Tillman, CPA
Chief Financial Officer



Steve Franks, CPA
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, 2011

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.



Christopher P. Morille

President

Jeffrey R. Emer

Executive Director

Association of School Business Officials International



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

Carrollton-Farmers Branch Independent School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended August 31, 2011*

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



A handwritten signature in black ink, appearing to read 'Brian L. Mee'.

Brian L. Mee, SFO, RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director

**Carrollton-Farmers Branch
Independent School District**

Principal Officials

Board of Trustees

Board Member	Service Began	Service Expires	Position	Occupation
Nancy Cline	2005	2014	President	Director of Public Works, Town of Addison
James Goode	1999	2014	Vice President	Vice President, Applied Data Sciences
Richard Fleming	2009	2015	Secretary	State Tax Consultant
Lynn Chaffin	1998	2013	Assistant Secretary	Senior IT Project Manager, City of Dallas
Frank Shor	2007	2013	Member	Attorney
Nancy Watten	2007	2013	Member	Retired School Teacher
John Mathews	2012	2015	Member	Retired Educator

Appointed Officials

Name	Position	Years Service
Bobby Burns, Ed.D.	Superintendent of Schools * Total School district experience 32 years	24 years *
Mark Hyatt, CPA	Associate Superintendent for Administrative & Support Services * Total School district experience 31 years	27 years *
Sheila Maher, Ed.D.	Associate Superintendent for Educational Services * Total School district experience 38 years	32 years *

Officials Issuing Report

Mark Hyatt, CPA	Associate Superintendent for Administrative & Support Services * Total School district experience 31 years	27 years *
Tonya Tillman, CPA	Chief Financial Officer * Total School district experience 13 years	1 year *
Scott Roderick, CPA	Director of Financial Reporting * Total School district experience 8 years	5 years *
Steve Franks, CPA	Accounting Director * Total School district experience 8 years	1 year *
Marcia Harbour, CTSBO	Special Revenue Accountant * Total School district experience 26 years	13 years *
Vicki Pippin, CPA	Accountant * Total School district experience 9 years	9 years *

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 Street
Dallas, Texas 75202

Auditors

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

Bond Counsel

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

Financial Advisor

First Southwest Company
777 Main Street, Suite 1200
Ft. Worth, Texas 76102

General Counsel

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

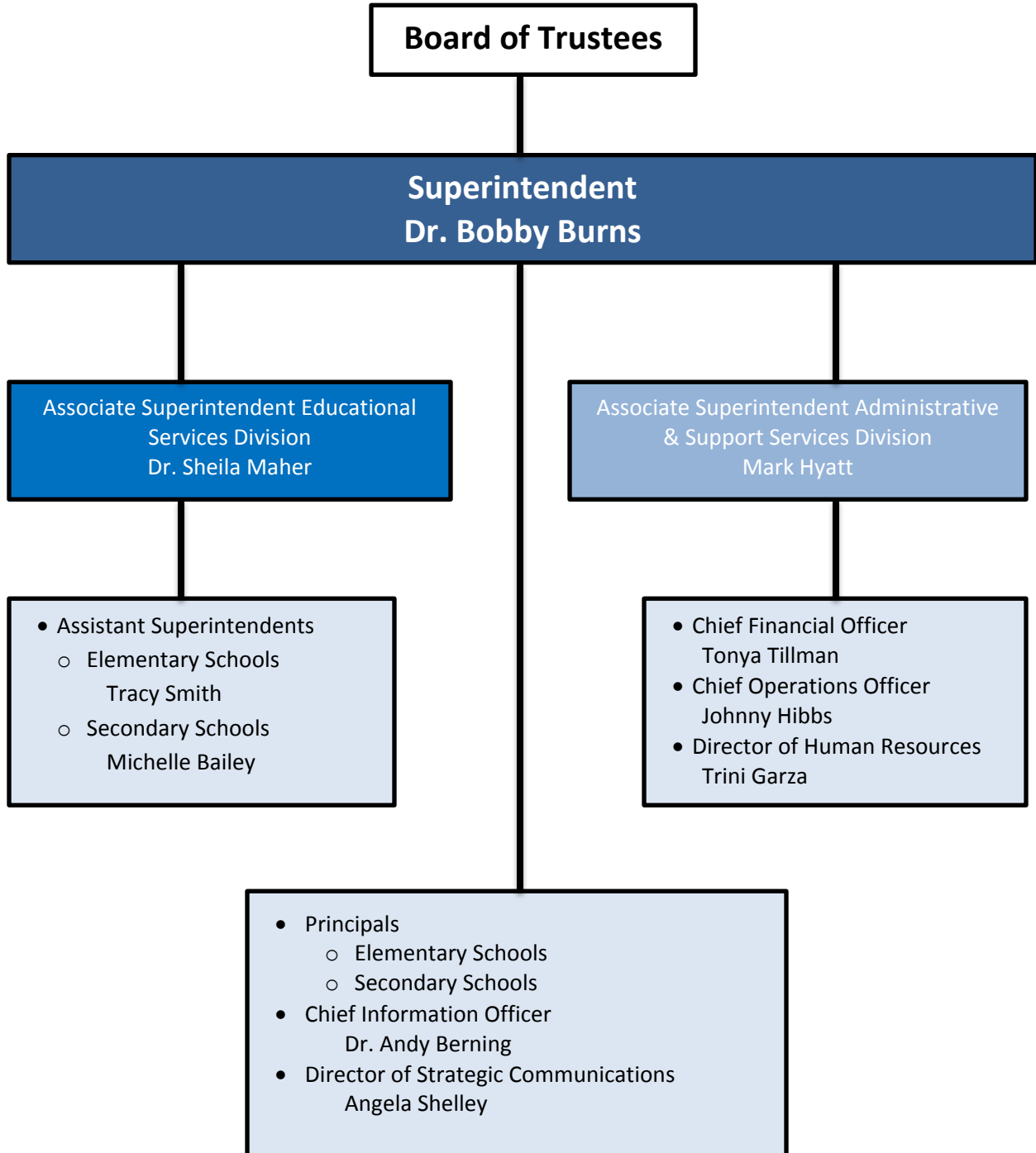
Depository Bank

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
Organizational Chart
2011-12**





Carrollton · Farmers Branch

Independent School District

••• An Innovative Leader in Learning •••

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

Members of the Board:

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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carrollton-Farmers Branch Independent School District as of August 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 16 and 61 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, schedules of capital assets used in the operation of governmental funds, statistical section and the required TEA schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, the schedules of capital assets used in the operation of governmental funds, the required TEA schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Hankins, Eastup, Deaton, Tonn & Seay

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

December 12, 2012

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, 2012. 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 \$241.5 million. The net assets of the District increased by \$29.2 million during the year ended August 31, 2012.
- The District's governmental funds financial statements reported combined ending fund balance of \$151.5 million. Of this amount, \$0.9 million is nonspendable fund balance, \$10.1 million is assigned fund balance and \$71.6 million is unassigned fund balance in the General Fund. The remaining Fund balance of \$68.9 million is comprised of \$0.4 million in nonspendable fund balance, \$67.1 million in restricted fund balance and \$1.4 million in committed fund balance.
- The District held a successful bond election to authorize \$300.165 million in general obligation bonds on October 25, 2003. The sixth bond sale related to this authorization took place on July 11, 2012 when the District issued \$25.0 million (par value) in new debt and \$30.0 million (par value) of Refunding Bonds. \$45.9 million of authorized debt remains unissued.
- One major construction project is nearing the final stage of completion. Construction related to this bond program will continue through 2014. Technology projects will continue throughout the program.
- The general fund reported a fund balance this year of \$82.6 million, which is an increase of \$9.6 million from the prior year fund balance of \$73.0 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:

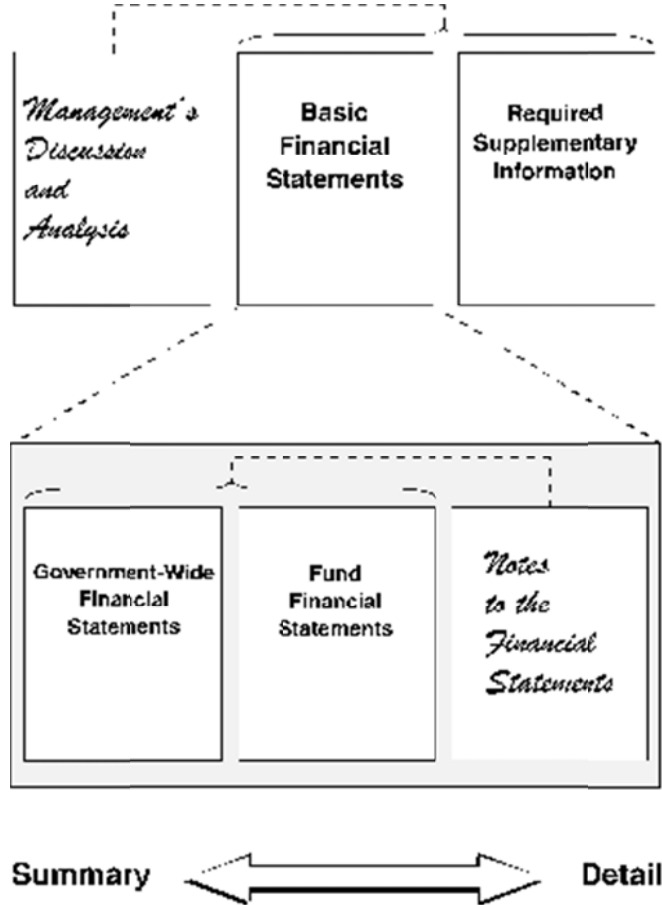
- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the 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 workers' compensation 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				
Fund Statements				
<i>Type of Statement</i>	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the District operates similar to private business: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	* Statement of net assets * Statement of activities	* Balance sheet * Statement of revenues, expenditures & changes in fund balances	* Statement of net assets * Statement of revenues, expenses and changes in fund net assets	* Statement of fiduciary 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 and state funding structure.

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 Workers' Compensation 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 2011 and 2012 – increasing by \$29.2 million or 13.8% to \$241.5 million at August 31, 2012 (see Table A-1, Page 9).

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current & Other Assets	\$179.5	\$153.0	\$2.8	\$2.1	\$182.3	\$155.1
Capital Assets	\$410.8	\$411.9	\$0.0	\$0.0	\$410.8	\$411.9
Total Assets	\$590.3	\$564.9	\$2.8	\$2.1	\$593.1	\$567.0
Current Liabilities	\$13.7	\$16.3	\$0.1	\$0.1	\$13.8	\$16.4
Long Term Liabilities	\$337.8	\$338.3	\$0.0	\$0.0	\$337.8	\$338.3
Total Liabilities	\$351.5	\$354.6	\$0.1	\$0.1	\$351.6	\$354.7
Net Assets						
Invested in Capital Assets net of related debt	\$117.7	\$115.3	\$0.0	\$0.0	\$117.7	\$115.3
Restricted	\$39.5	\$27.0	\$0.0	\$0.0	\$39.5	\$27.0
Unrestricted	\$81.6	\$68.0	\$2.7	\$2.0	\$84.3	\$70.0
Total Net Assets	\$238.8	\$210.3	\$2.7	\$2.0	\$241.5	\$212.3

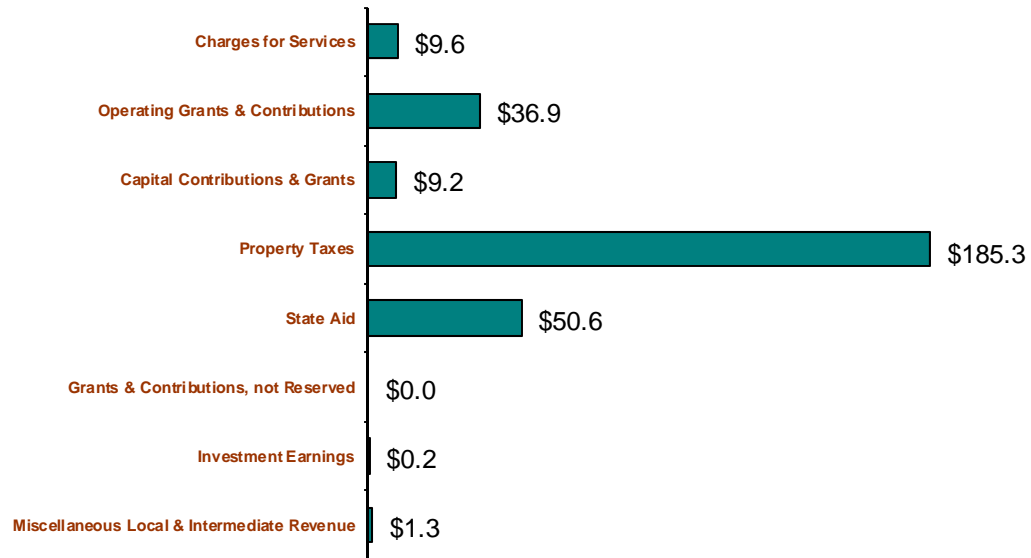
A portion of the net assets are either restricted as to the purposes for which they can be used or they are invested in capital assets. Unrestricted net assets increased by \$14.3 million. Unrestricted net assets may be used to fund District programs in the next fiscal year. However, this does not mean 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 \$293.1 million representing a decrease of \$8.8 million or 2.91%. The majority of this decrease is the elimination of the Title XIV ARRA State Stabilization federal funds which offset the reduction of state funding for one year. The federal funds received from the Stabilization funds were not replaced from the state once the funds had been expended. The District increased the Debt Service tax rate by \$.0099 to meet current requirements for principal and interest. A significant portion, 63.22%, of the District's revenue comes from taxes. (See Figure A-3, page 10.) Operating grants and contributions represent 12.59% while only 3.28% relates to charges for services.

The total cost of all programs and services was \$263.9 million; a decrease over the previous year of \$17.9 million or 6.35%. Instructional and student services represent 54.72% of these costs. The payments for debt service requirements decreased \$2.0 million from 2011 to 2012 due to the savings achieved from the refunding of bonds over the last two fiscal years. The payment to tax increment funds decreased \$1.3 million due to a high amount of uncollected taxes related to property values under protest within the tax increment finance zones.

MANAGEMENT’S DISCUSSION AND ANALYSIS

**Figure A-3 District Sources of Revenue for
Fiscal Year 2012
(in millions of dollars)**



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 and the Denton Central Appraisal District determine property values for the Carrollton-Farmers Branch ISD. The Debt Service rate is set to pay debt principal and interest for the fiscal year. The Debt Service rate increased by \$0.0099 per \$100 assessed valuation. Property values decreased 1.72%.

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	
	2012	2011	2012	2011	2012	2011
Revenues						
<u>Program Revenues</u>						
Charges for Services	\$6.1	\$5.1	\$3.5	\$3.1	\$9.6	\$8.2
Operating Grants & Contributions	\$36.9	\$44.9	\$0.0	\$0.0	\$36.9	\$44.9
Capital Contributions & Grants	\$9.2	\$10.1	\$0.0	\$0.0	\$9.2	\$10.1
<u>General Revenues</u>						
Property Taxes	\$185.3	\$186.4	\$0.0	\$0.0	\$185.3	\$186.4
State aid - Formula Grants	\$50.6	\$51.7	\$0.0	\$0.0	\$50.6	\$51.7
Grants & Contributions						
Not Restricted	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Investment Earnings	\$0.2	\$0.2	\$0.0	\$0.0	\$0.2	\$0.2
Miscellaneous Local & Intermediate Revenue	\$1.3	\$0.4	\$0.0	\$0.0	\$1.3	\$0.4
Total Revenues	\$289.6	\$298.8	\$3.5	\$3.1	\$293.1	\$301.9
Expenses						
Instruction & Instructional related	\$144.4	\$152.8	\$0.0	\$0.0	\$144.4	\$152.8
Instructional leadership & school leadership	\$16.4	\$16.9	\$0.0	\$0.0	\$16.4	\$16.9
Guidance, social work, health & transportation	\$15.0	\$16.2	\$0.0	\$0.0	\$15.0	\$16.2
Food services	\$12.0	\$12.4	\$0.0	\$0.0	\$12.0	\$12.4
Extracurricular	\$6.0	\$6.2	\$0.0	\$0.0	\$6.0	\$6.2
General administration	\$6.2	\$7.1	\$0.0	\$0.0	\$6.2	\$7.1
Plant maintenance & security	\$24.9	\$25.8	\$0.0	\$0.0	\$24.9	\$25.8
Data processing services	\$6.6	\$7.4	\$0.0	\$0.0	\$6.6	\$7.4
Community services	\$0.5	\$0.7	\$0.0	\$0.0	\$0.5	\$0.7
Debt services	\$14.2	\$16.2	\$0.0	\$0.0	\$14.2	\$16.2
Facilities acquisition & construction	\$0.0	\$1.2	\$0.0	\$0.0	\$0.0	\$1.2
Contracted instructional services between public schools & related costs	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0
Payments to juvenile justice alternative ed programs	\$0.1	\$0.1	\$0.0	\$0.0	\$0.1	\$0.1
Payments to tax increment fund	\$13.8	\$15.1	\$0.0	\$0.0	\$13.8	\$15.1
Other Intergovernmental Charges	\$0.9	\$0.9	\$0.0	\$0.0	\$0.9	\$0.9
After the Bell Child Care	\$0.0	\$0.0	\$2.8	\$2.8	\$2.8	\$2.8
Total Expenses	\$261.1	\$279.0	\$2.8	\$2.8	\$263.9	\$281.8
Increase/(Decrease) in net assets	\$28.5	\$19.8	\$0.7	\$0.3	\$29.2	\$20.1
Beginning net assets	\$210.3	\$190.5	\$2.0	\$1.7	\$212.3	\$192.2
Ending net assets	\$238.8	\$210.3	\$2.7	\$2.0	\$241.5	\$212.3

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 \$263.9 million, a decrease of \$17.9 million or 6.35% over the prior year. Most functional categories decreased from the prior year. Most notable, the functional category attributed to Instruction and Instructional related decreased \$8.4 million. There were numerous factors that contributed to the significant decrease from the prior year. The District continued its aggressive initiative to reduce costs, and along with a decrease of payroll accruals associated with our 10-month employees contributed to the current year reduction. Payments to Tax Increment Funds decreased \$1.3 million due to a high amount of uncollected taxes related to properties values under protest. Plant maintenance and security decreased \$0.9 million due to the execution of a new utility contract that reduced the current rates. The functional categories attributed to Guidance, Social Work, Health and Transportation related decreased \$1.2 million due to a reduction of the payroll accrual compared with the prior year as well as the District’s effort to reduce costs in all areas of operations. General Administration decreased \$0.9 million due to realignment and consolidation of personnel.
- The amount that our taxpayers paid for these activities through property taxes was \$185.3 million.
- \$9.6 million or 3.63% of total costs were paid by those who directly benefited from the programs.
- Operating grants and contributions totaled \$36.9 million.

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

	Total Cost of Services			Net Cost of Services		
	2012	2011	% Change	2012	2011	% Change
Instruction	\$132.8	\$141.7	-6.28%	\$114.6	\$119.3	-3.94%
Instructional Resources & Media Services	\$4.4	\$4.5	-2.22%	\$2.2	\$3.6	-38.89%
Curriculum & Staff Development	\$7.3	\$6.6	10.61%	\$3.6	\$3.6	0.00%
School Leadership	\$13.9	\$14.3	-2.80%	\$11.3	\$13.4	-15.67%
Food Service	\$12.0	\$12.4	-3.23%	\$1.4	\$1.8	-22.22%
Plant maintenance and Operations	\$23.5	\$24.2	-2.89%	\$20.9	\$17.1	22.22%

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, City of Irving TIF #1, Debt Service, and Capital Projects Fund.

- Revenues from general governmental functions totaled \$289.7 million, a decrease of \$9.5 million from the preceding year. Property taxes were the largest source of revenue received by the District. The District’s total taxable values decreased \$243.5 million or 1.72% which resulted in a decrease of property tax revenue of \$1.1 million or 0.59%. The Debt Service requirements for principal and interest decreased from the prior year but due to the decrease in property values in

MANAGEMENT'S DISCUSSION AND ANALYSIS

the District, the Debt Service tax rate was increased by \$.0099. State aid formula grants decreased \$1.1 million or 2.13%.

- Expenditures for general governmental operations totaled \$286.2 million during fiscal year 2012. The total decrease in expenditures was \$7.6 million. The largest increase of \$10.9 million was in the functional category of Facilities Acquisition and Construction where the District was in final stages of completing the construction of an elementary school. The largest decreases were in the following functional categories: Instruction decreased \$9.4 million due the reduction in staff and a decrease in the payroll accrual from prior year; Facilities Maintenance and Operations decreased \$2.1 million due to the renegotiated utility contract which reduced rates and the reduction of staff in various areas; Debt Service decreased \$2.2 million due to reduction in the requirements for principal and interest; Tax Increment Fund payments decreased \$1.4 million due to an amount of uncollected property taxes for property values under protest; and General Administration decreased \$0.9 million due to the continued consolidation of personnel.
- In fiscal year 2004 voters approved a bond authorization of \$300.165 million. Bonds totaling \$254.3 million have been issued during the 2004-2012 fiscal years. The District issued \$55.0 million (par value) of new bonds to provide \$25.0 million for construction projects and to refund \$35.4 million of existing bonds in July 2012 which will reduce debt service payments approximately \$3.9 million.
- The governmental funds reported a combined fund balance of \$151.5 million, an increase of \$28.7 million. The combined fund balance was comprised of a fund balance increase in the General Fund of \$9.6 million and a fund balance increase in the Debt Service Fund of \$3.4 million. The District continues to evaluate operations to be more efficient and to find cost savings without adversely affecting student performance. Reduction measures include energy savings programs and realignment of programs to reduce the need for additional personnel. The City of Irving TIF # 1 (Tax Increment Fund) fund balance increased \$8.8 million due to the increasing property values within the tax increment zone along with no current capital projects in progress. The Capital Projects Fund balance also increased \$6.8 million. The Capital Projects Fund is entering the final phase of the construction of an elementary school. The District has not started any other major projects during the 2011-12 fiscal year. The District issued \$25.0 million of new debt to fund the construction of an elementary school and the additions and renovations of two middle schools. The combination of the near completed elementary school and the issue of the new bonds to fund the upcoming projects contributed to the increase in the Capital Projects Fund balance. Out of the combined fund balances, \$1.4 million constitutes nonspendable fund balance, \$10.1 million constitutes assigned fund balance and \$71.6 million constitutes unassigned fund balance available for the general operations of the District. The remainder of the fund balances are either restricted or committed fund balances to indicate that it is not available for new spending because constraints have been placed on the funds due to bond projects, debt service and other obligations of the District.

General Fund Budgetary Highlights

- Over the course of the year, the District revised its budget several times. Actual expenditures were \$16.5 million below final budget amounts. The most significant positive variance resulted in Instruction where several factors contributed to the significant decrease in this functional area. In an effort to reduce positions, the District has made a concerted effort to reduce costs in all areas such as increased secondary class size and/or teaching load to 28 as well as consolidating personnel in areas where student performance would be least affected. The District's calendar for 10-month employees created fewer work days for their 2012-13 assignment. The fewer 2012-13 assignment work days falling within the 2011-12 fiscal year resulted in a smaller payroll accrual thus increasing the positive variance. The negotiation of new utility rates along with reduced personnel cost contributed to the positive variance for Facilities Maintenance and Operations.

MANAGEMENT’S DISCUSSION AND ANALYSIS

- Function 12, Instructional Resources and Media Services and Function 23, School Leadership, experienced a positive variance attributed to the change in state funding sources as well as realignment of personnel to further reduce costs.
- Function 41, General Administration, experienced a positive variance attributed to realignment of personnel and an initiative to further control costs.
- Revenues available were \$0.5 million above the final budget amount. The District received a larger than anticipated reimbursement from School Health and Related Services. The under variance of state revenue is attributed to the State of Texas’ target revenue system and a higher than anticipated tax collections. The District’s collection of property taxes directly affects the amount of state funds received.
- Plant Maintenance actual expenditures were \$1.8 million below final budget amounts. The District negotiated a new contract that reduced utility rates and reduced personnel costs contributed to the variance.

Capital Assets and Debt Administration

Capital Assets

At August 31, 2012, the District had invested \$698.5 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 \$15.4 million or 2.25% over last year. Most of this increase was related to an increase in construction in progress related to construction, repair and remodeling of district facilities. Additional information regarding Capital Assets is available in the Notes to the Basic Financial Statements, page 48.

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

	Governmental Activities		Total % Change
	2012	2011	
Land	\$61.4	\$61.4	0.00%
Buildings, building improvements & land improvements	\$596.3	\$596.2	0.02%
Construction in progress	\$18.1	\$3.3	448.48%
Furniture and equipment	\$22.7	\$22.2	2.25%
Totals at historical costs	\$698.5	\$683.1	2.25%
Total accumulated depreciation	(\$287.7)	(\$271.2)	6.08%
Net capital assets	\$410.8	\$411.9	-0.27%

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Administration

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

	Governmental		Total % Change
	2012	2011	
Bonds payable	\$317.2	\$323.2	-1.86%
Other Long Term Debt payable	<u>\$20.6</u>	<u>\$15.1</u>	36.42%
Sub-Total	<u>\$337.8</u>	<u>\$338.3</u>	-0.15%
Less Current Portion	<u>(\$26.9)</u>	<u>(\$26.8)</u>	0.37%
Total due in more than one year	<u><u>\$310.9</u></u>	<u><u>\$311.5</u></u>	-0.19%

At year-end the District had \$310.9 million in bonds and notes outstanding due in more than one year. (See Table A-5.) During 2012, the District did refund \$35.4 million in bonds to reduce current requirements. More detailed information about the District's debt is presented in the Notes to the Basic Financial Statements, pages 49-51.

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. The two ratings that the district receives on bond sales are: one with the state permanent guarantee and one without (called underlying). The District's underlying bond rating is shown on the graph below. Under the PSF, 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 2013 budget preparation increased \$311.3 million or 2.24% from 2012.
- General operating fund spending per student in the 2013 budget increases from \$6,953 to \$7,429 (excluding the Chapter 41 and Tax Increment Financing payments). This is a 6.85% increase.
- The District's average daily attendance in 2012 was 26,423, an increase of 264.0 or 0.76% over 2011. The District is not anticipating significant student growth in 2013.
- The District's attendance rate increased 0.10% from 96.0% for 2011 to 96.1% for 2012.

These indicators were taken into account when adopting the general fund budget for 2013. Legislation passed in special session by the Legislature in the summer of 2011 is effective for fiscal year 2012 forward. Senate Bill 1 keeps the target revenue system intact but creates a Regular Program Adjustment Factor where schools will receive 92.39% of the regular program allotment for 2011-12 and 98.0% for the 2012-13 fiscal year. The legislation keeps the provisions of previous House Bill 1 that provided a reduction to 88.67% of the 2004-05 Maintenance & Operations tax rate for 2006-07 and a reduction to 66.67% for

MANAGEMENT'S DISCUSSION AND ANALYSIS

2007-08 and forward. The 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 caused General Fund tax revenues budgeted to increase \$0.6 million more than actual collections for fiscal year 2012. The state funding formulas have changed significantly with the passage of House Bill 1 (80th Legislature) and the target revenue concept. Although the 82nd Legislature altered some of the state funding formulas, the target revenue system remains in place. Basically, the only way to generate additional revenue is to ask local taxpayers for a tax increase absent the increase of the student population. In a period of decreasing property values, the state target revenue system offsets increasing tax revenue resulting in a decrease of \$3.3 million for budgeted state revenue for fiscal year 2013.

General Fund expenditures are budgeted to decrease 1.49% to \$210.6 million over the original 2012 budgeted amounts of \$213.8 million. The District implemented a 1.5% employee raise for fiscal year 2012-13. The District's continues to implement the plan for staff reorganizations and consolidation to become more efficient and cost effective. The reduction in staff is realized through attrition rather than layoffs. The District continues to analyze all areas of operations to find savings without impacting student achievement.

If these estimates are realized, the District's budgetary general fund balance is expected to decrease by \$10.1 million by the close of the 2013 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 Director of Financial Reporting, Scott Roderick, at 1445 N. Perry Road, Carrollton, Texas 75011-5186, (972) 968-6116, e-mail 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, 2012

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
ASSETS			
1110 Cash and Investments	\$ 171,532,171	\$ 2,713,593	\$ 174,245,764
1220 Property Taxes Receivable (Delinquent)	6,158,342	-	6,158,342
1230 Allowance for Uncollectible Taxes	(3,337,410)	-	(3,337,410)
1240 Due from Other Governments	1,693,307	-	1,693,307
1250 Accrued Interest	2,866	-	2,866
1260 Internal Balances	(109,089)	109,089	-
1290 Other Receivables, net	173,275	718	173,993
1300 Inventories	1,325,823	-	1,325,823
1410 Deferred Expenses	243,582	-	243,582
1420 Capitalized Bond and Other Debt Issuance Costs	1,828,273	-	1,828,273
Capital Assets:			
1510 Land	61,365,108	-	61,365,108
1520 Buildings	596,265,767	-	596,265,767
1530 Furniture and Equipment	22,705,346	-	22,705,346
1570 Accumulated Depreciation	(287,681,108)	-	(287,681,108)
1580 Construction in Progress	18,138,392	-	18,138,392
1000 Total Assets	<u>590,304,645</u>	<u>2,823,400</u>	<u>593,128,045</u>
LIABILITIES			
2110 Accounts Payable	3,141,289	7,418	3,148,707
2140 Interest Payable	605,762	-	605,762
2150 Payroll Deductions & Withholdings	1,849,600	-	1,849,600
2160 Accrued Wages Payable	7,607,128	124,735	7,731,863
2180 Due to Other Governments	286,013	-	286,013
2300 Deferred Revenues	215,067	-	215,067
Noncurrent Liabilities			
2501 Due Within One Year	26,891,386	-	26,891,386
2502 Due in More Than One Year	310,901,182	-	310,901,182
2000 Total Liabilities	<u>351,497,427</u>	<u>132,153</u>	<u>351,629,580</u>
NET ASSETS			
3200 Invested in Capital Assets, Net of Related Debt	117,721,810	-	117,721,810
Restricted for:			
3840 Restricted for Food Service	373,942	-	373,942
3850 Restricted for Debt Service	6,296,255	-	6,296,255
3890 Restricted for Tax Increment Zone	32,866,316	-	32,866,316
3900 Unrestricted Net Assets	81,548,895	2,691,247	84,240,142
3000 Total Net Assets	<u>\$ 238,807,218</u>	<u>\$ 2,691,247</u>	<u>\$ 241,498,465</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, 2012

Data Control Codes	1	Program Revenues		
		3	4	5
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 132,791,816	\$ 822,910	\$ 17,369,723	\$ -
12 Instructional Resources and Media Services	4,379,728	24,940	2,189,926	-
13 Curriculum and Staff Development	7,300,486	11,400	3,725,828	-
21 Instructional Leadership	2,533,099	-	339,604	-
23 School Leadership	13,920,488	38,502	2,599,394	-
31 Guidance, Counseling and Evaluation Services	9,261,322	176,659	577,826	-
32 Social Work Services	167,221	-	9,518	-
33 Health Services	2,549,034	168	141,184	-
34 Student (Pupil) Transportation	3,105,589	-	-	-
35 Food Services	11,961,743	2,214,248	8,378,836	-
36 Extracurricular Activities	6,012,638	834,249	120,647	-
41 General Administration	6,179,859	-	322,573	-
51 Facilities Maintenance and Operations	23,519,488	1,988,377	616,348	-
52 Security and Monitoring Services	1,372,730	3,356	46,663	-
53 Data Processing Services	6,551,630	-	148,933	-
61 Community Services	505,980	(550)	312,782	-
72 Debt Service - Interest on Long Term Debt	13,984,539	-	-	-
73 Debt Service - Bond Issuance Cost and Fees	195,034	-	-	-
91 Contracted Instructional Services Between Schools	75,536	-	-	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	57,484	-	-	-
97 Payments to Tax Increment Fund	13,777,411	-	-	9,196,973
99 Other Intergovernmental Charges	898,662	-	-	-
[TG] Total Governmental Activities:	261,101,517	6,114,259	36,899,785	9,196,973
BUSINESS-TYPE ACTIVITIES:				
01 After the Bell	2,801,626	3,478,069	-	-
[TB] Total Business-Type Activities:	2,801,626	3,478,069	-	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 263,903,143	\$ 9,592,328	\$ 36,899,785	\$ 9,196,973

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
TR	Total General Revenues
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
\$ (114,599,183)	\$ -	\$ (114,599,183)
(2,164,862)	-	(2,164,862)
(3,563,258)	-	(3,563,258)
(2,193,495)	-	(2,193,495)
(11,282,592)	-	(11,282,592)
(8,506,837)	-	(8,506,837)
(157,703)	-	(157,703)
(2,407,682)	-	(2,407,682)
(3,105,589)	-	(3,105,589)
(1,368,659)	-	(1,368,659)
(5,057,742)	-	(5,057,742)
(5,857,286)	-	(5,857,286)
(20,914,763)	-	(20,914,763)
(1,322,711)	-	(1,322,711)
(6,402,697)	-	(6,402,697)
(193,748)	-	(193,748)
(13,984,539)	-	(13,984,539)
(195,034)	-	(195,034)
(75,536)	-	(75,536)
(57,484)	-	(57,484)
(4,580,438)	-	(4,580,438)
(898,662)	-	(898,662)
<u>(208,890,500)</u>	<u>-</u>	<u>(208,890,500)</u>
-	676,443	676,443
-	676,443	676,443
<u>(208,890,500)</u>	<u>676,443</u>	<u>(208,214,057)</u>
142,069,891	-	142,069,891
43,220,140	-	43,220,140
50,585,614	-	50,585,614
36,963	-	36,963
206,371	-	206,371
1,311,059	-	1,311,059
<u>237,430,038</u>	<u>-</u>	<u>237,430,038</u>
28,539,538	676,443	29,215,981
210,267,680	2,014,804	212,282,484
<u>\$ 238,807,218</u>	<u>\$ 2,691,247</u>	<u>\$ 241,498,465</u>

CARROLLTON-FARMERS BRANCH ISD
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2012

Data Control Codes	10 General Fund	City of Irving TIF #1	50 Debt Service Fund
ASSETS			
1110 Cash and Investments	\$ 90,574,909	\$ 26,274,980	\$ 6,355,103
1220 Property Taxes - Delinquent	4,862,800	-	1,295,542
1230 Allowance for Uncollectible Taxes (Credit)	(2,558,191)	-	(779,219)
1240 Receivables from Other Governments	707,143	-	-
1250 Accrued Interest	-	1,664	-
1260 Due from Other Funds	900,032	-	30
1290 Other Receivables	137,394	-	30,561
1300 Inventories	776,548	-	-
1410 Deferred Expenditures	122,196	-	-
1000 Total Assets	<u>\$ 95,522,831</u>	<u>\$ 26,276,644</u>	<u>\$ 6,902,017</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 1,150,075	\$ -	\$ -
2150 Payroll Deductions and Withholdings Payable	1,849,600	-	-
2160 Accrued Wages Payable	7,030,244	-	-
2170 Due to Other Funds	543,781	-	-
2180 Due to Other Governments	286,013	-	-
2300 Deferred Revenues	2,102,295	-	493,757
2000 Total Liabilities	<u>12,962,008</u>	<u>-</u>	<u>493,757</u>
Fund Balances:			
Nonspendable Fund Balance:			
3410 Inventories	776,548	-	-
3430 Prepaid Items	122,196	-	-
Restricted Fund Balance:			
3470 Capital Acquisition and Contractual Obligation	-	-	-
3480 Retirement of Long-Term Debt	-	-	6,408,260
3490 Tax Increment Zone	-	26,276,644	-
Committed Fund Balance:			
3545 Campus Activity Funds	-	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	10,098,666	-	-
3600 Unassigned Fund Balance	71,563,413	-	-
3000 Total Fund Balances	<u>82,560,823</u>	<u>26,276,644</u>	<u>6,408,260</u>
4000 Total Liabilities and Fund Balances	<u>\$ 95,522,831</u>	<u>\$ 26,276,644</u>	<u>\$ 6,902,017</u>

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

60 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 29,370,455	\$ 8,401,422	\$ 160,976,869
-	-	6,158,342
-	-	(3,337,410)
-	986,164	1,693,307
76	-	1,740
-	18,924	918,986
-	5,320	173,275
-	549,275	1,325,823
121,386	-	243,582
<u>\$ 29,491,917</u>	<u>\$ 9,961,105</u>	<u>\$ 168,154,514</u>
\$ 1,592,538	\$ 397,530	\$ 3,140,143
-	-	1,849,600
-	573,910	7,604,154
-	484,217	1,027,998
-	-	286,013
-	176,951	2,773,003
<u>1,592,538</u>	<u>1,632,608</u>	<u>16,680,911</u>
-	373,942	1,150,490
121,386	-	243,582
27,777,993	-	27,777,993
-	-	6,408,260
-	6,589,672	32,866,316
-	1,364,883	1,364,883
-	-	10,098,666
-	-	71,563,413
<u>27,899,379</u>	<u>8,328,497</u>	<u>151,473,603</u>
<u>\$ 29,491,917</u>	<u>\$ 9,961,105</u>	<u>\$ 168,154,514</u>



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CARROLLTON-FARMERS BRANCH ISD
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 AUGUST 31, 2012

Total Fund Balances - Governmental Funds	\$ 151,473,603
1 The District uses internal service funds to charge the costs of certain activities, such as 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.	9,467,534
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	698,474,613
3 Accumulated depreciation has not been included in the governmental fund financial statements.	(287,681,108)
4 Bonds payable and contractual obligations have not been included in the governmental fund financial statements.	(317,180,000)
5 Bond issuance costs reported as an expenditure in the governmental fund financial statements are capitalized in the government-wide financial statements.	1,828,273
6 Premium on issuance of debt were not recognized on the balance sheet for governmental funds.	(21,601,582)
7 For debt funding, 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.	4,081,564
8 Revenue reported as unearned revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.	2,557,936
9 Interest accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due.	(605,762)
10 Compensated absences are accrued in the government-wide financial statements but not in the governmental funds.	(2,007,853)
19 Net Assets of Governmental Activities	<u>\$ 238,807,218</u>

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

CARROLLTON-FARMERS BRANCH ISD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	10 General Fund	City of Irving TIF #1	50 Debt Service Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 146,283,842	\$ 8,806,291	\$ 43,234,398
5800 State Program Revenues	59,523,731	-	-
5900 Federal Program Revenues	1,291,612	-	-
5020 Total Revenues	<u>207,099,185</u>	<u>8,806,291</u>	<u>43,234,398</u>
EXPENDITURES:			
Current:			
0011 Instruction	110,697,336	-	-
0012 Instructional Resources and Media Services	1,469,290	-	-
0013 Curriculum and Instructional Staff Development	3,548,493	-	-
0021 Instructional Leadership	2,254,753	-	-
0023 School Leadership	11,212,332	-	-
0031 Guidance, Counseling and Evaluation Services	8,897,912	-	-
0032 Social Work Services	167,352	-	-
0033 Health Services	2,493,394	-	-
0034 Student (Pupil) Transportation	3,059,904	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	4,275,593	-	-
0041 General Administration	5,612,209	-	-
0051 Facilities Maintenance and Operations	21,990,240	-	-
0052 Security and Monitoring Services	1,378,139	-	-
0053 Data Processing Services	5,307,072	-	-
0061 Community Services	223,158	-	-
Debt Service:			
0071 Principal on Long Term Debt	-	-	25,555,000
0072 Interest on Long Term Debt	-	-	13,681,847
0073 Bond Issuance Cost and Fees	-	-	593,000
Capital Outlay:			
0081 Facilities Acquisition and Construction	92,424	-	-
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	75,536	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	57,484	-	-
0097 Payments to Tax Increment Fund	13,777,411	-	-
0099 Other Intergovernmental Charges	898,662	-	-
6030 Total Expenditures	<u>197,488,694</u>	<u>-</u>	<u>39,829,847</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,610,491</u>	<u>8,806,291</u>	<u>3,404,551</u>
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	-	33,085,000
7911 Capital Related Debt Issued (Regular Bonds)	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	5,113,360
8949 Payment to Bond Refunding Escrow Agent (Use)	-	-	(38,198,360)
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	9,610,491	8,806,291	3,404,551
0100 Fund Balance - September 1 (Beginning)	<u>72,950,332</u>	<u>17,470,353</u>	<u>3,003,709</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 82,560,823</u>	<u>\$ 26,276,644</u>	<u>\$ 6,408,260</u>

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

60 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 19,760	\$ 3,914,936	\$ 202,259,227
-	4,302,570	63,826,301
-	22,339,255	23,630,867
<u>19,760</u>	<u>30,556,761</u>	<u>289,716,395</u>
2,295,745	10,446,384	123,439,465
-	2,174,385	3,643,675
-	3,565,671	7,114,164
-	236,296	2,491,049
-	2,022,853	13,235,185
-	225,620	9,123,532
-	-	167,352
-	168	2,493,562
-	-	3,059,904
-	10,653,874	10,653,874
-	437,630	4,713,223
-	87,343	5,699,552
-	595	21,990,835
-	3,356	1,381,495
-	125	5,307,197
-	301,103	524,261
-	-	25,555,000
-	-	13,681,847
192,110	-	785,110
15,880,197	382,404	16,355,025
-	-	75,536
-	-	57,484
-	-	13,777,411
-	-	898,662
<u>18,368,052</u>	<u>30,537,807</u>	<u>286,224,400</u>
<u>(18,348,292)</u>	<u>18,954</u>	<u>3,491,995</u>
-	-	33,085,000
21,880,000	-	21,880,000
3,312,110	-	8,425,470
-	-	(38,198,360)
<u>25,192,110</u>	<u>-</u>	<u>25,192,110</u>
6,843,818	18,954	28,684,105
21,055,561	8,309,543	122,789,498
<u>\$ 27,899,379</u>	<u>\$ 8,328,497</u>	<u>\$ 151,473,603</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, 2012

Total Net Change in Fund Balances - Governmental Funds	\$ 28,684,105
 The District uses an internal service fund to charge the costs of self-insurance to appropriate functions in other funds. The net income (loss) of the internal service fund is reported with governmental activities. The net effect of this consolidation is to increase net assets.	385,835
 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 2012 capital asset additions is to increase net assets.	15,543,427
 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.	(16,640,647)
 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.	25,555,000
 Current year bond proceeds are other financing sources in the fund financial statements, but are shown as an increase in the liabilities in the government-wide financial statements. The net proceeds of \$62,916,246 include \$54,965,000 par amount of the bonds plus \$8,425,470 of premium paid on the bonds less \$474,224 of underwriting fees and other issuance costs.	(62,916,246)
 Current year payment to escrow agent for refunded debt are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements. The net payment of \$38,198,360 include refunded bonds of \$37,843,424 (\$35,390,000 par amount of bonds plus loss on refunding of \$2,453,424) plus accrued interest of \$662,823 less other cost associated with the refunding of \$307,887.	37,843,424
 Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	11,132
 The liability for accrued compensated absences is not recognized in the governmental funds. The effect of recording the current year's liability is to increase net assets.	5,837
 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.	(192,035)

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, 2012

<p>Premiums on bonds issued are recognized in the fund financial statements as other financing sources, but they are amortized over the term of the bonds in the government-wide financial statements.</p>	2,358,456
<p>Amortization of deferred loss on refunding is not recognized in the governmental funds. The effect of recording current year's amortization is to decrease net assets.</p>	(2,009,457)
<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 allowance for uncollectible accounts in the government-wide statements.</p>	(89,293)
<p>Change in Net Assets of Governmental Activities</p>	<hr style="border: 0.5px solid black;"/> \$ 28,539,538 <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, 2012

	Business-Type Activities -	Governmental Activities -
	After the Bell	Workers Compensation Fund
ASSETS		
Current Assets:		
Cash and Investments	\$ 2,713,593	\$ 10,555,302
Accrued Interest	-	1,126
Due from Other Funds	109,421	-
Other Receivables	718	-
Total Assets	2,823,732	10,556,428
LIABILITIES		
Current Liabilities:		
Accounts Payable	7,418	1,146
Accrued Wages Payable	124,735	2,974
Due to Other Funds	332	77
Accrued Expenses	-	913,375
Total Current Liabilities	132,485	917,572
Noncurrent Liabilities:		
Accrued Expenses - Due in More than One Year	-	171,322
Total Noncurrent Liabilities	-	171,322
Total Liabilities	132,485	1,088,894
NET ASSETS		
Unrestricted Net Assets	2,691,247	9,467,534
Total Net Assets	\$ 2,691,247	\$ 9,467,534

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, 2012

	Business-Type Activities -	Governmental Activities -
	After the Bell	Workers Compensation Fund
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 3,478,069	\$ 1,313,858
Total Operating Revenues	<u>3,478,069</u>	<u>1,313,858</u>
OPERATING EXPENSES:		
Payroll Costs	2,542,538	123,525
Professional and Contracted Services	21,128	24,242
Supplies and Materials	81,448	492
Other Operating Costs	156,512	793,717
Total Operating Expenses	<u>2,801,626</u>	<u>941,976</u>
Operating Income	<u>676,443</u>	<u>371,882</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	-	13,953
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>13,953</u>
Change in Net Assets	676,443	385,835
Total Net Assets - September 1 (Beginning)	<u>2,014,804</u>	<u>9,081,699</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 2,691,247</u></u>	<u><u>\$ 9,467,534</u></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, 2012

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	After the Bell	Workers Compensation Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 3,433,316	\$ 1,313,846
Cash Payments to Employees for Services	(2,530,416)	(122,964)
Cash Payments for Insurance Claims	-	(973,229)
Cash Payments for Suppliers	(75,133)	(492)
Cash Payments for Other Operating Expenses	(177,640)	(23,096)
Net Cash Provided by Operating Activities	<u>650,127</u>	<u>194,065</u>
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	-	12,827
Net Increase in Cash and Cash Equivalents	650,127	206,892
Cash and Cash Equivalents at Beginning of Year	2,063,466	10,348,410
Cash and Cash Equivalents at End of Year	<u>\$ 2,713,593</u>	<u>\$ 10,555,302</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>		
Operating Income:	\$ 676,443	\$ 371,882
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(44,753)	(12)
Increase (decrease) in Accounts Payable	6,315	1,146
Increase (decrease) in Accrued Wages Payable	12,122	561
Increase (decrease) in Accrued Expenses	-	(179,512)
Net Cash Provided by Operating Activities	<u>\$ 650,127</u>	<u>\$ 194,065</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, 2012

	Agency Fund
ASSETS	
Cash and Investments	\$ 506,820
Total Assets	<u>\$ 506,820</u>
LIABILITIES	
Accounts Payable	\$ 2,308
Due to Student Groups	504,512
Total Liabilities	<u>\$ 506,820</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).

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-Wide and Fund Financial Statements - continued

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 due and payable. 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 made 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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. **City of Irving TIF #1** – The District accounts for property taxes collected for the City of Irving Tax Increment Finance #1 Zone (Local Special Revenue Fund) 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.
3. **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.
4. **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 Fund (After the Bell)** – 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 (Workers Compensation Fund)** – 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 2012 fiscal year was based upon, was \$13,889,472,257.

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, 2012 were 99.29% of the tax levy.

The tax rates assessed for the year ended August 31, 2012 to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$1.04 and \$0.3168 per \$100 valuation, respectively, for a total of \$1.3568 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

The consumption method is used to account for inventories of instructional, technology, maintenance and other operating supplies. Under this method, these items are carried in an inventory account of the respective fund at average cost and are subsequently charged to expenditures when consumed. Although food commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture and recorded as inventory. In the governmental funds, a non-spendable fund balance indicates that inventories are unavailable as current expendable financial resources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Expenditures

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded using the consumption method in both government-wide and fund financial statements. The prepaid items have been identified as a non-spendable fund balance since it is not available for other subsequent expenditures.

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. The District pays a portion of accrued sick leave to retiring personnel meeting state eligibility requirements for retirement. The payment is limited to state and local leave days accumulated while employed in the District at the approved substitute teacher pay rate up to a ceiling of \$5,000. The District has accrued \$2,007,853 for accumulated sick leave that is reflected in the government-wide financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Liability for Compensated Absences - Continued

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.

Long-Term Debt

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

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

Net Assets and Fund Balance

Government-Wide Financial Statements

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

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

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

Restricted for 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-Wide Financial Statements - Continued

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, or Net Assets Restricted for Tax Increment Zone.

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 outstanding at August 31, 2012 that were in the subsequent year’s budget are:

General Fund	\$ 2,370,240
Special Revenue Fund-Food Service	486,564
Capital Projects Fund	<u>2,046,882</u>
Total	<u>\$ 4,903,686</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, 2012 will change.

NOTE 2. FUND BALANCES

Beginning with the fiscal year ended August 31, 2011, the District implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent.

NOTE 2. FUND BALANCES - CONTINUED

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-spendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventories and prepaid items as being non-spendable as these items are not expected to be converted to cash.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital projects fund resources are to be used for future construction and renovation projects and are restricted through bond orders and constitutional law. Food service and other Federal and State grant resources are restricted because their use is restricted pursuant to the mandates of the National School Lunch and Breakfast Program or other grant requirements.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action to the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees has committed resources as of August 31, 2012 for campus activities.

Assigned – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, only Board of Trustees may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned fund balance of the General Fund as of August 31, 2012 for the District's 2013 fiscal year deficit budget as detailed below.

Unassigned – This classification includes all amounts not included in other spendable classifications, including the residual fund balance of the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

The details of the fund balances are included in the Governmental Funds Balance Sheet and are described below:

NOTE 2. FUND BALANCES - CONTINUED

General Fund

Inventories of \$776,548 and prepaid items of \$122,196 in the General Fund are considered non-spendable fund balance. The 2012-13 adopted deficit budget of \$10,098,666 is considered assigned fund balance.

The General Fund has unassigned fund balance of \$71,563,413 at August 31, 2012.

Other Major Funds

Prepaid items of \$121,386 in the Capital Projects Fund are considered non-spendable fund balance.

The Debt Service Fund has restricted funds of \$6,408,260 at August 31, 2012 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt. The Capital Projects Fund has restricted funds of \$27,777,993 consisting of proceeds from long-term financing and revenues and expenditures related to construction and other capital asset acquisitions. The City of Irving Tax Increment Finance Zone Fund (Local Special Revenue Fund) has restricted funds of \$26,276,644 consisting of 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.

Other Funds

Inventories of \$373,942 in the National Breakfast and Lunch Program Fund are considered non-spendable fund balance. The fund balance of \$1,364,883 of the Campus Activity Fund (a special revenue fund) is shown as committed due to a board resolution committing those funds to campus activities. The following special revenue funds are restricted by Federal or State grant restrictions or by contractual provisions:

City of Farmers Branch TIF #1	\$ 6,480,098
City of Farmers Branch TIF #2	<u>109,574</u>
Total	<u>\$ 6,589,672</u>

NOTE 3. 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, 2012, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing saving accounts included in temporary investments) was \$31,983,782 and the bank balance was \$34,347,497. The District's cash deposits at August 31, 2012 and during the year ended August 31, 2012 were covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. Section 2257 of the Texas Government Code requires deposits of a public entity shall be secured by an eligible securities. The total value of the eligible securities to secure a deposit of public funds must be an amount not less than the amount of the deposit of public funds, increased by the amount of any accrued interest and reduced to the extent that the United States or instrumentality of the United States insures the deposit. In certain circumstances, the total value of the eligible securities to insure a deposit of public funds of a school district must be an amount not less than 110% of the amount of the uninsured deposit. On September 22, 2011, the

NOTE 3. CASH AND INVESTMENTS – CONTINUED

required 110% collateral was \$43,197,216, but the actual collateral pledged to the District had a market value of \$43,000,191 or 109.54%.

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 \$43,000,191.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$39,601,484 and occurred during the month of September, 2011.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$347,515.

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

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.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2012

NOTE 3. CASH AND INVESTMENTS – CONTINUED

Cash and investments as of August 31, 2012 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and Investments	\$ 174,245,764
Fiduciary Funds:	
Cash and Investments	<u>506,820</u>
Total Cash and Investments	<u>\$ 174,752,584</u>

Cash and investments as August 31, 2012 consist of the following:

Cash on Hand	\$ 23,390
Savings and Checking Accounts	7,151,342
Certificates of Deposit	1,829,376
Certificates of Deposit Account Registry Service	15,000,000
Insured Cash Shelter Account	8,003,065
Texpool	122,679,376
TexStar	<u>20,066,035</u>
Total Cash and Investments	<u>\$ 174,752,584</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 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, 2012, the District had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
Texpool	122,679,376	40 days
TexStar	<u>20,066,035</u>	49 days
Total	<u>\$ 142,745,411</u>	

As of August 31, 2012, the District did not invest in any securities which are highly sensitive to interest rate fluctuations.

NOTE 3. 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	\$ 122,679,376	N/A	AAAm
TexStar	20,066,035	N/A	AAAm
Total	<u>\$ 142,745,411</u>		

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, 2012, 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, 2012, the District deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The District is a voluntary participant in Texpool and TexStar.

The State Comptroller of Public Accounts exercises oversight responsibility over the external pooled funds. The Pooled Funds operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. The external pooled funds use amortized cost rather than fair value to report net assets to compute share price. Accordingly the fair value of the positions of the pooled funds is the same as the value of the external pool shares.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2012

NOTE 4. 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, 2012, the components of delinquent taxes receivables are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Delinquent Taxes	\$ 3,310,248	\$ 908,904	\$ 4,219,152
Related Penalty and Interest	1,552,552	386,638	1,939,190
	<u>\$ 4,862,800</u>	<u>\$ 1,295,542</u>	<u>\$ 6,158,342</u>

At August 31, 2012, an allowance for uncollectible taxes is provided for the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Personal Property	\$ 2,512,227	\$ 765,265	\$ 3,277,492
Real Property	45,964	13,954	59,918
	<u>\$ 2,558,191</u>	<u>\$ 779,219</u>	<u>\$ 3,337,410</u>

NOTE 5. 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, 2012, 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.

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Federal Grants	\$ 687,934	\$ 940,212	\$ 1,628,146
State Grants	-	45,952	45,952
City of Farmers Branch	3,493	-	3,493
City of Irving	15,716	-	15,716
	<u>\$ 707,143</u>	<u>\$ 986,164</u>	<u>\$ 1,693,307</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2012

NOTE 6. OTHER RECEIVABLES

Other receivables as of August 31, 2012, for the District's individual major funds and nonmajor, and internal service in the aggregate are as follows:

	General Fund	Debt Service Funds	Nonmajor Governmental Funds	Total
NSF Checks	\$ 1,577	\$ -	\$ 5,320	\$ 6,897
Health Insurance Receivable	10,000	-	-	10,000
Other Receivable	125,817	30,561	-	156,378
	<u>\$ 137,394</u>	<u>\$ 30,561</u>	<u>\$ 5,320</u>	<u>\$ 173,275</u>

NOTE 7. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at August 31, 2012 consisted of the following individual fund receivables and payables:

	Receivables	Payables	Purpose
Major Funds:			
General Fund	\$ 900,032	\$ 543,781	Cash shortage and payroll transfers
Debt Service Fund	30	-	Tax refunds and corrections
Non-Major Funds:			
Federal Funds	16,544	436,227	Cash shortage and payroll transfers
State Funds	1,915	47,867	Cash shortage and corrections
Local Funds	465	123	Cash shortage
Internal Service Funds	-	77	Benefits correction
Enterprise Fund	109,421	332	Credit card sales and revenue receivable
Total	<u>\$ 1,028,407</u>	<u>\$ 1,028,407</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, 2012

NOTE 8. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2012, was as follows:

Governmental Activities:	Primary Government				Ending Balance
	Beginning Balance	Additions	Retirements	Transfers	
Non-depreciable assets					
Land	\$ 61,364,440	\$ 668	\$ -	\$ -	\$ 61,365,108
Construction In Progress	3,303,054	14,835,338	-	-	18,138,392
Total Non-depreciable assets	<u>64,667,494</u>	<u>14,836,006</u>	<u>-</u>	<u>-</u>	<u>79,503,500</u>
Depreciable					
Land Improvements	1,449,867	6,109	-	-	1,455,976
Buildings and Improvements	594,809,791	-	-	-	594,809,791
Furniture and Equipment	22,169,604	701,312	(165,570)	-	22,705,346
Total depreciable assets	<u>618,429,262</u>	<u>707,421</u>	<u>(165,570)</u>	<u>-</u>	<u>618,971,113</u>
Less Accumulated Depreciation for:					
Land Improvements	446,685	72,799	-	-	519,484
Buildings and Improvements	253,114,007	14,957,353	-	-	268,071,360
Furniture and Equipment	17,645,339	1,610,495	(165,570)	-	19,090,264
Total Accumulated Depreciation	<u>271,206,031</u>	<u>16,640,647</u>	<u>(165,570)</u>	<u>-</u>	<u>287,681,108</u>
Total Capital Assets, Net	<u>\$ 411,890,725</u>	<u>\$ (1,097,220)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 410,793,505</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Function	Depreciation
Instruction	\$ 9,546,656
Instructional Resources and Media Services	739,795
Curriculum and Instructional Staff Development	230,476
Instructional Leadership	44,579
School Leadership	715,265
Guidance, Counseling and Evaluation Services	148,491
Social Work Services	84
Health Services	58,681
Student (Pupil) Transportation	45,691
Food Services	1,350,553
Extracurricular Activities	1,389,393
General Administration	486,088
Facilities Maintenance and Operations	600,807
Security and Monitoring Service	17,316
Data Processing Services	<u>1,266,772</u>
Total Depreciation Expense	<u>\$ 16,640,647</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2012

NOTE 9. DEFERRED REVENUE

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

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Tax Revenue	\$ 2,096,673	\$ 461,262	\$ -	\$ 2,557,935
Other Receipts	5,622	32,495	138,537	176,654
Ralph Ellis Grant	-	-	2,844	2,844
State Textbook Fund	-	-	35,570	35,570
	<u>\$ 2,102,295</u>	<u>\$ 493,757</u>	<u>\$ 176,951</u>	<u>\$ 2,773,003</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. 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 10. DEBT ISSUANCE AND DEFEASED DEBT

In July 2012, the District issued \$54,965,000 (par value) in Unlimited Tax Building and Refunding Bonds to provide \$25,000,000 in construction funds and to advance refund \$35,390,000 (par value) of outstanding bonds. The net proceeds of \$62,916,246 (\$54,965,000 par amount of the bonds plus \$8,425,470 of premium paid on the bonds less \$474,224 of underwriting fees 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, \$905,000 of those bonds were repaid from the irrevocable trust when the bonds reached their call dates in August 2012 and the remaining amount of \$34,485,000 are considered to be defeased and the liability for those bonds was removed from the long-term debt.

The refunding was undertaken to reduce the District's total debt service payments by approximately \$3,920,833 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$3,104,199.

On August 31, 2012, \$34,485,000 of defeased bonds remains outstanding due to the July 2012 refunding.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2012

NOTE 11. 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, 2012 are as follows:

Purpose and Lawful Authority	Maturity Year	Interest Rate	Amount	Amount Outstanding 09/01/11	Issued	Retired	Amount Outstanding 08/31/12
Unlimited Tax Refunding Bonds, Series 2003	2014	3.00% to 4.00%	10,230,000	905,000	-	905,000	-
Unlimited Tax Refunding Bonds, Series 2004	2017	2.00% to 5.00%	23,740,000	20,130,000	-	2,880,000	17,250,000
Unlimited Tax School Building Bonds, Series 2004	2029	2.00% to 5.00%	54,350,000	38,850,000	-	35,880,000	2,970,000
Unlimited Tax School Building Bonds, Series 2005	2025	3.00% to 5.00%	54,810,000	38,770,000	-	2,025,000	36,745,000
Unlimited Tax School Building Bonds, Series 2006	2031	4.125% to 5.00%	41,220,000	30,390,000	-	980,000	29,410,000
Unlimited Tax School Building and Refunding Bonds, Series 2007	2032	4.00% to 5.00%	105,775,000	97,475,000	-	2,790,000	94,685,000
Unlimited Tax School Building and Refunding Bonds, Series 2008	2033	3.50% to 5.00%	57,435,000	37,650,000	-	5,310,000	32,340,000
Unlimited Tax Refunding Bonds, Series 2010	2020	3.00% to 5.00%	63,565,000	58,990,000	-	10,175,000	48,815,000
Unlimited Tax School Building and Refunding Bonds, Series 2012	2032	2.00% to 5.00%	54,965,000	-	54,965,000	-	54,965,000
				<u>323,160,000</u>	<u>54,965,000</u>	<u>60,945,000</u>	<u>317,180,000</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2012

NOTE 11. LONG-TERM DEBT - CONTINUED

Debt service requirement are as follows:

Year Ending August 31	General Obligation Principal	Interest	Total Requirement
2013	25,770,000	13,936,613	39,706,613
2014	25,800,000	12,756,619	38,556,619
2015	26,500,000	11,583,316	38,083,316
2016	27,800,000	10,346,913	38,146,913
2017	29,170,000	9,036,738	38,206,738
2018-2022	88,460,000	30,718,388	119,178,388
2023-2027	51,910,000	15,424,791	67,334,791
2028-2032	40,135,000	4,702,794	44,837,794
2033	1,635,000	37,809	1,672,809
	<u>\$ 317,180,000</u>	<u>\$ 108,543,981</u>	<u>\$ 425,723,981</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, 2012.

Changes in Long-Term Liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government Activities					
General Obligation Bonds	\$ 323,160,000	\$ 54,965,000	\$ 60,945,000	\$ 317,180,000	\$ 25,770,000
Premium on Bonds	15,534,568	8,425,470	2,358,456	21,601,582	-
Deferred Loss on Refunding	(3,637,597)	(2,453,424)	(2,009,457)	(4,081,564)	-
Workers' Compensation	1,264,209	792,966	972,478	1,084,697	913,375
Accrued Compensated Absences	2,013,690	240,407	246,244	2,007,853	208,011
	<u>\$ 338,334,870</u>	<u>\$ 61,970,419</u>	<u>\$ 62,512,721</u>	<u>\$ 337,792,568</u>	<u>\$ 26,891,386</u>
Long-term Liabilities					

The accrued liabilities of the workers' compensation self-insurance plan and the accrued compensated absences are reflected in the long-term liabilities as part of the governmental activities. The internal service funds are used to liquidate the claims payable. The general fund and special revenue funds are used to liquidate accrued compensated balances.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2012

NOTE 12. 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	\$ 1,112,420
Indirect Cost Reimbursement	84.010A	79,268
Indirect Cost Reimbursement	84.027	70,004
Indirect Cost Reimbursement	84.173	1,095
Indirect Cost Reimbursement	84.365A	17,525
Indirect Cost Reimbursement	84.367A	11,300
		\$ 1,291,612

NOTE 13. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	City of Irving TIF #1	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 141,584,372	\$ -	\$ 43,048,205	\$ -	\$ -	\$ 184,632,577
Penalties and Interest	573,341	-	173,406	-	-	746,747
Tax Increment Fund	77	8,782,629	-	-	414,267	9,196,973
Investment Earnings	127,352	23,662	12,787	19,760	8,857	192,418
Food Sales	-	-	-	-	2,214,248	2,214,248
Tuition from Patrons	322,668	-	-	-	-	322,668
Insurance Proceeds	1,601,249	-	-	-	-	1,601,249
Co-Curricular	367,752	-	-	-	1,087,936	1,455,688
Rent	386,128	-	-	-	-	386,128
Gifts and Bequest	36,963	-	-	-	130,582	167,545
Enterprising	-	-	-	-	52,971	52,971
Dallas County Schools	1,052,098	-	-	-	-	1,052,098
Other	231,842	-	-	-	6,075	237,917
	\$ 146,283,842	\$ 8,806,291	\$ 43,234,398	\$ 19,760	\$ 3,914,936	\$ 202,259,227

NOTE 14. 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. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 100 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Types of Employees Covered

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

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:

To be eligible to retire and receive a lifetime monthly service retirement annuity (normal-age or early-age), you must: (1) have at least five years of service credit; (2) meet the eligibility requirements for age and service; (3) terminate employment; (4) apply for retirement; and (5) complete the required break in service.

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:

NOTE 14. DEFINED BENEFIT PENSION PLAN – CONTINUED

- 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
- c) Your age and years of service credit total 80, you are at least age 55, and you have at least 20 years of service credit – provided you are “grandfathered” (i.e., you were previously employed and “grandfathered” but terminated your account by withdrawal of contributions at any time and returned to employment on or after 9/1/2007)

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 but you do not yet meet normal-age retirement eligibility, 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) 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 but you do not yet meet normal-age retirement eligibility, 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 (age 55 if you are grandfathered) with at least 5 years of service credit
- c) At least 30 years of service but age is less than 60 (age 50 if you are grandfathered)

You are grandfathered if you met at least one of the following criteria as a member of TRS before September 1, 2005:

- a) You were at least 50 years of age
- b) Your age and years of service credit totaled at least 70
- c) You had at least 25 years of service credit

Funding Policy

Contribution requirements are not actuarially determined but are established 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 fiscal year; (2) A statute prohibits benefit improvements, 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.

State law establishes the contribution rates for the member and state. In certain instances, the reporting district is required to make all or a portion of the state’s contribution. The following table contains fiscal year 2012 contribution rates.

Fiscal Year 2012 Contribution Rates	
Member	6.4%
State	6.0%
Federal or Private Funding Source	6.0%

NOTE 14. DEFINED BENEFIT PENSION PLAN – CONTINUED

Contribution rates and contributions for fiscal years 2012-2010 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state’s and/or member’s contribution and on the portion of the employees’ salaries that exceeded the statutory minimum. The State “On-Behalf” contributions have been recognized as both revenue and expenditures by the District in the financial statements.

Contribution Rates and Contribution Amounts					
Year	Member		State		Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2012	6.4%	9,450,879	6.000%	8,860,199	1,116,381
2011	6.4%	9,840,049	6.644%	10,215,201	1,446,816
2010	6.4%	9,769,497	6.644%	10,141,959	1,849,943

NOTE 15. 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 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 Teacher Retirement System of Texas 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 under the [TRS Publications](#) heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2012-2010.

Contribution Rates						
Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2012	0.65%	959,855	1.0%	1,476,700	0.55%	812,185
2011	0.65%	999,380	1.0%	1,537,508	0.55%	845,629
2010	0.65%	992,215	1.0%	1,526,484	0.55%	839,566

NOTE 15. SCHOOL DISTRICT RETIREE HEALTH PLAN – CONTINUED

Medicare Part D – On-Behalf Payments and Early Retiree Reinsurance Program

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. The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependents regardless of age. An “early retiree” is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor. This temporary program is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. These on-behalf of \$678,655 recognized for the year ended August 31, 2012 as equal revenues and expenditures.

NOTE 16. 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

The employees of the District were covered by TRS Active Care. TRS Active Care is a statewide health coverage program for public education employees established by the 77th Texas Legislature. The District contributed \$262 per month per employee to the plan, and employees, at their option, authorized payroll withholdings to pay employee contributions and additional premiums for dependents.

Workers’ Compensation Coverage

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

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

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

The costs associated with these self-insurance plans are reported as interfund transaction to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Funds and operating expenditures of the General Fund and the Special Revenue Funds. The accrued liabilities of the workers’ compensation self-insurance plan of \$1,084,697 include incurred but not reported claims. The liability reported in the Fund at August 31, 2012 are based on the requirements of

NOTE 16. RISK MANAGEMENT – CONTINUED

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. The liability includes 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 3%. Changes in the workers' compensation claims liability amounts in fiscal 2012 and 2011 were:

Self-Insurance Liability	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2011-Workers' Compensation	\$ 2,067,828	\$ 177,467	\$ 981,086	\$ 1,264,209
2012-Workers' Compensation	\$ 1,264,209	\$ 792,966	\$ 972,478	\$ 1,084,697

NOTE 17. 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 collectability of any related receivable at August 31, 2012 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Future Construction

The funds in the Capital Projects Fund will be used for future school construction and renovation. Commitments on outstanding construction contracts for future school and renovations totaled approximately \$2 million at August 31, 2012.

NOTE 17. COMMITMENTS AND CONTINGENCIES – CONTINUED

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. 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. The District has no liability as of August 31, 2012.

NOTE 18. 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 Child Nutrition Fund for the year ended August 31, 2012.

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, 2012

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	\$ 132,575,835	\$ 144,776,434	\$ 146,283,842	\$ 1,507,408
5800 State Program Revenues	70,929,820	61,287,208	59,523,731	(1,763,477)
5900 Federal Program Revenues	550,000	550,000	1,291,612	741,612
5020 Total Revenues	204,055,655	206,613,642	207,099,185	485,543
EXPENDITURES:				
Current:				
0011 Instruction	119,423,493	119,022,110	110,697,336	8,324,774
0012 Instructional Resources and Media Services	1,569,131	1,896,695	1,469,290	427,405
0013 Curriculum and Instructional Staff Development	4,633,049	4,099,961	3,548,493	551,468
0021 Instructional Leadership	3,481,687	2,659,244	2,254,753	404,491
0023 School Leadership	13,213,862	11,850,670	11,212,332	638,338
0031 Guidance, Counseling and Evaluation Services	9,133,009	9,371,311	8,897,912	473,399
0032 Social Work Services	166,064	221,993	167,352	54,641
0033 Health Services	706,648	2,719,796	2,493,394	226,402
0034 Student (Pupil) Transportation	3,560,015	3,313,979	3,059,904	254,075
0036 Extracurricular Activities	4,683,527	5,080,222	4,275,593	804,629
0041 General Administration	6,658,164	6,776,130	5,612,209	1,163,921
0051 Facilities Maintenance and Operations	23,998,773	23,846,213	21,990,240	1,855,973
0052 Security and Monitoring Services	1,693,515	1,746,296	1,378,139	368,157
0053 Data Processing Services	5,001,631	5,758,939	5,307,072	451,867
0061 Community Services	452,538	463,599	223,158	240,441
Capital Outlay:				
0081 Facilities Acquisition and Construction	88,764	107,508	92,424	15,084
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	-	75,536	75,536	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	200,000	200,000	57,484	142,516
0097 Payments to Tax Increment Fund	14,140,000	13,780,000	13,777,411	2,589
0099 Other Intergovernmental Charges	980,751	980,751	898,662	82,089
6030 Total Expenditures	213,784,621	213,970,953	197,488,694	16,482,259
1200 Net Change in Fund Balances	(9,728,966)	(7,357,311)	9,610,491	16,967,802
0100 Fund Balance - September 1 (Beginning)	72,950,332	72,950,332	72,950,332	-
3000 Fund Balance - August 31 (Ending)	\$ 63,221,366	\$ 65,593,021	\$ 82,560,823	\$ 16,967,802

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED AUGUST 31, 2012

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 non-major Special Revenue Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District is not legally required to adopt a budget for the City of Irving TIF #1 Fund.

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	\$ (401,383)
Curriculum and Instructional Staff Development	(533,088)
Instructional Leadership	(822,443)
School Leadership	238,302
Health Services	2,013,148
Data Processing Services	757,308

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

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

ESEA, Title I, Part A Improving Basic Programs – Provide opportunities for children served to acquire knowledge and skills to meet the challenging state performance standards developed for all children.

IDEA – Part B, Formula & Capacity Building & Improvements – Operate educational programs for children with disabilities.

IDEA – Part B, Preschool – Support programs for preschool children with disabilities.

National School Breakfast and Lunch Program – Supports programs using federal reimbursement revenues from the United States Department of Agriculture (USDA).

Career and Technical – Carl Perkins – Provide career and technical education to develop new and/or improved marketable skills for paid and unpaid employment.

ESEA, Title II, Part A, Teacher and Principal Training and Recruiting – Provide financial assistance to increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals.

Title III, Part A – English Language Acquisition and Language Enhancement – Fund granted to improve the education of limited English proficient children by assisting the children to learn English and meet challenging State academic content and student academic achievement standards.

ARRA (Stimulus) Title II, Part D, Subpart I – Provide funds for the implementation and support of a comprehensive system that effectively uses technology in elementary and secondary schools to improve student academic achievement.

Limited English Proficiency – Summer School – Provides funds for a summers school program for limited English proficient (LEP) students who will be eligible for admission to kindergarten and first grade at the beginning of the next school year.

Education Jobs Fund – Provides funds to states to save or create education jobs that perform educational and related services for early childhood, elementary, and secondary education.

Texas Workforce Commission – Provides funds to enhance tutoring at elementary schools in Dallas County.

Visually Impaired – SSVI – Provide funds to improve achievement of students who have a visual impairment and to ensure that comprehensive services are available to those students.

Non-Educational Community Based Support – Provide support for non-educational programs for children with disabilities.

Advanced Placement Incentives – Support professional development of teachers teaching advanced classes.

Student Success Initiative – Support students who take advanced classes.

State Textbook Fund – State funds awarded to school districts under the textbook allotment.

**NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

D.A.T.E. Grant – Provide funds to allow districts to create or continue a system of awards for educators who demonstrate success in improving student achievement.

Ready to Read Grant – Provide early childhood education programs with scientific, research-based, pre-reading instruction, so that every child completing the program is prepared to enter school ready to learn.

Campus Activity Funds – To account for transactions related to a principal’s activity fund.

Ralph Ellis Grant – To account for transactions from local donations that promote the continued education for students attending our Irving based schools.

City of Farmers Branch TIF #1 – To report the property taxes collected for the City of Farmers Branch TIF #1 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.

City of Farmers Branch TIF #2 – To report the property taxes collected for the City of Farmers Branch TIF #2 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.

CARROLLTON-FARMERS BRANCH ISD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2012

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	
ASSETS					
1110	Cash and Investments	\$ -	\$ -	\$ -	\$ 337,161
1240	Receivables from Other Governments	382,870	184,300	3,555	203,879
1260	Due from Other Funds	-	4,558	-	9,241
1290	Other Receivables	-	-	-	914
1300	Inventories	-	-	-	549,275
1000	Total Assets	<u>\$ 382,870</u>	<u>\$ 188,858</u>	<u>\$ 3,555</u>	<u>\$ 1,100,470</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 386,874
2160	Accrued Wages Payable	141,463	173,265	3,292	195,678
2170	Due to Other Funds	241,407	15,593	263	5,439
2300	Deferred Revenues	-	-	-	138,537
2000	Total Liabilities	<u>382,870</u>	<u>188,858</u>	<u>3,555</u>	<u>726,528</u>
Fund Balances:					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	373,942
Restricted Fund Balance:					
3490	Tax Increment Zone	-	-	-	-
Committed Fund Balance:					
3545	Campus Activity Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>373,942</u>
4000	Total Liabilities and Fund Balances	<u>\$ 382,870</u>	<u>\$ 188,858</u>	<u>\$ 3,555</u>	<u>\$ 1,100,470</u>

244 Career and Technical - Carl Perkins	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	279 Title II, D ARRA - Ed. Technology	281 Limited English Prof. SummerSch.	287 Education Jobs Fund	288 Texas Workforce	385 Visually Impaired SSVI
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,384	\$ -
11,109	60,589	93,910	-	-	-	-	-
3	2,742	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 11,112</u>	<u>\$ 63,331</u>	<u>\$ 93,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,384</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,766	20,371	33,217	-	-	-	858	-
5,346	42,960	60,693	-	-	-	64,526	-
-	-	-	-	-	-	-	-
<u>11,112</u>	<u>63,331</u>	<u>93,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,384</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 11,112</u>	<u>\$ 63,331</u>	<u>\$ 93,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,384</u>	<u>\$ -</u>

CARROLLTON-FARMERS BRANCH ISD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2012

Data Control Codes	392 Non-Ed. Community Based Support	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund
ASSETS				
1110 Cash and Investments	\$ -	\$ -	\$ -	\$ 35,570
1240 Receivables from Other Governments	295	-	45,657	-
1260 Due from Other Funds	-	1,915	-	-
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1000 Total Assets	<u>\$ 295</u>	<u>\$ 1,915</u>	<u>\$ 45,657</u>	<u>\$ 35,570</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	295	1,915	45,657	-
2300 Deferred Revenues	-	-	-	35,570
2000 Total Liabilities	<u>295</u>	<u>1,915</u>	<u>45,657</u>	<u>35,570</u>
Fund Balances:				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	-
Restricted Fund Balance:				
3490 Tax Increment Zone	-	-	-	-
Committed Fund Balance:				
3545 Campus Activity Funds	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 295</u>	<u>\$ 1,915</u>	<u>\$ 45,657</u>	<u>\$ 35,570</u>

427 D.A.T.E. Grant	429 Ready to Read Grant	461 Campus Activity Funds	488 Ralph Ellis Grant	492 City of Farmers Branch TIF #1	493 City of Farmers Branch TIF #2	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,367,668	\$ 5,967	\$ 6,480,098	\$ 109,574	\$ 8,401,422
-	-	-	-	-	-	986,164
-	-	465	-	-	-	18,924
-	-	4,406	-	-	-	5,320
-	-	-	-	-	-	549,275
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,372,539</u>	<u>\$ 5,967</u>	<u>\$ 6,480,098</u>	<u>\$ 109,574</u>	<u>\$ 9,961,105</u>
\$ -	\$ -	\$ 7,533	\$ 3,123	\$ -	\$ -	\$ 397,530
-	-	-	-	-	-	573,910
-	-	123	-	-	-	484,217
-	-	-	2,844	-	-	176,951
<u>-</u>	<u>-</u>	<u>7,656</u>	<u>5,967</u>	<u>-</u>	<u>-</u>	<u>1,632,608</u>
-	-	-	-	-	-	373,942
-	-	-	-	6,480,098	109,574	6,589,672
-	-	1,364,883	-	-	-	1,364,883
<u>-</u>	<u>-</u>	<u>1,364,883</u>	<u>-</u>	<u>6,480,098</u>	<u>109,574</u>	<u>8,328,497</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,372,539</u>	<u>\$ 5,967</u>	<u>\$ 6,480,098</u>	<u>\$ 109,574</u>	<u>\$ 9,961,105</u>

CARROLLTON-FARMERS BRANCH ISD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 2,214,528
5800 State Program Revenues	-	-	-	71,361
5900 Federal Program Revenues	4,241,124	3,750,820	58,401	8,307,475
5020 Total Revenues	<u>4,241,124</u>	<u>3,750,820</u>	<u>58,401</u>	<u>10,593,364</u>
EXPENDITURES:				
Current:				
0011 Instruction	1,375,453	3,666,944	58,401	-
0012 Instructional Resources and Media Services	29,211	-	-	-
0013 Curriculum and Instructional Staff Development	2,565,471	83,876	-	-
0021 Instructional Leadership	141,901	-	-	-
0023 School Leadership	2,014	-	-	-
0031 Guidance, Counseling and Evaluation Services	364	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	10,653,874
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	126,710	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	382,404
6030 Total Expenditures	<u>4,241,124</u>	<u>3,750,820</u>	<u>58,401</u>	<u>11,036,278</u>
1200 Net Change in Fund Balance	-	-	-	(442,914)
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>816,856</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373,942</u>

244 Career and Technical - Carl Perkins	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	279 Title II, D ARRA - Ed. Technology	281 Limited English Prof. SummerSch.	287 Education Jobs Fund	288 Texas Workforce	385 Visually Impaired SSVI
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	4,553
<u>257,576</u>	<u>604,142</u>	<u>936,240</u>	<u>125</u>	<u>895</u>	<u>4,075,811</u>	<u>106,646</u>	<u>-</u>
<u>257,576</u>	<u>604,142</u>	<u>936,240</u>	<u>125</u>	<u>895</u>	<u>4,075,811</u>	<u>106,646</u>	<u>4,553</u>
134,308	86,391	306,485	-	895	-	-	4,147
-	-	-	-	-	2,116,626	-	-
422	380,350	508,430	-	-	-	-	406
51,001	31,800	11,594	-	-	-	-	-
-	16,472	6,545	-	-	1,959,185	-	-
71,845	-	35,484	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	596	-	-	-	-	-	-
-	87,343	-	-	-	-	-	-
-	595	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	125	-	-	-	-
-	595	67,702	-	-	-	106,646	-
-	-	-	-	-	-	-	-
<u>257,576</u>	<u>604,142</u>	<u>936,240</u>	<u>125</u>	<u>895</u>	<u>4,075,811</u>	<u>106,646</u>	<u>4,553</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CARROLLTON-FARMERS BRANCH ISD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	392 Non-Ed. Community Based Support	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 6,075
5800 State Program Revenues	295	7,992	69,189	2,253,035
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>295</u>	<u>7,992</u>	<u>69,189</u>	<u>2,259,110</u>
EXPENDITURES:				
Current:				
0011 Instruction	295	4,997	53,701	2,259,110
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	2,995	10,608	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	4,880	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>295</u>	<u>7,992</u>	<u>69,189</u>	<u>2,259,110</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

427 D.A.T.E. Grant	429 Ready to Read Grant	461 Campus Activity Funds	488 Ralph Ellis Grant	492 City of Farmers Branch TIF #1	493 City of Farmers Branch TIF #2	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,251,066	\$ 22,156	\$ 403,357	\$ 17,754	\$ 3,914,936
1,895,969	176	-	-	-	-	4,302,570
-	-	-	-	-	-	22,339,255
<u>1,895,969</u>	<u>176</u>	<u>1,251,066</u>	<u>22,156</u>	<u>403,357</u>	<u>17,754</u>	<u>30,556,761</u>
1,890,796	28	582,277	22,156	-	-	10,446,384
3,460	148	24,940	-	-	-	2,174,385
1,713	-	11,400	-	-	-	3,565,671
-	-	-	-	-	-	236,296
-	-	33,757	-	-	-	2,022,853
-	-	117,927	-	-	-	225,620
-	-	168	-	-	-	168
-	-	-	-	-	-	10,653,874
-	-	437,034	-	-	-	437,630
-	-	-	-	-	-	87,343
-	-	-	-	-	-	595
-	-	3,356	-	-	-	3,356
-	-	-	-	-	-	125
-	-	(550)	-	-	-	301,103
-	-	-	-	-	-	382,404
<u>1,895,969</u>	<u>176</u>	<u>1,210,309</u>	<u>22,156</u>	<u>-</u>	<u>-</u>	<u>30,537,807</u>
-	-	40,757	-	403,357	17,754	18,954
-	-	1,324,126	-	6,076,741	91,820	8,309,543
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,364,883</u>	<u>\$ -</u>	<u>\$ 6,480,098</u>	<u>\$ 109,574</u>	<u>\$ 8,328,497</u>



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AGENCY FUND

Student Activity Fund – Used to account for resources held for others in a custodial capacity.



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CARROLLTON-FARMERS BRANCH ISD
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED AUGUST 31, 2012

	BALANCE SEPTEMBER 1 2011	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2012
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 240,281	\$ 2,664,232	\$ 2,397,693	\$ 506,820
Investments - Current	225,000	-	225,000	-
Accrued Interest	177	-	177	-
Total Assets	<u>\$ 465,458</u>	<u>\$ 2,664,232</u>	<u>\$ 2,622,870</u>	<u>\$ 506,820</u>
Liabilities:				
Accounts Payable	\$ 22,396	\$ 1,602,813	\$ 1,622,901	\$ 2,308
Due to Student Groups	443,062	1,877,776	1,816,326	504,512
Total Liabilities	<u>\$ 465,458</u>	<u>\$ 3,480,589</u>	<u>\$ 3,439,227</u>	<u>\$ 506,820</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 240,281	\$ 2,664,232	\$ 2,397,693	\$ 506,820
Investments - Current	225,000	-	225,000	-
Accrued Interest	177	-	177	-
Total Assets	<u>\$ 465,458</u>	<u>\$ 2,664,232</u>	<u>\$ 2,622,870</u>	<u>\$ 506,820</u>
Liabilities:				
Accounts Payable	\$ 22,396	\$ 1,602,813	\$ 1,622,901	\$ 2,308
Due to Student Groups	443,062	1,877,776	1,816,326	504,512
Total Liabilities	<u>\$ 465,458</u>	<u>\$ 3,480,589</u>	<u>\$ 3,439,227</u>	<u>\$ 506,820</u>



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



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CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 SCHEDULE BY SOURCE (1)
 AUGUST 31, 2012

EXHIBIT I-1

CAPITAL ASSETS:	
Land	\$ 61,365,108
Land Improvements	1,455,976
Building and Improvements	594,809,791
Furniture and Equipment	22,705,346
Construction in Progress	<u>18,138,392</u>
TOTAL	<u><u>\$ 698,474,613</u></u>

INVESTMENTS IN CAPITAL ASSETS:	
Investment in Property From Unidentified Sources, Other Than Federal (2)	\$ 22,060,233
Investment in Property From Identified Sources, From Capital Projects Fund	610,346,369
From General Fund	34,587,318
From Special Revenue Funds	29,220,990
From Others-Gifts and Donations	<u>2,259,703</u>
TOTAL	<u><u>\$ 698,474,613</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, 2012

EXHIBIT I-2

	Capital Assets September 1, 2011	Additions and Transfers	Deductions	Capital Assets August 31, 2012
SENIOR HIGH SCHOOLS:				
Land	\$ 12,438,393	\$ -	\$ -	\$ 12,438,393
Buildings	201,963,140	914,164	-	202,877,304
Equipment & Other	4,368,825	328,639	-	4,697,464
	<u>218,770,358</u>	<u>1,242,803</u>	<u>-</u>	<u>220,013,161</u>
MIDDLE SCHOOLS:				
Land	7,786,506	6,109	-	7,792,615
Buildings	110,998,758	546,710	-	111,545,468
Equipment & Other	1,540,541	6,450	(6,145)	1,540,846
	<u>120,325,805</u>	<u>559,269</u>	<u>(6,145)</u>	<u>120,878,929</u>
ELEMENTARY SCHOOLS:				
Land	19,812,290	668	-	19,812,958
Buildings	222,132,013	13,374,464	-	235,506,477
Equipment & Other	4,490,263	155,788	-	4,646,051
	<u>246,434,566</u>	<u>13,530,920</u>	<u>-</u>	<u>259,965,486</u>
ADMINISTRATION:				
Land	225,853	-	-	225,853
Buildings	3,738,679	-	-	3,738,679
Equipment & Other	650,944	-	-	650,944
	<u>4,615,476</u>	<u>-</u>	<u>-</u>	<u>4,615,476</u>
SERVICE CTR./MAINTENANCE:				
Land	1,529,358	-	-	1,529,358
Buildings	5,710,771	-	-	5,710,771
Equipment & Other	1,468,657	47,835	(49,829)	1,466,663
Vehicles	2,908,570	91,930	(109,596)	2,890,904
	<u>11,617,356</u>	<u>139,765</u>	<u>(159,425)</u>	<u>11,597,696</u>
INSTRUCTIONAL FACILITIES:				
Land	5,974,776	-	-	5,974,776
Buildings	53,569,484	-	-	53,569,484
Equipment & Other	6,741,804	70,670	-	6,812,474
	<u>66,286,064</u>	<u>70,670</u>	<u>-</u>	<u>66,356,734</u>
FUTURE SITES:				
Land	15,047,131	-	-	15,047,131
	<u>15,047,131</u>	<u>-</u>	<u>-</u>	<u>15,047,131</u>
TOTAL	<u>\$ 683,096,756</u>	<u>\$ 15,543,427</u>	<u>\$ (165,570)</u>	<u>\$ 698,474,613</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, 2012

EXHIBIT I-3

	Land and Improvements	Building and Improvements	Equipment and Other	Total
SENIOR HIGH SCHOOLS:				
Creekview	\$ 3,278,010	\$ 47,509,690	\$ 1,109,753	\$ 51,897,453
Early College HS	-	-	7,207	7,207
Mary Grimes	10,800	2,375,984	188,393	2,575,177
Ranchview	6,030,302	33,357,405	879,302	40,267,009
Bea Salazar (A. E. P.)	280,309	2,311,213	86,269	2,677,791
Newman Smith	1,288,406	58,326,613	1,163,583	60,778,602
R. L. Turner	1,550,566	58,996,399	1,262,957	61,809,922
	<u>12,438,393</u>	<u>202,877,304</u>	<u>4,697,464</u>	<u>220,013,161</u>
MIDDLE SCHOOLS:				
Charles M. Blalack	1,399,235	24,554,236	275,820	26,229,291
Barbara Bush	1,221,903	13,072,167	238,439	14,532,509
Vivian Field	1,234,858	23,547,669	328,349	25,110,876
Dan F. Long	912,749	17,709,293	254,471	18,876,513
DeWitt Perry	1,235,012	19,915,048	301,543	21,451,603
Ted Polk	1,788,858	12,747,055	142,224	14,678,137
	<u>7,792,615</u>	<u>111,545,468</u>	<u>1,540,846</u>	<u>120,878,929</u>
ELEMENTARY SCHOOLS:				
Blair Inter.	862,573	12,449,061	195,248	13,506,882
Blanton	113,695	11,436,252	107,351	11,657,298
Carrollton	71,610	7,530,634	182,378	7,784,622
Central	205,130	9,901,979	194,627	10,301,736
Country Place	100,185	12,545,937	141,849	12,787,971
Davis	117,767	8,128,775	262,457	8,508,999
Farmers Branch	86,735	9,501,203	181,572	9,769,510
Freeman	1,153,548	7,592,859	134,562	8,880,969
Furneaux	291,153	6,286,519	169,279	6,746,951
Good	529,248	17,359,567	334,623	18,223,438
Kent	1,869,324	6,741,072	229,062	8,839,458
Landry	667,025	6,743,937	164,015	7,574,977
Las Colinas	2,188,167	6,528,930	161,132	8,878,229
La Villita	1,959,138	15,534,193	107,892	17,601,223
Mc Coy	69,653	6,995,394	222,384	7,287,431
Mc Kamy	2,160,486	5,502,423	148,871	7,811,780
Mc Laughlin	271,783	6,844,809	249,569	7,366,161
Mc Whorter	1,803,762	9,589,814	224,586	11,618,162
Rainwater	808,066	6,322,797	158,956	7,289,819
Riverchase	900,925	9,463,397	235,410	10,599,732
Rosemeade	491,406	7,786,185	148,512	8,426,103
Sheffield Inter.	1,236,893	5,482,402	140,712	6,860,007
Sheffield Primary	1,136,526	6,392,178	151,622	7,680,326
Stark	215,925	10,706,424	140,656	11,063,005
Strickland	300,000	12,448,235	107,825	12,856,060
Thompson	202,235	9,691,501	150,901	10,044,637
	<u>19,812,958</u>	<u>235,506,477</u>	<u>4,646,051</u>	<u>259,965,486</u>
ADMINISTRATION:				
	<u>225,853</u>	<u>3,738,679</u>	<u>650,944</u>	<u>4,615,476</u>
SERVICE CTR. / MAINTENANCE:				
	<u>1,529,358</u>	<u>5,710,771</u>	<u>4,357,567</u>	<u>11,597,696</u>
INSTRUCTIONAL FACILITY:				
Ag Bam / Outdoor Learning Center	215,149	217,487	-	432,636
Community Learning Center/Pre-K	1,368,480	11,379,290	115,718	12,863,488
Kelly Athletic Field	854,860	1,427,766	-	2,282,626
Kelly Pre-K Center	218,550	6,702,097	77,721	6,998,368
Marie Huie Special Education Center	265,934	59,204	247,820	572,958
Montgomery Building	97,182	3,666,667	69,329	3,833,178
Standridge Stadium / Natatorium	2,345,786	13,652,231	864,859	16,862,876
Technology Learning Center	608,835	16,464,742	5,437,027	22,510,604
	<u>5,974,776</u>	<u>53,569,484</u>	<u>6,812,474</u>	<u>66,356,734</u>
FUTURE SITES:				
Future Stadium	5,600,499	-	-	5,600,499
Future Middle School	9,446,632	-	-	9,446,632
	<u>15,047,131</u>	<u>-</u>	<u>-</u>	<u>15,047,131</u>
TOTAL	<u>\$ 62,821,084</u>	<u>\$ 612,948,183</u>	<u>\$ 22,705,346</u>	<u>\$ 698,474,613</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

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**REQUIRED
TEXAS EDUCATION AGENCY
SCHEDULES**

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2012

Last Ten Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Net Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2003 & Prior	Various	Various	Various
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	1.0400	0.3270	14,847,932,832
2009	1.0400	0.3223	15,245,409,459
2010	1.0400	0.3022	14,909,785,600
2011	1.0400	0.3069	14,133,013,647
2012 (Current year under Audit)	1.0400	0.3168	13,889,472,257

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

(10) Beginning Balance 09/01/11	(20) Current Year's Total Levy	(31) Maintenance Total Collections	(32) Debt Service Total Collections	(40) Entire Year's Adjustment	(50) Ending Balance 08/31/12
372,051	-	8,669	1,285	(58,252)	303,845
163,602	-	1,851	291	(4,384)	157,076
85,493	-	1,850	349	(4,501)	78,793
158,337	-	3,986	866	(4,611)	148,874
231,686	-	11,345	2,798	(4,184)	213,359
352,310	-	16,662	5,239	(2,234)	328,175
402,958	-	27,999	8,677	3,519	369,801
726,011	-	166,832	48,478	6,045	516,746
1,641,778	-	288,024	84,995	(495,015)	773,744
-	183,455,170	140,854,784	42,906,637	1,627,211	1,320,960
<u>\$ 4,134,226</u>	<u>\$ 183,455,170</u>	<u>\$ 141,382,002</u>	<u>\$ 43,059,615</u>	<u>\$ 1,063,594</u>	<u>4,211,373</u>
					7,779
					<u>1,939,190</u>
					<u>\$ 6,158,342</u>
		<u>\$ 7,926,335</u>			

CARROLLTON-FARMERS BRANCH ISD
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2013-2014
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2012

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	\$ -	\$ 140,073	\$ 488,844	\$ 3,260,689	\$ 215,040	\$ -	\$ 4,104,646
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	21,878	-	-	21,878
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	344,515	-	-	-	-	-	344,515
6212	Audit Services	-	-	-	65,000	-	-	65,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	898,662	-	-	-	-	898,662
621X	Other Professional Services	-	-	-	100,808	200	-	101,008
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	45,709	-	-	45,709
6240	Contr. Maint. and Repair	-	-	-	-	20,688	-	20,688
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	2,798	-	21,702	2,755	-	27,255
6290	Miscellaneous Contr.	10,831	12,973	129	418,627	6,233	-	448,793
6320	Textbooks and Reading	475	-	3,735	3,192	3,337	-	10,739
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	657	2,273	1,292	85,463	41,874	-	131,559
6410	Travel, Subsistence, Stipends	22,529	1,055	529	35,296	1,376	-	60,785
6420	Ins. and Bonding Costs	-	4,063	-	81,474	642	-	86,179
6430	Election Costs	53,878	-	-	-	-	-	53,878
6490	Miscellaneous Operating	23,411	5,080	10,115	129,718	8,596	-	176,920
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 456,296	\$ 1,066,977	\$ 504,644	\$ 4,269,556	\$ 300,741	\$ -	\$ 6,598,214

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 228,026,501

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 719,560
Total Debt & Lease(6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	21,869,694
Food (Function 35, 6341 and 6499)	(13)	3,003,438
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		4,269,556

SubTotal:

29,862,248

Net Allowed Direct Cost

\$ 198,164,253

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 596,265,767
Historical Cost of Building over 50 years old	(16)	\$ 85,182,976
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ 15,743,390
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 22,705,346
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 1,367,807
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 1,729,566

(8) NOTE A: No Function 53 expenditures are included in this report on administrative costs.
 \$898,662 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

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, 2012

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	\$ 2,610,100	\$ 2,610,100	\$ 2,214,528	\$ (395,572)
5800 State Program Revenues	85,000	85,000	71,361	(13,639)
5900 Federal Program Revenues	8,086,500	8,086,500	8,307,475	220,975
5020 Total Revenues	10,781,600	10,781,600	10,593,364	(188,236)
EXPENDITURES:				
0035 Food Services	10,781,600	11,313,690	10,653,874	659,816
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	378,105	382,404	(4,299)
6030 Total Expenditures	10,781,600	11,691,795	11,036,278	655,517
1200 Net Change in Fund Balances	-	(910,195)	(442,914)	467,281
0100 Fund Balance - September 1 (Beginning)	816,856	816,856	816,856	-
3000 Fund Balance - August 31 (Ending)	\$ 816,856	\$ (93,339)	\$ 373,942	\$ 467,281



Carrollton · Farmers Branch

Independent School District

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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, 2012

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	\$ 39,835,007	\$ 42,724,527	\$ 43,234,398	\$ 509,871
5020	Total Revenues	39,835,007	42,724,527	43,234,398	509,871
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	25,555,000	25,555,000	25,555,000	-
0072	Interest on Long Term Debt	14,274,007	13,687,007	13,681,847	5,160
0073	Bond Issuance Cost and Fees	6,000	593,000	593,000	-
6030	Total Expenditures	39,835,007	39,835,007	39,829,847	5,160
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	2,889,520	3,404,551	515,031
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	33,085,000	33,085,000	-
7916	Premium or Discount on Issuance of Bonds	-	5,113,361	5,113,360	(1)
8949	Payment to Bond Refunding Escrow Agent (Use)	-	(38,198,361)	(38,198,360)	1
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balances	-	2,889,520	3,404,551	515,031
0100	Fund Balance - September 1 (Beginning)	3,003,709	3,003,709	3,003,709	-
3000	Fund Balance - August 31 (Ending)	\$ 3,003,709	\$ 5,893,229	\$ 6,408,260	\$ 515,031

STATISTICAL SECTION

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

Contents	Page
Financial Trends	
These schedules contain trend information to help understand how the government’s financial performance and well-being have changed over time.....	94
Revenue Capacity	
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	109
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.....	114
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.....	121
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.	123

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 TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING, UNAUDITED)
(AMOUNTS IN THOUSANDS)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 117,722	\$ 115,312	\$ 97,751	\$ 112,265
Restricted for				
Federal and State Programs	-	-	-	-
Food Service	374	817	669	1,567
Tax Increment Zone	32,866	23,639	13,579	4,901
Debt Service	6,296	2,522	1,943	2,260
Other Purposes	-	-	-	-
Unrestricted	81,549	67,978	76,585	45,685
Total Governmental Activities Net Assets	<u>238,807</u>	<u>210,268</u>	<u>190,527</u>	<u>166,678</u>
Business Type Activities - Unrestricted	2,691	2,015	1,710	1,257
Total Primary Government Net Assets	<u>\$ 241,498</u>	<u>\$ 212,283</u>	<u>\$ 192,237</u>	<u>\$ 167,935</u>

Source: Carrollton-Farmers Branch ISD

TABLE I

2008	2007	2006	2005	2004	2003
\$ 90,998	\$ 70,518	\$ 57,950	\$ 46,317	\$ 27,953	\$ 22,520
-	-	-	-	-	6
1,461	1,837	2,322	2,814	2,497	1,930
6,579	13,701	12,385	9,535	6,709	-
1,469.00	-	-	-	-	9
-	-	-	-	-	5,282
45,336	48,365	38,536	35,940	44,918	44,082
145,843	134,421	111,193	94,606	82,077	73,829
716	556	-	-	-	-
<u>\$ 146,559</u>	<u>\$ 134,977</u>	<u>\$ 111,193</u>	<u>\$ 94,606</u>	<u>\$ 82,077</u>	<u>\$ 73,829</u>

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

	2012	2011	2010	2009
Expenses				
Governmental Activities:				
Instruction	\$ 132,791,816	\$ 141,747,420	\$ 143,091,092	\$ 144,553,419
Instruction Resources and Media Services	4,379,728	4,530,587	4,470,228	4,405,821
Curriculum and Instructional Staff Development	7,300,486	6,557,939	5,973,731	5,876,796
Instructional Leadership	2,533,099	2,602,799	2,849,542	2,823,228
School Leadership	13,920,488	14,326,723	14,406,145	14,757,245
Guidance, Counseling, and Evaluation Services	9,261,322	9,634,002	9,935,686	9,424,596
Social Work Services	167,221	168,258	165,704	166,991
Health Services	2,549,034	2,562,615	2,665,025	2,473,339
Student (Pupil) Transportation	3,105,589	3,855,752	3,101,861	2,196,934
Food Service	11,961,743	12,365,226	12,263,601	12,212,817
Extracurricular Activities	6,012,638	6,179,751	6,009,078	6,047,251
General Administration	6,179,859	7,061,920	7,135,378	7,112,644
Plant Maintenance and Operations	23,519,488	24,209,153	23,043,604	23,120,351
Security and Monitoring Services	1,372,730	1,548,610	1,545,532	1,737,888
Data Processing Services	6,551,630	7,391,313	7,008,219	5,900,846
Community Services	505,980	651,173	1,148,422	1,072,788
Debt Service - Interest on Long Term Debt	13,984,539	15,992,914	17,350,391	18,082,051
Debt Service - Bond Issuance Costs and Fees	195,034	212,351	79,532	74,485
Facilities Acquisition and Construction	-	1,191,981	1,331,904	1,916,924
Contracted Instructional Services Between Schools	75,536	-	-	17,898,472
Incremental Costs Associated with Chapter 41	-	-	-	16,283
Payments to Juvenile Justice Alternative Ed. Prg.	57,484	143,124	159,550	136,225
Payments to Tax Increment Fund	13,777,411	15,139,211	12,995,177	12,414,532
Other Intergovernmental Charges	898,662	937,593	963,230	1,159,125
Total Government Activities Expenses	261,101,517	279,010,415	277,692,632	295,581,051
Business-Type Activities (After the Bell)				
Expenses	2,801,626	2,838,839	2,414,999	2,241,841
Total Business-Type Activities	2,801,626	2,838,839	2,414,999	2,241,841
Total Primary Government Expenses	263,903,143	281,849,254	280,107,631	297,822,892
Program Revenues				
Governmental Activities				
Charges for services				
Food Service	2,214,248	2,386,913	2,733,819	3,089,933
Extracurricular Activities	834,249	913,649	854,839	913,801
Other	3,065,762	1,804,636	1,985,881	1,593,357
Operating Grants and Contributions				
Instruction	17,369,723	21,343,507	23,522,054	18,446,999
Food Service	8,378,836	8,144,101	8,170,342	8,120,150
Other	11,151,226	15,368,331	14,295,414	7,003,487
Capital Grants and Contributions	9,196,973	10,085,250	8,664,218	8,165,396
Business-Type Activities (After the Bell)				
Charges for Services	3,478,069	3,144,010	2,982,574	2,783,342
Total Primary Government Program Revenues	55,689,086	63,190,397	63,209,141	50,116,465
Net (Expense) Revenue				
Governmental Activities	(208,890,500)	(218,964,028)	(217,466,065)	(248,247,928)
Business Type Activities	676,443	305,171	567,575	541,501
Total Primary Government	\$ (208,214,057)	\$ (218,658,857)	\$ (216,898,490)	\$ (247,706,427)

Source: Carrollton-Farmers Branch ISD

TABLE II

	2008	2007	2006	2005	2004	2003
\$	145,823,968	\$ 127,900,101	\$ 121,376,766	\$ 112,161,207	\$ 109,174,605	\$ 107,898,423
	4,280,482	3,952,659	3,915,399	3,843,340	5,358,742	5,523,827
	6,606,195	7,228,153	6,739,846	6,150,384	4,103,064	4,250,069
	2,660,336	2,733,545	2,595,267	1,984,337	1,944,294	2,339,332
	15,206,187	14,417,520	13,282,404	12,863,087	12,246,676	11,532,186
	9,240,729	8,700,494	8,181,547	7,660,438	7,781,767	7,745,027
	161,566	150,757	179,471	199,357	203,272	413,413
	2,287,597	2,125,213	2,124,750	2,032,135	1,966,756	1,927,283
	1,866,514	2,980,445	2,493,202	2,653,657	3,360,156	3,550,986
	12,228,579	10,841,824	10,456,433	8,973,209	8,335,269	8,058,565
	5,366,881	4,957,689	4,497,921	4,257,260	3,856,577	3,964,234
	6,742,993	6,812,524	6,194,417	6,402,360	6,255,161	5,851,347
	24,244,624	22,254,946	22,580,448	19,871,002	18,552,472	20,626,744
	1,700,039	1,620,931	1,423,542	1,028,169	940,253	1,161,128
	5,199,687	4,848,636	4,290,867	4,392,071	3,452,353	2,927,784
	1,070,303	1,293,265	1,310,476	820,772	1,418,808	1,559,974
	18,943,254	18,044,502	17,139,405	17,249,062	15,441,825	15,674,371
	30,597	35,028	327,679	317,841	233,860	8,795
	4,319,852	4,414,665	3,070,261	4,890,941	4,541,812	2,146,324
	12,636,919	27,662,926	35,669,887	41,232,500	48,764,272	53,992,043
	12,705	104,486	128,755	162,981	202,402	-
	196,409	170,387	154,466	167,557	146,268	146,438
	9,039,482	4,418,075	3,971,007	3,951,267	5,041,114	4,226,627
	936,315	-	-	-	-	-
	290,802,213	277,668,771	272,104,216	263,264,934	263,321,778	265,524,920
	2,418,236	1,687,632	1,456,535	1,124,061	-	-
	2,418,236	1,687,632	1,456,535	1,124,061	-	-
	293,220,449	279,356,403	273,560,751	264,388,995	263,321,778	265,524,920
	3,222,640	2,942,060	3,078,361	2,958,311	1,343	3,272,739
	904,564	975,337	1,434,319	1,508,709	352,090	812,466
	1,675,286	1,520,787	716,224	744,071	2,847,528	2,233,899
	17,412,108	14,489,313	17,383,420	11,913,643	12,732,997	12,340,580
	7,406,640	6,369,623	6,085,282	5,657,153	8,320,751	4,723,301
	6,479,373	6,849,849	7,606,052	7,881,540	8,421,721	5,151,208
	5,726,158	2,949,542	2,656,078	3,923,458	-	-
	2,684,788	2,243,287	2,139,272	1,653,423	-	-
	45,511,557	38,339,798	41,099,008	36,240,308	32,676,430	28,534,193
	(247,975,444)	(241,572,260)	(233,144,480)	(228,678,049)	(230,645,348)	(236,990,727)
	266,552	555,655	682,737	529,362	-	-
\$	(247,708,892)	\$ (241,016,605)	\$ (232,461,743)	\$ (228,148,687)	\$ (230,645,348)	\$ (236,990,727)

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net (Expense)/Revenue				
Governmental Activities	\$ (208,890,500)	\$ (218,964,028)	\$ (217,466,065)	\$ (248,247,928)
Business-Type Activities	676,443	305,171	567,575	541,501
Total Primary Government Net Expense	<u>(208,214,057)</u>	<u>(218,658,857)</u>	<u>(216,898,490)</u>	<u>(247,706,427)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes Levied for General Purposes	142,069,891	143,955,421	151,034,569	154,202,554
Property Taxes Levied for Capital Projects	43,220,140	42,420,096	44,073,412	47,774,102
State Aid - Formula Grants	50,585,614	51,675,059	47,117,639	65,071,101
Grants & Contributions -Not Restricted	36,963	25,468	31,612	-
Investment Earnings	206,371	204,213	255,723	1,912,509
Miscellaneous Local and Intermediate Revenues	1,311,059	423,408	165,609	122,192
Special Item- Resource	-	-	-	-
Loss on Asset Disposal	-	-	-	-
Transfers	-	-	115,350	-
Total Governmental Activities	<u>237,430,038</u>	<u>238,703,665</u>	<u>242,793,914</u>	<u>269,082,458</u>
Business-Type Activities:				
Transfers	-	-	(115,350)	-
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>(115,350)</u>	<u>-</u>
Total General Revenues- Primary Government	<u>\$ 237,430,038</u>	<u>\$ 238,703,665</u>	<u>\$ 242,678,564</u>	<u>\$ 269,082,458</u>
Change in Net Assets				
Net Assets- Beginning	\$ 210,267,680	\$ 192,237,676	\$ 167,935,712	\$ 146,559,681
Prior Period Adjustments	-	-	(1,478,110)	-
Governmental Activities	28,539,538	19,739,637	25,327,849	20,834,530
Business-Type Activities	676,443	305,171	452,225	541,501
Total Change in Net Assets-Primary Government	<u>29,215,981</u>	<u>20,044,808</u>	<u>25,780,074</u>	<u>21,376,031</u>
Net Assets- Ending	<u>\$ 239,483,661</u>	<u>\$ 212,282,484</u>	<u>\$ 192,237,676</u>	<u>\$ 167,935,712</u>

Source: Carrollton-Farmers Branch ISD

TABLE III

2008	2007	2006	2005	2004	2003
\$ (247,975,444)	\$ (241,572,260)	\$ (233,144,480)	\$ (228,678,049)	\$ (230,645,348)	\$ (236,990,727)
266,552	555,655	682,737	529,362	-	-
<u>(247,708,892)</u>	<u>(241,016,605)</u>	<u>(232,461,743)</u>	<u>(228,148,687)</u>	<u>(230,645,348)</u>	<u>(236,990,727)</u>
148,626,083	179,624,950	187,618,767	187,057,197	192,525,041	203,347,668
46,549,170	44,042,078	40,805,823	34,993,114	30,133,562	29,547,454
56,524,499	30,233,635	12,377,716	12,165,712	11,478,280	9,771,242
75,485	89,463	46,988	80,652	477,981	173,154
7,456,490	11,854,553	9,638,251	5,280,330	1,491,639	2,033,763
59,554	5,169	67,062	97,013	116,433	23,723
-	-	-	-	5,640,977	-
-	(1,048,068)	(1,506,908)	-	(2,970,427)	-
106,300	-	682,737	529,362	-	-
<u>259,397,581</u>	<u>264,801,780</u>	<u>249,730,436</u>	<u>240,203,380</u>	<u>238,893,486</u>	<u>244,897,004</u>
(106,300)	-	(682,737)	(529,362)	-	-
<u>(106,300)</u>	<u>-</u>	<u>(682,737)</u>	<u>(529,362)</u>	<u>-</u>	<u>-</u>
\$ 259,291,281	\$ 264,801,780	\$ 249,047,699	\$ 239,674,018	\$ 238,893,486	\$ 244,897,004
\$ 134,977,292	\$ 111,192,117	\$ 94,606,161	\$ 82,076,525	\$ 73,828,387	\$ 65,922,110
-	-	-	1,004,305	-	-
11,422,137	23,229,520	16,585,956	11,525,331	8,248,138	7,906,277
160,252	555,655	-	-	-	-
<u>11,582,389</u>	<u>23,785,175</u>	<u>16,585,956</u>	<u>11,525,331</u>	<u>8,248,138</u>	<u>7,906,277</u>
\$ 146,559,681	\$ 134,977,292	\$ 111,192,117	\$ 94,606,161	\$ 82,076,525	\$ 73,828,387

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund			
Reserved	\$ 2,120,977	\$ 2,823,462	\$ 2,420,355
Unreserved	68,710,221	60,223,200	60,068,817
Total General Fund	<u>70,831,198</u>	<u>63,046,662</u>	<u>62,489,172</u>
Other Governmental Funds			
Reserved, Reported In			
Federal Special Revenue Fund	-	-	-
Debt Service Fund	2,118,869	2,233,800	2,862,959
Capital Projects Fund	27,072,635	44,744,168	71,840,434
Non-Major Funds	14,994,769	6,468,410	8,040,306
Unreserved, Reported In			
Special Revenue Funds	<u>1,263,598</u>	<u>1,217,257</u>	<u>2,024,174</u>
Total Other Governmental Funds	<u>45,449,871</u>	<u>54,663,635</u>	<u>84,767,873</u>
Total Governmental Funds	<u>\$ 116,281,069</u>	<u>\$ 117,710,297</u>	<u>\$ 147,257,045</u>

	<u>2012</u>	<u>2011</u>
General Fund		
Nonspendable Fund Balance	\$ 898,744	\$ 982,936
Assigned Fund Balance	10,098,666	9,728,966
Unassigned Fund Balance	<u>71,563,413</u>	<u>62,238,430</u>
Total General Fund	<u>82,560,823</u>	<u>72,950,332</u>
Other Governmental Funds		
Debt Service		
Restricted Fund Balance	6,408,260	3,003,709
Capital Projects		
Nonspendable Fund Balance	121,386	121,386
Restricted Fund Balance	27,777,993	20,934,175
City of Irving TIF #1		
Restricted Fund Balance	26,276,644	17,470,353
Special Revenue Funds		
Nonspendable Fund Balance	373,942	550,605
Restricted Fund Balance	6,589,672	6,434,812
Committed Fund Balance	<u>1,364,883</u>	<u>1,324,126</u>
Total Other Governmental Funds	<u>68,912,780</u>	<u>49,839,166</u>
Total Governmental Funds	<u>\$ 151,473,603</u>	<u>\$ 122,789,498</u>

Source: Carrollton-Farmers Branch ISD

The District adopted the provisions of GASB 54 in 2011 which changed the fund balance classifications to Nonspendable, Restricted, Committed, Assigned and Unassigned. GASB 54 provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

TABLE IV

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 4,507,401	\$ 2,786,579	\$ 2,411,329	\$ 2,185,980	\$ 1,384,313
60,506,233	52,669,444	50,803,639	47,382,392	46,039,915
<u>65,013,634</u>	<u>55,456,023</u>	<u>53,214,968</u>	<u>49,568,372</u>	<u>47,424,228</u>
-	2,321,891	2,813,529	2,496,877	1,929,839
2,981,791	1,062,173	696,204	910,710	1,485,405
84,307,143	82,571,758	90,840,182	63,186,148	15,985,196
15,538,041	12,384,590	9,534,966	6,709,258	5,287,570
<u>1,815,537</u>	<u>1,032,054</u>	<u>911,710</u>	<u>811,386</u>	<u>647,706</u>
<u>104,642,512</u>	<u>99,372,466</u>	<u>104,796,591</u>	<u>74,114,379</u>	<u>25,335,716</u>
<u>\$ 169,656,146</u>	<u>\$ 154,828,489</u>	<u>\$ 158,011,559</u>	<u>\$ 123,682,751</u>	<u>\$ 72,759,944</u>

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Federal Sources:				
Federal Grants	\$ 15,323,392	\$ 24,172,684	\$ 24,619,190	\$ 11,602,399
Food Services	8,307,475	8,070,064	8,088,131	8,033,902
Total Federal Sources	<u>23,630,867</u>	<u>32,242,748</u>	<u>32,707,321</u>	<u>19,636,301</u>
State Sources:				
State Education Finance Program	50,585,614	51,700,557	45,863,374	65,099,747
Food Services	71,361	74,037	82,181	82,738
State Grants and Other	13,169,326	12,913,357	12,704,390	13,095,873
Total State Sources	<u>63,826,301</u>	<u>64,687,951</u>	<u>58,649,945</u>	<u>78,278,358</u>
Local Sources:				
Property Taxes	185,379,324	186,436,925	195,521,777	201,138,295
Tax Increment fund	9,196,973	10,085,250	8,664,218	8,259,752
Investment Earnings	192,418	190,054	235,098	1,808,888
Food Sales	2,214,248	2,386,913	2,733,820	3,089,933
Other	5,276,264	3,140,291	10,381,100	1,037,350
Total Local Sources	<u>202,259,227</u>	<u>202,239,433</u>	<u>217,536,013</u>	<u>215,334,218</u>
Total Revenues	<u>\$ 289,716,395</u>	<u>\$ 299,170,132</u>	<u>\$ 308,893,279</u>	<u>\$ 313,248,877</u>

Source: Carrollton-Farmers Branch ISD

TABLE V

2008	2007	2006	2005	2004	2003
\$ 10,151,724	\$ 10,874,882	\$ 9,712,707	\$ 10,135,902	\$ 4,337,059	\$ 2,921,076
7,327,119	6,292,642	5,922,740	5,499,545	4,902,360	4,463,015
<u>20,345,442</u>	<u>17,167,524</u>	<u>12,616,507</u>	<u>10,294,053</u>	<u>9,239,419</u>	<u>7,384,091</u>
56,429,787	29,525,407	12,377,716	12,165,712	11,478,280	9,771,242
79,522	76,981	75,996	79,473	80,666	79,537
<u>13,008,829</u>	<u>10,779,265</u>	<u>9,155,074</u>	<u>9,384,416</u>	<u>3,545,969</u>	<u>6,108,484</u>
<u>22,686,444</u>	<u>21,726,477</u>	<u>21,608,786</u>	<u>21,629,601</u>	<u>15,104,915</u>	<u>15,959,263</u>
195,801,542	224,251,444	226,851,949	222,236,512	221,802,026	230,087,006
6,018,641	2,949,542	2,646,566	2,632,379	3,353,568	2,813,200
7,073,097	11,258,859	9,082,260	4,990,541	1,421,677	1,900,552
3,222,640	2,942,060	3,078,361	2,958,311	3,257,950	3,272,739
<u>32,269,984</u>	<u>4,119,329</u>	<u>(4,878,393)</u>	<u>894,882</u>	<u>11,541,108</u>	<u>3,190,302</u>
<u>244,385,904</u>	<u>245,521,234</u>	<u>236,780,743</u>	<u>233,712,625</u>	<u>241,376,329</u>	<u>241,263,799</u>
<u>\$ 287,417,790</u>	<u>\$ 284,415,235</u>	<u>\$ 271,006,036</u>	<u>\$ 265,636,279</u>	<u>\$ 265,720,663</u>	<u>\$ 264,607,153</u>

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Non Capital -Operational Expenditures				
Instruction	\$ 123,399,140	\$ 132,258,151	\$ 134,293,425	\$ 136,193,647
Instruction Resources and Media Services	3,643,675	3,800,545	3,801,974	3,784,040
Curriculum and Instructional Staff Development	7,077,709	6,342,801	5,746,605	5,648,031
Instructional Leadership	2,491,049	2,564,724	2,806,506	2,779,530
School Leadership	13,221,260	13,653,148	13,765,565	14,145,284
Guidance, Counseling, and Evaluation Services	9,123,532	9,513,995	9,806,918	9,297,327
Social Work Services	167,352	168,735	165,773	166,968
Health Services	2,493,562	2,512,408	2,615,065	2,427,488
Student (Pupil) Transportation	3,059,904	3,809,657	3,055,499	2,150,573
Food Services	10,653,874	11,130,552	11,058,241	11,096,529
Extracurricular Activities	4,626,211	4,810,349	4,634,702	4,599,543
General Administration	5,699,552	6,590,978	6,652,399	6,350,194
Facilities Maintenance and Operations	21,869,694	23,826,841	22,176,196	22,205,857
Security and Monitoring Services	1,362,871	1,544,788	1,516,063	1,706,477
Data Processing Services	5,288,192	5,725,371	5,319,490	4,495,388
Community Services	524,261	698,199	1,150,079	1,074,251
Facilities Acquisition and Construction	1,148,085	1,192,293	1,331,987	1,916,961
Total Non-Capital Operational Expenditures	<u>215,849,923</u>	<u>230,143,535</u>	<u>229,896,487</u>	<u>230,038,088</u>
Intergovernmental				
Contracted Instructional Services Between Schools	75,536	-	-	17,898,472
Incremental Costs Associated with Chapter 41	-	-	-	16,283
Payments to Juvenile Justice Alternative Ed. Prg.	57,484	143,124	159,550	136,225
Payments to Tax Increment Fund	13,777,411	15,139,211	12,995,177	12,414,532
Other Intergovernmental Charges	898,662	937,593	963,230	1,159,125
Total Intergovernmental	<u>14,809,093</u>	<u>16,219,928</u>	<u>14,117,957</u>	<u>31,624,637</u>
Capital Outlay				
Facilities Acquisition/Construction	15,206,940	4,289,341	16,161,616	33,334,206
Other Capital Outlay	336,487	968,979	333,338	1,837,829
Total Capital Outlay	<u>15,543,427</u>	<u>5,258,320</u>	<u>16,494,954</u>	<u>35,172,035</u>
Debt service				
Principal	25,555,000	27,415,000	27,060,000	28,648,711
Interest	13,681,847	14,543,756	17,265,964	19,586,494
Fiscal Charges	785,110	261,369	3,825	3,498
Total Debt Service Expenditures	<u>40,021,957</u>	<u>42,220,125</u>	<u>44,329,789</u>	<u>48,238,703</u>
Total Expenditures	<u>286,224,400</u>	<u>293,841,908</u>	<u>304,839,187</u>	<u>345,073,463</u>
Total Expenditures less Expenditures for Capital Outlay	<u>\$ 270,680,973</u>	<u>\$ 288,583,588</u>	<u>\$ 288,344,233</u>	<u>\$ 309,901,428</u>
Debt Service as a Percentage of Non-Capital Expenditures	14.5%	14.5%	15.4%	15.6%

Source: Carrollton-Farmers Branch ISD.

TABLE VI

	2008	2007	2006	2005	2004	2003
\$	136,897,403	\$ 120,680,762	\$ 115,428,607	\$ 107,239,425	\$ 104,988,151	\$ 102,012,327
	3,674,620	3,449,049	3,464,287	3,417,429	4,957,488	5,055,106
	6,354,518	6,982,699	6,507,867	5,942,800	3,902,382	4,018,175
	2,603,462	2,676,997	2,525,331	1,923,542	1,888,224	2,265,083
	14,527,383	13,874,345	12,839,605	12,521,281	11,992,299	11,087,424
	9,054,514	8,551,727	8,071,066	7,601,265	7,773,675	7,617,895
	160,431	149,906	162,375	183,303	186,507	390,224
	2,225,210	2,077,334	2,084,708	2,011,565	1,961,949	1,894,509
	1,819,301	2,939,301	2,452,058	2,607,884	3,070,396	3,188,667
	11,067,175	9,886,344	9,688,739	8,344,717	7,741,797	7,350,733
	4,035,248	3,814,607	3,615,566	3,379,980	3,039,179	3,121,919
	6,219,424	6,294,370	5,823,489	6,223,330	6,103,312	5,559,283
	23,115,268	21,235,262	21,818,620	19,547,977	18,383,974	20,172,115
	1,649,729	1,569,960	1,395,133	1,014,315	940,931	1,130,753
	3,899,270	3,894,697	3,828,733	3,983,413	3,033,663	2,355,728
	1,057,839	1,286,398	1,298,877	833,793	1,431,998	1,539,014
	4,413,340	4,770,012	3,173,860	5,110,301	4,665,812	2,139,900
	<u>232,774,135</u>	<u>214,133,770</u>	<u>204,178,921</u>	<u>191,886,320</u>	<u>186,061,737</u>	<u>180,898,855</u>
	12,636,919	27,662,926	35,669,887	41,232,500	48,764,272	53,992,043
	12,705	104,486	128,755	162,981	202,402	-
	196,409	170,387	154,466	167,557	146,268	146,438
	9,039,482	4,418,075	3,971,007	3,951,267	5,041,114	4,226,627
	936,315	-	-	-	-	-
	<u>22,821,830</u>	<u>32,355,874</u>	<u>39,924,115</u>	<u>45,514,305</u>	<u>54,154,056</u>	<u>58,365,108</u>
	49,793,086	42,900,560	47,883,084	23,013,989	7,019,222	11,558,577
	671,771	333,351	902,439	391,778	244,695	150,740
	<u>50,464,857</u>	<u>43,233,911</u>	<u>48,785,523</u>	<u>23,405,767</u>	<u>7,263,917</u>	<u>11,709,317</u>
	23,667,961	18,656,322	22,695,230	19,758,697	16,539,628	15,234,666
	23,177,464	23,349,859	18,300,959	16,621,924	14,929,294	15,945,051
	74,019	485,611	3,650	5,762	96,144	355,003
	<u>46,919,444</u>	<u>42,491,792</u>	<u>40,999,839</u>	<u>36,386,383</u>	<u>31,565,066</u>	<u>31,534,720</u>
	<u>352,980,266</u>	<u>332,215,347</u>	<u>333,888,398</u>	<u>297,192,775</u>	<u>279,044,776</u>	<u>282,508,000</u>
\$	<u>302,515,409</u>	<u>\$ 288,981,436</u>	<u>\$ 285,102,875</u>	<u>\$ 273,787,008</u>	<u>\$ 271,780,859</u>	<u>\$ 270,798,683</u>
	15.5%	14.5%	14.4%	13.3%	11.6%	11.5%

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 3,491,995	\$ 5,328,224	\$ (2,827,084)	\$ (29,622,791)
Other Financing Sources (Uses)				
Refunding Bonds Issued	33,085,000	63,565,000	-	-
Capital-Related Debt Issued (Regular Bonds)	21,880,000	-	-	-
Sale of Real or Personal Property	-	363,964	-	76,043
Transfers In	-	911,452	354,755	25,059
Premium or Discount on Issuance of Bonds	8,425,470	6,914,124	-	-
Transfers Out	-	(377,814)	(239,405)	(25,059)
Payment to Bond Refunding Escrow Agent (Use)	(38,198,360)	(70,196,521)	-	-
Other (Uses)	-	-	1,282,506	-
Total Other Financing Sources (Uses)	<u>25,192,110</u>	<u>1,180,205</u>	<u>1,397,856</u>	<u>76,043</u>
Special Item	-	-	-	-
Net Change in Fund Balances	28,684,105	6,508,429	(1,429,228)	(29,546,748)
Beginning Fund Balance -Sept 1	<u>122,789,498</u>	<u>116,281,069</u>	<u>117,710,297</u>	<u>147,257,045</u>
Ending Fund Balance - Aug 31	<u>\$ 151,473,603</u>	<u>\$ 122,789,498</u>	<u>\$ 116,281,069</u>	<u>\$ 117,710,297</u>

Source: Carrollton-Farmers Branch ISD

TABLE VII

2008	2007	2006	2005	2004	2003
\$ (50,649,067)	\$ (30,280,266)	\$ (45,335,278)	\$ (23,050,108)	\$ (11,106,658)	\$ (9,208,017)
27,435,000	60,775,000	-	-	23,740,000	10,230,000
30,000,000	45,000,000	41,220,000	54,810,000	54,350,000	-
29,747	53,712	43,371	29,057	16,440	35,886
236,495	1,160,684	1,074,819	1,079,101	158,271	2,618,117
1,292,287	3,564,464	206,100	2,016,457	3,801,321	151,694
(1,830,195)	(1,160,684)	(392,082)	(549,739)	(158,271)	(2,618,117)
(28,913,368)	(64,285,253)	-	-	(25,511,685)	(10,304,621)
-	-	-	(5,960)	(7,588)	(9,486)
28,249,966	45,107,923	42,152,208	57,378,916	56,388,488	103,473
-	-	-	5,640,977	-	-
(22,399,101)	14,827,657	(3,183,070)	39,969,785	45,281,830	(9,104,544)
169,656,146	154,828,489	158,011,559	123,682,751	72,759,944	81,864,488
<u>\$ 147,257,045</u>	<u>\$ 169,656,146</u>	<u>\$ 154,828,489</u>	<u>\$ 163,652,536</u>	<u>\$ 118,041,774</u>	<u>\$ 72,759,944</u>



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

TABLE VIII

Fiscal Year	Actual Value		Less: Exemptions	Total Taxable Value	Total Direct Tax Rate
	Real Property	Personal Property			
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
2009	14,099,708	3,526,217	2,380,515	15,245,409	1.3623
2010	13,875,318	3,556,941	2,522,473	14,909,786	1.3422
2011	13,256,482	3,186,973	2,310,442	14,133,014	1.3469
2012	13,065,212	2,997,907	2,173,647	13,889,472	1.3568

Notes: Assessed value = actual value

Source: County Property Tax Appraiser

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

Fiscal Year	Direct District Rates			Overlapping Rates				
	Maintenance	Debt		Town of Addision	City of Carrollton	City of Coppell	City of Dallas	City of Farmers Branch
		Service	Total					
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
2009	1.0400	0.3223	1.3623	0.454	0.618	0.641	0.748	0.495
2010	1.0400	0.3022	1.3422	0.496	0.618	0.641	0.748	0.520
2011	1.0400	0.3069	1.3469	0.530	0.618	0.690	0.797	0.530
2012	1.0400	0.3168	1.3568	0.580	0.618	0.690	0.797	0.530

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

TABLE IX

Overlapping Rates				
City of Irving	County of Denton	County of Dallas	Dallas County Hospital	Dallas County Community College
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
0.541	0.236	0.228	0.254	0.089
0.541	0.250	0.228	0.274	0.095
0.576	0.274	0.243	0.271	0.099
0.607	0.277	0.243	0.271	0.100

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
2002	230,253,042	227,885,716	99.0%	2,063,481	229,949,197	99.87%
2003	222,869,856	219,194,266	98.4%	3,518,514	222,712,780	99.93%
2004	221,529,024	217,965,165	98.4%	3,485,066	221,450,231	99.96%
2005	226,478,279	226,195,686	99.9%	133,719	226,329,405	99.93%
2006	223,255,525	221,175,531	99.1%	1,866,635	223,042,166	99.90%
2007	195,655,990	193,698,097	99.0%	1,629,718	195,327,815	99.83%
2008	202,093,926	200,374,994	99.1%	1,349,131	201,724,125	99.82%
2009	195,089,302	193,396,978	99.1%	1,175,578	194,572,556	99.74%
2010	186,476,139	184,834,361	99.1%	868,034	185,702,395	99.59%
2011	185,082,381	183,761,421	99.3%	-	183,761,421	99.29%

Source: District Tax Office

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

TABLE XI

Taxpayer	Nature of Property	2012			2003		
		TAXABLE ASSESSED VALUATION	Percent of Total Assessed Taxable Value	Rank	Taxable Value	Percent of Total Assessed Taxable Value	Rank
AT&T/Southwestern Bell	Telephone Utility	\$ 139,406,720	1.00%	1	\$ 101,821,980	0.79%	3
Wells Operating PS LTD	Real Estate	127,070,790	0.91%	2	75,522,250	0.58%	8
Oncor Electric Delivery	Power Utility	99,528,644	0.72%	3	99,935,720	0.77%	4
Nokia / ISTAR	Electronics	90,905,010	0.65%	4			
Walmart/Sam's	Retail	85,659,640	0.62%	5	76,727,340	0.59%	7
Verizon/GTE	Telephone Utility	79,353,404	0.57%	6	111,095,510	0.86%	2
Exxon/Mobil Corp.	Industrial/Petroleum	70,535,698	0.51%	7	88,051,540	0.68%	5
Cobalt Industrial / REIT	Rental Property	65,524,373	0.47%	8			
Triden Village	Residential Apartments	63,589,580	0.46%	9			
Haliburton Company Inc.	Oil Services	57,391,783	0.41%	10			
ST Microelectronics Inc.					218,614,680	1.69%	1
Atmel Texas LP					86,967,774	0.67%	6
Pratt & Whitney					75,361,780	0.58%	9
Amlt Southwest Res LTD.					64,000,000	0.50%	10
TOTAL		<u>\$ 878,965,642</u>	<u>6.32%</u>		<u>\$ 998,098,574</u>	<u>7.71%</u>	
Total Taxable Assessed Value		<u>\$ 13,889,472,257</u>			<u>\$ 12,919,813,380</u>		

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 LEGAL DEBT MARGIN
 LAST TEN FISCAL YEARS
 AUGUST 31, 2012 (UNAUDITED)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt limit	\$ 1,388,947,226	\$ 1,413,301,365	\$ 1,490,978,560	\$ 1,524,540,946
Total net debt applicable to limit	310,771,740	320,156,291	353,476,131	380,421,200
Legal debt margin	1,078,175,486	1,093,145,074	1,137,502,429	1,144,119,746
Total net debt applicable to the limit as a percentage of debt limit	22%	23%	24%	25%

Source: Carrollton-Farmers Branch ISD

Legal Debt Margin Calculation for Fiscal Year 2012

Total Appraised Valuation	\$ 16,063,119,320
Less - Exemptions and Reductions in Value	<u>2,173,647,063</u>
Total Appraised Valuation for School Tax Purposes	\$ 13,889,472,257
Debt Limit Percentage	<u>10%</u>
Legal Debt Limit	<u>\$ 1,388,947,226</u>
Total Bonded Debt	\$ 317,180,000
Less - Reserve for Retirement of Bonded Debt	<u>6,408,260</u>
Net Bonded Debt Applicable to Debt Limit	<u>\$ 310,771,740</u>
Legal Debt Margin	<u>\$ 1,078,175,486</u>

TABLE XII

2008	2007	2006	2005	2004	2003
\$ 1,484,793,283	\$ 1,344,364,947	\$ 1,273,455,161	\$ 1,241,984,735	\$ 1,302,786,952	\$ 1,394,399,193
408,440,752	403,044,881	380,495,821	362,337,021	326,726,211	288,331,144
1,076,352,531	941,320,066	892,959,340	879,647,714	976,060,741	1,106,068,049
28%	30%	30%	29%	25%	21%



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

TABLE XIII

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of disposable personal Income	Per Capita	Per Student Enrolled
	Contractual Obligations	Unlimited Tax Bonds				
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
2009	-	382,655	382,655	7.21%	2,251	14,573
2010	-	355,595	355,595	6.43%	2,048	13,719
2011	-	323,160	323,160	6.06%	1,829	12,354
2012	-	317,180	317,180	6.06%	1,856	12,004

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 BONDED DEBT TO NET ASSESSED VALUE AND
 NET BONDED DEBT PER CAPITA
 LAST TEN FISCAL YEARS (UNAUDITED)

YEAR END AUGUST 31	POPULATION	TAXABLE ASSESSED VALUE	GROSS BONDED DEBT	LESS DEBT SERVICE FUNDS
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	141,750	12,617,718,931	381,557,994	1,062,173
2007	141,750	13,443,649,465	406,026,672	2,981,791
2008	165,556	14,847,932,832	411,303,711	2,862,959
2009	169,986	15,245,409,459	382,655,000	2,233,800
2010	173,658	14,909,785,600	355,595,000	2,118,869
2011	176,663	14,133,013,647	323,160,000	3,003,709
2012	170,886	13,889,472,257	317,180,000	6,408,260

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 TAXABLE ASSESSED VALUE	NET BONDED DEBT PER CAPITA
288,331,144	2.15	2,034
326,726,211	2.53	2,305
362,337,021	2.92	2,556
380,495,821	3.02	2,684
403,044,881	3.00	2,843
408,440,752	2.75	2,467
380,421,200	2.50	2,238
353,476,131	2.37	2,035
320,156,291	2.27	1,812
310,771,740	2.24	1,819

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 DIRECT AND OVERLAPPING GOVERNMENT DEBT
 AS OF AUGUST 31, 2012 (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>
Town of Addison	\$ 90,905,000	4.15%	\$ 3,772,558
City of Carrollton	158,850,000	55.64%	88,384,140
City of Coppell	81,875,000	7.63%	6,247,063
City of Dallas	1,666,007,336	1.01%	16,826,674
Dallas County	121,605,000	6.35%	7,721,918
Dallas County Community College District	374,265,000	6.35%	23,765,828
Dallas County Hospital District	705,000,000	6.35%	44,767,500
Dallas County Utility & Reclamation District	266,488,359	51.86%	138,200,863
Denton County	553,915,000	4.84%	26,809,486
City of Farmers Branch	21,145,000	59.30%	12,538,985
City of Irving	348,720,000	26.10%	91,015,920
Irving Flood Control District III	2,080,000	66.03%	1,373,424
NW Dallas County Flood Control District	8,424,000	64.81%	5,459,594
Valwood Improvement Authority	5,662,261	92.45%	5,234,760
Subtotal, overlapping debt			\$ 472,118,712
Carrollton-Farmers Branch ISD - Direct Debt	\$ 317,180,000	100.00%	317,180,000
Total Direct and Overlapping Tax Supported Debt			\$ 789,298,712
Total Assessed Taxable Valuation			\$ 13,889,472,257
Total Population			170,886
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation			5.68%
Per Capita Total Direct and Overlapping Tax Supported Debt			\$ 4,619

Source: All information provided by Municipal Advisory Council of Texas 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.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of these overlapping governments that is borne by the residents and businesses of the district.

The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

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

TABLE XVI

Calendar Year	Population(A)	Disposable Personal Income(B)	Per Capita Disposable Personal Income(C)	Unemployment Rate(D)
2003	141,750	2,855,740,000	41,355	4.31%
2004	141,750	2,796,665,000	41,898	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%
2009	169,986	5,308,832,766	31,231	7.77%
2010	173,658	5,531,007,300	31,850	7.70%
2011	176,663	5,329,039,395	30,165	7.46%
2012	170,886	5,230,478,688	30,608	6.35%

Notes:

- A** Population data is for Cities of Carrollton and Farmer's Branch combined.
 Source of population data was the following:
 2003-2005 2000 Census Data
 2006 Municipal Advisory Council of Texas
 2007-2012 Claritas Market Place Survey
- B** From Official Statements of CFBISD Bond Issuance. Amounts for years 2004 and prior are City of Carrollton only.
 2007-2012 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.
 2007-2012 Claritas Market Place Survey-Entire School District Included.
- D** From US Department of Labor, Bureau of Labor Statistics
 2007-2012 Texas Workforce Commission

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

TABLE XVII

<u>Employer</u>	<u>2012</u>			<u>2003</u>		
	<u>Approx. # Employees</u>	<u>Rank</u>	<u>Workforce Percentage</u>	<u>Approx. # Employees</u>	<u>Rank</u>	<u>Workforce Percentage</u>
International Business Machines	3,200	1	3.35%	3,700	1	4.03%
Carrollton-Farmers Branch ISD	3,063	2	3.21%	3,641	2	3.96%
JP Morgan Investment Services	2,390	3	2.50%			
Halliburton Energy Services	1,300	4	1.36%			
McKesson Corp	1,000	5	1.05%			
Tuesday Morning	1,000	6	1.05%			
Telvista	950	7	1.00%			
AT&T	830	8	0.87%			
TD Industries	811	9	0.85%			
City of Carrollton	790	10	0.83%	875	5	0.95%
Otis Engineering				2,000	3	2.18%
SGS-Thompson				907	4	0.99%
Westcott Communications				800	6	0.87%
T.D. Mechanical				600	7	0.65%
Omega Optical				600	8	0.65%
Foxmeyer Drug				600	9	0.65%
Home Interior & Gifts				500	10	0.54%

Total employed 2012 workforce - 95,477

Total employed 2003 workforce - 91,876

Source: Official Statement dated March 27, 2003
 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 '03 - '12
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	
Teachers											
Pre-K & Kindergarten	164	177	173	193	187	171	166	156	147	146	12%
Elementary	720	722	712	714	725	713	745	722	730	719	0%
Secondary	665	677	712	747	767	730	693	642	700	682	-2%
All Level	85	126	130	166	169	197	189	180	165	166	-49%
Miscellaneous	-	-	-	1	-	1	-	-	-	-	-
Total Teachers	1,634	1,702	1,727	1,821	1,848	1,812	1,793	1,700	1,742	1,713	-5%
Support Staff											
Supervisors	-	-	-	-	1	9	4	3	3	3	-100%
Counselors	57	59	52	50	48	47	43	45	46	49	16%
Ed Diagnostics	32	32	33	30	31	31	31	29	27	25	28%
Librarians	39	40	41	41	38	37	38	38	35	37	5%
Nurse/Physicians	36	35	36	33	32	31	32	31	30	31	16%
Therapists	42	43	41	36	38	36	34	29	30	27	56%
Psychologists/Assoc Psych.	5	6	6	7	7	7	6	7	7	7	-29%
Other Support Staff	137	140	149	150	140	154	96	101	104	83	65%
Total Support Staff	348	355	358	347	335	352	284	283	282	262	33%
Administrators											
Admin/Instructional Officers	44	42	50	61	42	22	23	24	19	23	91%
Principals	38	40	39	38	39	39	37	37	36	37	3%
Assistant Principals	47	46	46	52	58	57	56	56	52	44	7%
Superintendents	1	1	1	1	1	1	1	1	1	1	0%
Assistant Superintendents	2	2	3	4	4	4	4	4	4	3	-33%
Total Administrators	132	131	139	156	144	123	121	122	112	108	22%
Total Professionals	2,114	2,188	2,224	2,324	2,327	2,287	2,198	2,105	2,136	2,083	1%
Educational Aides	193	220	200	262	259	231	234	224	215	188	3%
Auxiliary Staff	756	725	777	785	781	740	723	711	781	799	-5%
Total	3,063	3,133	3,201	3,371	3,367	3,258	3,155	3,040	3,132	3,070	0%

Source: Texas Education Agency (Standard Reports)



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

TABLE XIX

Fiscal Year	Minimum Salary	Maximum Salary	District Average Salary	Statewide Average Salary
2003	35,336	52,713	41,850	39,974
2004	35,500	53,878	42,217	40,478
2005	35,500	53,878	42,353	41,011
2006	37,000	53,878	43,769	41,531
2007	41,501	58,454	46,329	44,897
2008	43,249	60,188	47,940	46,178
2009	45,000	62,598	50,040	47,158
2010	45,940	62,598	51,275	48,263
2011	45,940	62,598	52,062	48,639
2012	46,340	62,198	51,882	48,375

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

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

Fiscal Year	Average Daily Enrollment	Direct Operating Expenditures(A)	Cost per Pupil	Percentage Change from PY	Direct Operating Expenses(B)	Cost per Pupil
2003	25,002	\$ 180,898,855	\$ 7,235		\$ 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
2009	26,257	230,038,088	8,761	-0.6%	243,882,954	9,288
2010	25,920	229,896,487	8,869	1.2%	244,812,848	9,445
2011	26,159	230,143,535	8,798	-0.8%	245,393,241	9,381
2012	26,423	215,849,923	8,169	-7.1%	232,112,851	8,785

- 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 expenses less capital, debt service, and intergovernmental expenses
 - C** From Table XVIII.
 - D** CFBISD Food Services

TABLE XX

Percentage Change from PY	Teaching Staff(C)	Pupil- Teacher Ratio	Students Receiving Free or Reduced-Price Meals(D)	Percentage of Students Receiving Free or Reduced-Price Meals
N/A	1,713	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%
0.2%	1,821	14.4	15,002	57%
1.7%	1,727	15.0	15,392	59%
-0.7%	1,702	15.4	15,736	60%
-6.4%	1,634	16.2	16,420	62%

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

Elementary Schools	Year of	2012	2011	2010	2009
	Orginal Construction				
1 Blair Intermediate	2002				
Square feet		77,631	77,631	77,631	77,631
Capacity		900	900	605	605
Enrollment		760	776	405	419
2 Blanton	2007				
Square feet		75,160	75,160	75,160	75,160
Capacity		573	573	573	573
Enrollment		603	555	563	539
3 Carrollton	1951				
Square feet		83,180	83,180	83,180	83,180
Capacity		656	656	656	656
Enrollment		676	650	640	684
4 Central	1965				
Square feet		93,690	93,690	93,690	93,690
Capacity		729	729	729	729
Enrollment		734	726	600	645
5 Country Place	1982				
Square feet		64,801	64,801	64,801	58,675
Capacity		450	450	450	388
Enrollment		370	362	374	363
6 Davis	1975				
Square feet		76,485	76,485	76,485	76,485
Capacity		532	532	532	532
Enrollment		571	535	552	575
7 Farmers Branch	1968				
Square feet		72,005	72,005	72,005	63,000
Capacity		650	650	650	585
Enrollment		497	506	493	493
8 Furneaux	1982				
Square feet		59,406	59,406	59,406	59,406
Capacity		473	473	473	473
Enrollment		363	365	395	407
9 Good	1957				
Square feet		66,944	66,944	66,944	66,944
Capacity		526	526	526	526
Enrollment		499	503	498	497

Sources: Carrollton-Farmers Branch ISD

TABLE XXI
CONTINUED

2008	2007	2006	2005	2004	2003
77,631	77,631	77,631	77,631	77,631	77,631
605	605	605	545	545	545
522	521	404	396	371	347
75,160	75,160	54,527	57,677	57,677	57,677
573	573	405	405	405	405
459	444	406	507	514	552
83,180	83,180	83,180	69,150	69,150	69,150
656	656	656	656	656	656
719	679	591	702	694	662
93,690	93,690	93,690	100,326	100,326	100,326
729	729	729	729	729	729
625	654	680	720	774	876
58,675	58,675	58,675	59,443	59,443	59,443
388	388	388	388	388	388
363	361	344	358	355	365
76,485	76,485	76,485	72,615	72,615	72,615
532	532	532	532	532	532
566	591	-	564	574	529
63,000	63,000	63,000	73,000	73,000	73,000
585	585	585	585	585	585
516	508	524	533	575	575
55,668	55,668	55,668	57,204	57,204	57,204
473	473	473	473	473	473
437	442	459	496	483	501
66,944	66,944	66,944	68,470	68,470	68,470
526	526	526	526	526	526
527	517	538	533	503	492

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

	Year of Orginial Construction	2012	2011	2010	2009
10 Stark	2006				
Square feet		83,400	83,400	83,400	83,400
Capacity		700	700	700	700
Enrollment		537	533	417	388
11 Kent	1989				
Square feet		89,742	89,742	89,742	89,742
Capacity		651	651	651	651
Enrollment		449	472	445	513
12 Landry	1996				
Square feet		73,500	73,500	73,500	73,500
Capacity		466	466	466	466
Enrollment		443	462	462	472
13 Las Colinas	1986				
Square feet		75,099	75,099	75,099	75,099
Capacity		559	559	559	559
Enrollment		504	505	503	493
14 McCoy	1979				
Square feet		65,849	65,849	65,849	55,668
Capacity		550	550	550	440
Enrollment		413	411	452	425
15 McKamy	1992				
Square feet		79,577	79,577	79,577	79,577
Capacity		599	599	599	599
Enrollment		558	575	450	477
16 McLaughlin	1960				
Square feet		73,300	73,300	73,300	73,300
Capacity		577	577	577	577
Enrollment		392	396	393	389
17 McWhorter	2001				
Square feet		88,418	88,418	88,418	88,418
Capacity		700	700	700	700
Enrollment		653	626	697	673
18 Montgomery	1955				
Square feet		-	-	67,600	67,600
Capacity		-	-	463	463
Enrollment		-	-	414	463
19 Rainwater	1994				
Square feet		80,000	80,000	80,000	80,000
Capacity		492	492	492	492
Enrollment		454	451	469	457

Sources: Carrollton-Farmers Branch ISD

TABLE XXI
CONTINUED

2008	2007	2006	2005	2004	2003
83,400	83,400	83,400	65,605	65,605	65,605
700	700	700	457	457	457
471	613	725	675	607	575
89,742	89,742	89,742	89,742	89,742	89,742
651	651	651	651	651	651
546	566	569	616	541	576
73,500	73,500	73,500	76,572	76,572	76,572
466	466	466	466	466	466
459	487	-	441	542	435
75,099	75,099	75,099	76,635	76,635	76,635
559	559	559	559	559	559
490	455	433	413	733	663
55,668	55,668	55,668	60,276	60,276	60,276
440	440	440	440	440	440
442	434	438	437	399	452
79,577	79,577	79,577	81,881	81,881	81,881
599	599	599	599	599	599
469	537	527	599	671	466
73,300	73,300	73,300	76,986	76,986	76,986
577	577	577	577	577	577
636	856	863	698	674	656
75,000	75,000	75,000	75,160	75,160	75,160
533	533	533	573	533	533
645	533	539	482	433	424
67,600	67,600	67,600	67,600	67,600	67,600
463	463	463	463	463	463
549	560	436	445	393	369
80,000	80,000	80,000	80,000	80,000	80,000
492	492	492	492	492	492
418	364	342	360	401	445

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

	Year of Original Construction	2012	2011	2010	2009
20 Riverchase	2000				
Square feet		75,160	75,160	75,160	75,160
Capacity		533	533	533	533
Enrollment		313	362	369	388
21 Rosemeade	1984				
Square feet		55,668	55,668	55,668	55,668
Capacity		500	500	376	376
Enrollment		360	338	336	365
22 Sheffield Intermediate	1989				
Square feet		66,767	66,767	66,767	66,767
Capacity		459	459	459	459
Enrollment		348	339	354	383
23 Sheffield Primary	1985				
Square feet		59,406	59,406	59,406	59,406
Capacity		462	462	462	462
Enrollment		544	498	446	419
24 Thompson	2006				
Square feet		75,160	75,160	75,160	75,160
Capacity		573	573	573	573
Enrollment		503	515	480	490
25 Freeman	2004				
Square feet		75,160	75,160	75,160	75,160
Capacity		573	573	573	573
Enrollment		582	560	510	503
26 Kelly Pre-K Ctr	2007				
Square feet		47,513	47,513	47,513	47,513
Capacity		400	400	400	400
Enrollment		316	313	293	366
27 Pre-K Ctr (CLC)	2005				
Square feet		-	-	42,906	42,906
Capacity		-	-	272	272
Enrollment		-	-	192	204
28 La Villita	2008				
Square feet		87,787	87,787	87,787	87,787
Capacity		650	650	650	650
Enrollment		497	459	325	296
29 Strickland	2008				
Square feet		77,631	77,631	77,631	77,631
Capacity		605	605	605	605
Enrollment		399	372	368	368
Total Elementary School					
Square feet		1,998,439	1,998,439	2,108,945	2,083,633
Capacity		15,538	15,538	15,854	15,617
Enrollment		13,338	13,165	12,895	13,154

Sources: Carrollton-Farmers Branch ISD

TABLE XXI
CONCLUDED

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
75,000	75,000	75,000	75,160	75,160	75,160
533	533	533	533	533	533
405	398	385	403	458	568
55,668	55,668	55,668	56,436	56,436	56,436
376	376	376	376	376	376
349	342	-	354	350	358
66,767	66,767	66,767	66,767	56,436	56,436
459	459	459	459	459	459
387	399	-	445	442	442
55,668	55,668	55,668	56,436	66,767	66,767
462	462	462	462	462	462
455	414	477	470	455	481
75,160	75,160	75,160	59,100	59,100	59,100
573	573	573	461	461	461
504	501	459	405	425	447
75,160	75,160	75,160	75,160	75,160	-
573	573	573	573	573	-
668	550	528	438	-	-
47,513	47,513	-	-	-	-
400	400	-	-	-	-
381	-	-	-	-	-
42,906	42,906	42,906	42,906	-	-
272	272	272	272	-	-
222	346	438	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,897,161	1,897,161	1,829,015	1,817,938	1,775,032	1,699,872
14,195	14,195	13,627	13,252	12,940	12,367
13,230	13,072	11,105	12,490	12,367	12,256

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

	Year of Orginal Construction	2012	2011	2010	2009
<u>Middle Schools</u>					
1 Blalack	1986				
Square feet		171,150	171,150	171,150	170,150
Capacity		1,381	1,381	1,381	1,381
Enrollment		982	972	1,064	1,120
2 Bush	1998				
Square feet		142,000	142,000	142,000	142,000
Capacity		931	931	931	931
Enrollment		720	767	703	654
3 Long	1981				
Square feet		164,500	164,500	164,500	164,500
Capacity		1,124	1,124	1,124	1,124
Enrollment		796	796	784	850
4 Perry	1936				
Square feet		179,467	179,467	179,467	179,467
Capacity		1,000	1,000	843	843
Enrollment		942	933	999	968
5 Polk	1997				
Square feet		140,000	140,000	140,000	140,000
Capacity		1,040	1,040	1,040	1,040
Enrollment		1,090	1,042	1,057	1,029
6 Field	1959				
Square feet		170,789	170,789	170,789	170,789
Capacity		1,156	1,156	1,156	1,156
Enrollment		911	930	963	999
Total Middle School					
Square feet		967,906	967,906	967,906	966,906
Capacity		6,632	6,632	6,475	6,475
Enrollment		5,441	5,440	5,570	5,620

Sources: Carrollton-Farmers Branch ISD

TABLE XXII

2008	2007	2006	2005	2004	2003
170,150	170,150	170,150	170,150	170,150	170,150
1,381	1,381	1,381	1,381	1,381	1,381
1,141	1,152	1,116	1,147	1,157	1,169
142,000	142,000	142,000	142,000	142,000	142,000
931	931	931	931	931	931
622	616	648	630	617	432
164,500	164,500	164,500	164,560	164,560	164,560
1,124	1,124	1,124	1,124	1,124	1,124
806	861	-	961	931	987
179,467	179,467	179,467	183,307	183,307	183,307
843	843	843	843	843	843
1,010	982	980	960	957	984
140,000	140,000	140,000	140,000	140,000	140,000
1,040	1,040	1,040	1,040	1,040	1,040
1,056	970	928	933	930	884
170,789	170,789	170,789	152,828	152,828	152,828
1,156	1,156	1,156	1,156	1,156	1,156
1,014	1,087	1,102	1,086	1,022	990
966,906	966,906	966,906	952,845	952,845	952,845
6,475	6,475	6,475	6,475	6,475	6,475
5,649	5,668	4,774	5,717	5,614	5,446

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

	Year of Original Construction	2012	2011	2010	2009
High Schools					
1 Creekview	1998				
Square feet		368,182	368,182	368,182	368,182
Capacity		2,478	2,478	2,478	2,478
Enrollment		2,034	2,082	2,055	2,052
2 Ranchview	2002				
Square feet		250,000	250,000	250,000	250,000
Capacity		1,027	1,027	1,027	1,027
Enrollment		831	807	833	779
3 Smith	1973				
Square feet		496,782	496,782	496,782	496,782
Capacity		2,807	2,807	2,807	2,807
Enrollment		2,058	2,030	1,991	2,093
4 Turner	1960				
Square feet		564,006	564,006	564,006	564,006
Capacity		2,315	2,315	2,315	2,315
Enrollment		2,124	2,019	1,972	1,975
5 Grimes Learning Ctr	1989				
Square feet		32,700	32,700	32,700	32,700
Capacity		255	255	255	255
Enrollment		212	251	263	218
Total High School					
Square feet		1,711,670	1,711,670	1,711,670	1,711,670
Capacity		8,882	8,882	8,882	8,882
Enrollment		7,259	7,189	7,114	7,117

Sources: Carrollton-Farmers Branch ISD

TABLE XXIII

2008	2007	2006	2005	2004	2003
365,000	365,000	365,000	365,000	365,000	365,000
2,478	2,478	2,478	2,478	2,478	2,478
2,150	2,161	2,171	2,156	2,097	2,199
250,000	250,000	250,000	250,000	250,000	250,000
1,027	1,027	1,027	1,027	1,027	1,027
773	756	756	532	355	361
496,782	496,782	496,782	479,597	479,597	479,597
2,807	2,807	2,807	2,767	2,767	2,767
2,069	2,086	-	2,135	2,209	2,236
564,006	564,006	497,756	482,000	482,000	482,000
2,315	2,315	2,315	2,315	2,315	2,315
1,956	2,013	2,014	2,089	2,133	2,229
32,700	32,700	32,700	33,468	33,468	33,468
255	255	255	255	255	255
240	227	183	150	282	259
1,708,488	1,708,488	1,642,238	1,610,065	1,610,065	1,610,065
8,882	8,882	8,882	8,842	8,842	8,842
7,188	7,243	5,124	7,062	7,076	7,284

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

Other Facilities	Year of Original Construction	Square Footage			
		2012	2011	2010	2009
Family Center	1994	2,197	2,197	2,197	2,197
Academic Character Training	1993	32,400	32,400	32,400	32,400
Administration	1982	28,000	28,000	28,000	28,000
Student Services	1971	13,824	13,824	13,824	13,824
Agriculture Site	1981	16,188	16,188	16,188	16,188
PSA Building	1990	38,756	38,756	38,756	38,756
SFC	2005	16,687	16,687	16,687	16,687
CLC Sanctuary and Support	1990	14,000	14,000	14,000	14,000
Wesley Building	1985	24,700	24,700	24,700	24,700
Counseling Ctr	1985	2,341	2,341	2,341	2,341
Technology Learning Ctr	1985	62,000	62,000	62,000	62,000
Kelly Field House	1996	6,740	6,740	6,740	6,740
Service Ctr	1972	88,560	88,560	88,560	88,560
Stadium/Natatorium	1963	81,000	81,000	81,000	81,000
Living Materials Ctr	1950	4,500	4,500	4,500	4,500
Montgomery Building	1960	67,600	67,600	-	-
Pre-K Center (CLC)	2005	42,906	42,906	-	-

Sources: Carrollton-Farmers Branch ISD

TABLE XXIV

Square Footage					
2008	2007	2006	2005	2004	2003
2,197	2,197	2,197	2,197	2,197	2,197
32,400	32,400	32,400	32,400	32,400	32,400
28,000	28,000	28,000	28,000	28,000	28,000
13,824	13,824	13,824	13,824	13,824	13,824
16,188	16,188	16,188	16,188	16,188	16,188
38,756	38,756	38,756	38,756	38,756	38,756
16,687	16,687	16,687	16,687	16,687	16,687
14,000	14,000	14,000	14,000	14,000	14,000
24,700	24,700	24,700	24,700	24,700	24,700
2,341	2,341	2,341	2,341	2,341	2,341
62,000	62,000	62,000	62,000	62,000	62,000
6,740	6,740	6,740	6,740	6,740	6,740
88,560	88,560	88,560	88,560	88,560	88,560
81,000	81,000	81,000	81,000	81,000	81,000
4,500	4,500	4,500	4,500	4,500	4,500
-	-	-	-	-	-
-	-	-	-	-	-



Carrollton · Farmers Branch

Independent School District

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FEDERAL AWARDS SECTION



Carrollton · Farmers Branch

Independent School District

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

Board of Trustees
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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 12, 2012. 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

Management of the District is responsible for establishing and maintaining effective 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 or other matters that are required to be reported under *Government Auditing Standards*.

The District's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Trustees, 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 12, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Carrollton-Farmers Branch Independent School District's (the "District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as finding 2012-02.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, we identified certain deficiencies in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as finding 2012-03. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The District's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not audit the District's responses and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the Texas Education Agency, 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 12, 2012

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2012

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? X Yes 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. X Yes No
- g. Identification of major programs:
- | | |
|---------|--|
| 84.010A | ESEA, Title I, Part A - Improving Basic Programs |
| 84.365A | ESEA, Title III, Part A - English Language Acquisition |
| 84.410 | Education Jobs Fund - ARRA |
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$675,553
- 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, 2012

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

None

III. Other Findings and Findings and Questioned Costs Related to Federal Awards

Finding 2012-01 –Pledged collateral less than required amount

Criteria: The Texas Public Funds Investment Act requires the District’s depository bank to pledge securities or letters of credit to the District to fully secure any bank balances that exceed the FDIC deposit insurance coverage on District bank balances. When certain securities are pledged, the value of the pledged collateral must equal 110% of uninsured deposits.

Condition: On one day in September 2011, the required 110% was not met. The market value of pledged collateral was 109.54% of the District’s uninsured deposits.

Questioned Costs: None

Cause: The District monitors the level of deposits and pledged securities on a daily basis. On the one day in question, a large electronic deposit was received resulting in the small short-fall in collateral.

Effect: Pledged collateral was less than the required amount for one day during the fiscal year. On that day, the market value of securities pledged as collateral by the depository bank was \$197,025 less than the amount required.

Recommendation: The District has procedures in place to monitor balances and pledged securities on a daily basis. The District implemented new procedures in December 2011 to more closely monitor deposits and pledged collateral.

Finding 2012-02 – Time and Effort Documentation

CFDA 84.365A

Title III, Part A

Criteria: In accordance with OMB Circular A-87, personnel costs must be supported by (1) semi-annual certifications if an employee works solely on a single federal cost objective, or (2) personnel activity reports if the employee works on multiple activities or cost objectives. Each employee charged to a Federal program must also sign a job description detailing the employee’s duties as they relate to the Federal award.

Condition: During our testing of the Title III, Part A Program, we tested a total of three employees charged to this program. The three employees tested had not completed the required semi-annual certifications.

Questioned Costs: For the three employees tested, we were able to confirm through other District records the amounts charged to the Federal cost objectives.

Cause: The District did not have procedures in place to insure that required time and effort documentation was prepared as required and reconciled to the amounts charged to the Federal grants.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2012

III. Other Findings and Findings and Questioned Costs Related to Federal Awards - continued

Effect: The District did not comply with OMB Circular A-87 cost principles.

Recommendation: The District should establish procedures to insure that all required time and effort documentation is completed on a timely basis and communicate these procedures to all employees funded with Federal awards.

Finding 2012-03 – Significant deficiency in internal control over compliance: Time and Effort Documentation

Criteria: Management is responsible for establishing and maintaining effective internal control over compliance with laws, regulations, contracts, and grants applicable to federal programs.

Condition: During our audit, it was determined that complete time and effort documentation was not completed for all employees charged to a major Federal program.

Cause: The District did not have internal control procedures in place to insure that the time and effort documentation requirements were complied with.

Effect: As noted above, the District did not comply with OMB Circular A-87 cost principles. There were no questioned costs.

Recommendation: The District should establish procedures to insure that all required time and effort documentation is completed on a timely basis and communicate these procedures to all employees funded with Federal awards.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2012

CORRECTIVE ACTION PLAN

Finding 2012-01 –Pledged collateral less than required amount

The District will continue to monitor its cash balances and securities pledged on a daily basis. Additional procedures for monitoring balances and collateral were implemented by the District in December 2011.

Contact Person: Mark Hyatt, CPA, Associate Superintendent

Finding 2012-02 – Time and Effort Documentation

The District is in the process of establishing additional procedures to insure that all time and effort documentation requirements are complied with for all Federal programs. Additional training for Federal program grant managers has been scheduled regarding these procedures.

Contact Person: Mark Hyatt, CPA, Associate Superintendent

Finding 2012-03 – Significant deficiency in internal control over compliance: Time and Effort Documentation

The District is in the process of establishing additional procedures to insure that all time and effort documentation requirements are complied with for all Federal programs. The District will establish additional internal control procedures to verify that all time and effort documentation is prepared on a timely basis and is reconciled to budgeted amounts when necessary on a timely basis.

Contact Person: Mark Hyatt, CPA, Associate Superintendent

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2012

Finding 2011-01 – Cash balances in excess of pledged collateral

Status: The District implemented more extensive procedures to monitor its cash balances and pledged collateral on a daily basis in December 2011. Prior to the implementation of these procedures, there was one day for which the actual collateral pledged was less than the required amount. Because of the types of securities pledged, the amount of collateral required was 110% of the District's cash balances in excess of FDIC insurance coverage. The actual collateral pledged for one day in September 2011 was only 109.54%. See current year finding 2012-01.

Finding 2011-02 – Noncompliance: Allowable Costs and Cost Principals

Status: The District reiterated its existing travel policies to all employees responsible for approving travel reimbursements. No instances of noncompliance were noted in the current year audit.

Finding 2011-03 – Time and Effort Documentation

Status: The District implemented new procedures for time and effort documentation for its Title I and Special Education Cluster employees. However, in testing of the District's Title III, Part A Program during the current year audit, it was determined that procedures were not implemented for this program. See current year finding 2012-02.

Finding 2011-04 – Significant deficiency in internal control over compliance: Time and Effort Documentation

Status: The District implemented new internal control procedures to monitor compliance with time and effort documentation requirements for its Title I and Special Education Cluster programs. However, during the current year audit, it was determined that procedures were not implemented to insure compliance with time and effort documentation requirements in its Title III, Part A Program. See current year finding 2012-03.

CARROLLTON-FARMERS BRANCH ISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	12610101057903	\$ 4,163,555
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	13610101057903	156,837
Total CFDA Number 84.010A			4,320,392
Total Title I, Part A Cluster			4,320,392
*IDEA - Part B, Formula	84.027	126600010579036600	3,636,680
*IDEA - Part B, Formula	84.027	136600010579036600	184,144
Total CFDA Number 84.027			3,820,824
*IDEA - Part B, Preschool	84.173	126610010579036610	56,205
*IDEA - Part B, Preschool	84.173	136610010579036610	3,291
Total CFDA Number 84.173			59,496
Total Special Education Cluster (IDEA)			3,880,320
Carl D. Perkins Basic Formula Grant	84.048	12420006057903	246,467
Carl D. Perkins Basic Formula Grant	84.048	13420006057903	11,109
Total CFDA Number 84.048			257,576
*Title II D Enhancing Ed Through Technology - ARRA	84.386	10553001057903	125
Title III, Part A - Immigrant	84.365A	12671003057903	199,513
Title III, Part A - Immigrant	84.365A	13671003057903	16,598
Title III, Part A - English Language Acquisition	84.365A	12671001057903	713,337
Title III, Part A - English Language Acquisition	84.365A	13671001057903	24,317
Total CFDA Number 84.365A			953,765
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	12694501057903	588,777
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	13694501057903	26,665
Total CFDA Number 84.367A			615,442
Education Jobs Fund- ARRA	84.410	11550101057903	4,075,811
Summer School LEP	84.369A	6955102	895
Total Passed Through State Department of Education			\$ 14,104,326
TOTAL DEPARTMENT OF EDUCATION			\$ 14,104,326
 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Work Source Child Care and Development Fund	93.575	03080C01	\$ 106,646
Total Passed Through Texas Dept of Human Services			\$ 106,646
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 106,646

CARROLLTON-FARMERS BRANCH ISD
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2012

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401201	\$ 1,268,184
*National School Lunch Program - Cash Assistance	10.555	71301201	6,282,282
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301201	<u>757,009</u>
Total CFDA Number 10.555			<u>7,039,291</u>
Total Child Nutrition Cluster			<u>8,307,475</u>
Total Passed Through the State Department of Agriculture			<u>\$ 8,307,475</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 8,307,475</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 22,518,447</u></u>

*Clustered Programs

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2012

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 funds 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 \$1,112,420, which are recorded as federal revenue in the General Fund, are not considered federal awards for purposes of this schedule. This schedule includes \$179,192 of indirect cost recorded in the General Fund.

NOTE 5. CFDA number 10.550 pertained to food commodities distributed by USDA under the following categorical programs (as applicable): the National School Lunch Program (CFDA 10.555), the Child and Adult Care Food Program (CFDA 10.558), the Summer Food Service Program (CFDA 10.559), the Commodity Supplemental Food Program (CFDA 10.565), and the Food Distribution Program on Indian Reservations (CFDA 10.567). USDA deleted this number from the CFDA on May 6, 2008. The audit covering Carrollton-Farmers Branch Independent School District's fiscal year beginning September 1, 2008 and future audits, will therefore identify commodity assistance by the CFDA numbers of the programs under which USDA donated the commodities.