

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

**CARROLLTON-FARMERS BRANCH
INDEPENDENT SCHOOL DISTRICT**

**FOR THE FISCAL YEAR ENDED
AUGUST 31, 2018**

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

Prepared By:
Division of Business Services
Tonya Tillman, Associate Superintendent
for Business Services



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INTRODUCTORY SECTION



CERTIFICATE OF BOARD

**CARROLLTON-FARMERS BRANCH
INDEPENDENT SCHOOL DISTRICT**

Name of School District

Dallas/Denton

County

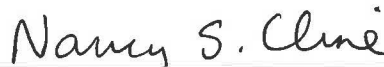
057-903

Co.-Dist. Number

We, the undersigned, certify that the attached annual financial report of the Carrollton-Farmers Branch Independent School District was reviewed and (check one) approved _____ disapproved for the year ended August 31, 2018 at a meeting of the Board of Trustees of such school district on the 17th day of January, 2019.



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)





December 19, 2018

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, 2018, is hereby submitted. The report includes the unmodified 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, 2018, 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 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 16 career clusters as shown below. There are 81 individual career pathways in the 16 career clusters.

Agriculture, Food & Natural Resources	Hospitality & Tourism
Architecture & Construction	Human Services
Arts, Audio Visual Tech & Communications	Information Technology
Business, Management & Administration	Law, Public Safety, Corrections & Security
Education & Training	Manufacturing
Finance	Marketing, Sales & Service
Government & Public Administration	Science, Technology, Engineering & Mathematics
Health Science	Transportation, Distribution & Logistics

In addition to numerous CTE courses, CFB ISD offers five Academies. They offer a concentrated four-year curriculum in the areas of 1) biomedical professions, 2) international business, 3) law and criminal justice, 4) math, engineering, science and technology, and 5) media arts and technology. Students participate in field trips, earn dual credit for college, receive certification in certain areas, and are placed in internships, clinical rotations, and cooperative 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. Over 1,900 identified students participate in broad-based, advanced programs. 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 forms 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 24 elementary, and alternative or special program centers was 25,297 for the 2017-2018 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 – Demographics:

Population – 135,709; Male 48.9%, Female 51.1%

Population by Race:

- ❖ White 37.9%
- ❖ Black 9.9%
- ❖ Hispanic or Latino Origin 37.4% (of any race)
- ❖ American Indian 0.7%
- ❖ Asian or Pacific Islander 13.3%
- ❖ Other Race 0.0%
- ❖ Two or more races 0.8%

Median age – 37.4

- Persons under 5 years old 5.5%
- Persons over 18 years old 75.6%
- Persons 65 and over 9.6%

Economic Characteristics:

- Median household income \$77,998
- Median family income \$89,436
- Per capita income \$34,399

Housing Characteristics:

- ✓ Owner-occupied housing units 59.5%
- ✓ Renter-occupied housing units 40.5%
- ✓ Vacant housing units 3.9%

Area – 36.6 square miles

Source: U.S. Census Bureau, American FactFinder, 2017 American Community Survey

City of Dallas – Demographics:

Population – 1,341,103; Male 49.4%, Female 50.6%

Population by Race:

- ❖ White 28.5%
- ❖ Black 24.0%
- ❖ Hispanic or Latino Origin 41.9% (of any race)
- ❖ American Indian 0.1%
- ❖ Asian or Pacific Islander 3.7%
- ❖ Other Race 0.3%
- ❖ Two or more races 1.5%

Median age – 32.4

- Persons under 5 years old 7.6%
- Persons over 18 years old 74.9%
- Persons 65 and over 10.5%

City of Dallas – Demographics continued:

Economic Characteristics:

- Median household income \$50,627
- Median family income \$55,540
- Per capita income \$32,114

Housing Characteristics:

- ✓ Owner-occupied housing units 39.4%
- ✓ Renter-occupied housing units 60.6%
- ✓ Vacant housing units 10.6%

Area – 384.7 square miles

Source: U.S. Census Bureau, American FactFinder, 2017 American Community Survey

City of Farmers Branch – Demographics:

Population – 32,211; Male 47.9%, Female 52.1%

Population by Race:

- ❖ White 41.8%
- ❖ Black 4.0%
- ❖ Hispanic or Latino Origin 45.7% (of any race)
- ❖ American Indian 0.1%
- ❖ Asian or Pacific Islander 5.6%
- ❖ Other Race 0.1%
- ❖ Two or more races 2.7%

Median age – 35.9

- Persons under 5 years old 6.8%
- Persons over 18 years old 76.9%
- Persons 65 and over 13.5%

Economic Characteristics:

- Median household income \$61,255
- Median family income \$67,652
- Per capita income \$30,993

Housing Characteristics:

- ✓ Owner-occupied housing units 55.4%
- ✓ Renter-occupied housing units 44.6%
- ✓ Vacant housing units 6.6%

Area – 12.1 square miles

Source: U.S. Census Bureau, American FactFinder, 2012-16 American Community Survey

City of Irving – Demographics:

Population – 240,369; Male 50.8%, Female 49.2%

Population by Race:

- ❖ White 20.4%
- ❖ Black 14.4%
- ❖ Hispanic or Latino Origin 43.6% (of any race)
- ❖ American Indian 0.5%
- ❖ Asian or Pacific Islander 18.7%
- ❖ Other Race 0.6%
- ❖ Two or more races 1.8%

City of Irving – Demographics continued:

Median age – 32.1

- Persons under 5 years old 8.5%
- Persons over 18 years old 71.8%
- Persons 65 and over 7.1%

Economic Characteristics:

- Median household income \$62,837
- Median family income \$69,394
- Per capita income \$30,103

Housing Characteristics:

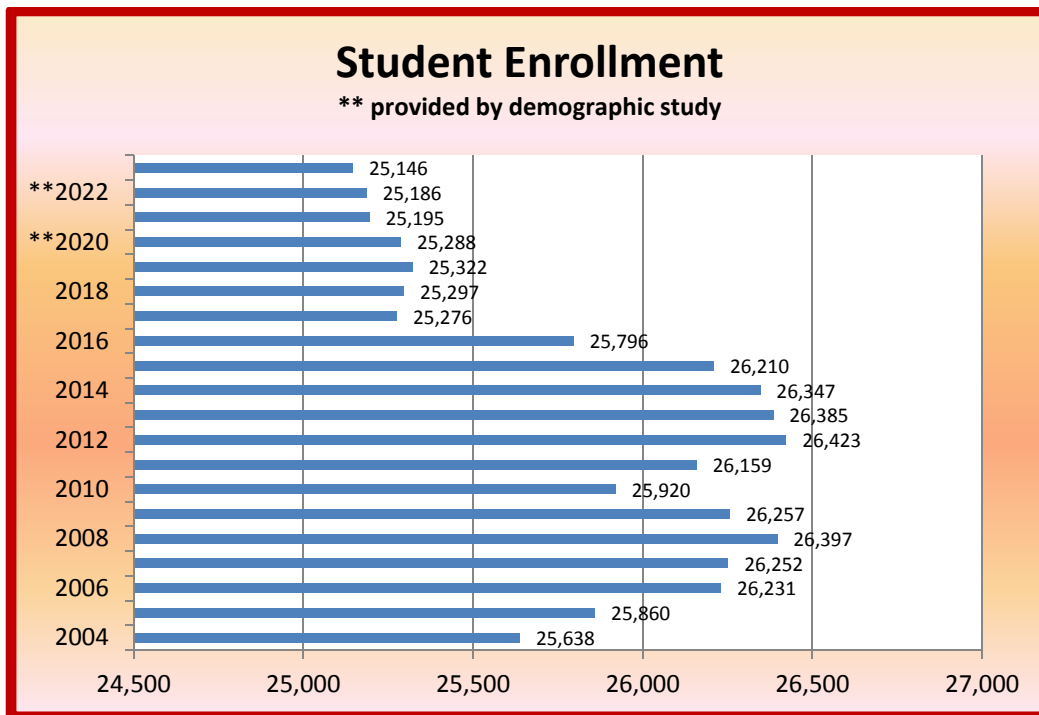
- ✓ Owner-occupied housing units 37.9%
- ✓ Renter-occupied housing units 62.1%
- ✓ Vacant housing units 5.5%

Area – 67.6 square miles

Source: U.S. Census Bureau, American FactFinder, 2017 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, 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 for 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 rate adoption.

MAJOR INITIATIVES

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 issued all the outstanding bonds from the 2003 bond election. The scheduled remaining projects include additions and repairs to elementary schools, additions to middle schools and technology upgrades.

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.

MAJOR INITIATIVES – continued

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 16,000 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 CFB 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 *Learn More. Achieve More.*

The mission of the Carrollton-Farmers Branch Independent School district is *Continuous Improvement.*

The goal of the Carrollton-Farmers Branch ISD is *high achievement for each student.*

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

- Continuously improve student learning;
- Continuously improve the learning environment for students and staff;
- Continuously improve operational effectiveness;
- Continuously improve community support.

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

In CFB, we value the Principles of Teaching, Learning, and Curriculum and the Principles of Best Practice.

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 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 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 and the Driven by Data Protocol. 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 strong in the Dallas-Fort Worth area. The diversity of the businesses located here and the range of housing available combined with the transportation grid and proximity to Dallas-Fort Worth and Alliance airports provide a degree of protection from the economic cycles that is not available to most school districts.

The Dallas-Fort Worth area is an important center of trade, finance and other major services. It is also a critical point in the national transportation complex. The District itself is a primary warehousing and distribution center. Due in part to the transportation infrastructure, cost of doing business, and workplace, the Metroplex draws many new corporations and individuals to the area each year. Major businesses have located their corporate headquarters here.

The district's largest taxpayer is only 0.97% 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, a light rail system and toll roads ensures that residents can easily commute to jobs anywhere in the metroplex and serves as a magnet for the location of new businesses coming into the area. The Dallas Area Rapid Transit (DART) light rail system has major stops in the District. The Cities of Carrollton and Farmers Branch have initiated plans in these transit areas for high-density housing, retail, restaurants and offices in a quality urban environment. These projects are underway in various areas of the cities. A major highway widening project is nearing completion 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. 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. While construction has been sporadic, there has been significant new activity in both commercial and residential projects.

La Villita, a unique community in Las Colinas, is an upscale 200 acre development containing multi-family, 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 are scattered throughout the community, giving residents places to gather. There is also be a system of hiking and biking trails, both paved and natural-surface along the

ECONOMIC CONDITIONS AND OUTLOOK – continued

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.

A major redevelopment project was initiated in Addison in 2007 where 2,400 older apartments were torn down and replaced with a complete new urban environment. This development includes 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. Additional redevelopment projects are also underway on a smaller scale in both the cities of Carrollton and Farmers Branch.

While actual construction has been slow to start, the last remaining large area of undeveloped land known as Mercer Crossing in the city of Farmers Branch is beginning to see activity. Several projects have been presented to the city for consideration; the latest plan includes 656 single family and 1,750 multi-family units as well as an amenity center, amphitheater, senior living, hotel and commercial buildings. The development project has moved out of the planning stage into the early construction phase. Construction is expected to continue over the coming years. Several other multi-family projects have been completed along with one commercial project.

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 steady increase since the District had a taxable value increase in the 2012-13 through 2017-18 budget years.
- In an election held on November 8, 2016, voters residing in the District passed a Tax Ratification election which increased the District's maintenance and operations tax rate from \$1.04 per \$100 of taxable property to \$1.17 per \$100 of taxable value. Unless current law changes, the District will be held to a General Fund tax rate cap of \$1.17/\$100 assessed value.
- Based on past history, our collection percentages will remain 99% or more.
- Federal revenue sources are not expected to increase significantly over current levels.
- Unless current law changes, State sources of revenue will not increase over current levels.
- On November 6, 2018, voters of the District approved a bond referendum totaling \$350.9 million; bond projects will include renovations and improvements, technology upgrades and safety and security upgrades.

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:

The 85th Texas Legislature passed House Bill (HB) 22, establishing three domains for measuring the academic performance of districts and campuses: **Student Achievement**, **School Progress**, and **Closing the Gaps**. Beginning with the 2017-18 school year, districts will receive a rating of A, B, C, D, or F for overall performance, as well as for performance in each domain. Campuses will receive A–F ratings beginning in August 2019.

The District's 2018 Overall Rating was B (87) for the district.

CFB ISD also earned a B in all 3 academic performance areas:

- 1) Student Achievement (84) – comprised of STAAR results, CCMR performance, & Graduation Rates
- 2) School Progress (86) – measures annual student growth on STAAR mathematics & reading tests
- 3) Closing the Gaps (89) – evaluation of 14 student groups in terms of STAAR, CCMR, English Language Proficiency & Graduation Rates

College Readiness Indicators:

Designed to measure Evidence-based Reading and Writing (EBRW) and Mathematics aptitude, SAT is administered by the College Board. SAT scores range from 200-800. Mean scores for CFBISD graduating class of 2018 surpassed the state average in all areas of SAT and national average in Math.

Scholastic Achievement Test (SAT)

SAT Results for 2018	Mean SAT Scores			
College-Bound Seniors	#Tested	EBRW	Math	Total
National	2,136,539	536	531	1068
State	226,374	520	512	1032
District	907	531	534	1066
Creekview High School	285	540	543	1083
Early College	80	502	527	1030
Ranchview High School	128	532	529	1061
Smith High School	211	543	540	1083
Turner High School	203	518	522	1040

American College Test (ACT)

ACT is an achievement test with four content exams including English, reading, mathematics, and science, plus an optional writing test and is used as a college entrance exam. ACT scores range from 1-36. Mean scores for graduating class of 2018 surpassed the state and national averages in science on ACT and state average in Math.

ACT Results for 2018		Mean ACT Scores				
	Count	English	Math	Reading	Science	Composite
National	1,914,817	20.2	20.9	21.3	20.7	20.8
State	141,253	19.6	20.6	21.1	20.8	20.6
District	402	18.8	20.7	20.3	20.9	20.3
Creekview	108	19.4	21.5	21.0	21.9	21.1
ECHS	63	17.9	20.8	18.9	19.7	19.5
Ranchview	62	18.8	20.1	20.7	21.1	20.3
Smith	81	20.0	20.8	20.8	20.7	20.6
Turner	88	17.8	20.2	19.6	20.5	19.6

OTHER INFORMATION

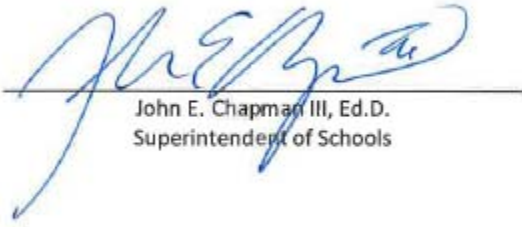
- The District has been awarded the Certificate of Excellence in Financial Reporting by the Association of School Business Officials (ASBO) for forty-one consecutive years. This award is for school districts whose comprehensive annual financial reports substantially conform to the recommended principles and standards of financial reporting adopted by that organization. We believe that our current report continues to conform to the Certificate of Excellence Program requirements, and we will again submit it to ASBO for review.
- The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the year ended August 31, 2017. The District has achieved this prestigious award forty 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 2017-18 Budget Document, produced by the Finance Department, received 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.

OTHER INFORMATION – continued

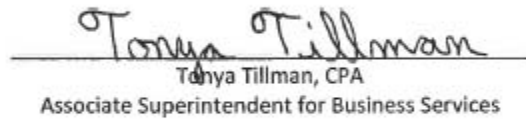
- Carrollton-Farmers Branch Independent School District has one goal: “high achievement for each student.” For the 2017-18 school year CFB ISD received a “B” rating with a score of 87. CFB ISD campuses also received distinction designations in all areas measured by the state: Reading/English Language Arts, Mathematics and Student progress.
- The Carrollton-Farmers Branch School District graduation rate exceeds the State of Texas (88%) with a rate of 95.2%.
- In CFB ISD, high school students have the opportunity to graduate with an Associate’s Degree through our Early College High School program. In 2018, 67 students earned an Associate’s Degree while in high school.
- The Carrollton-Farmers Branch ISD was named one of 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 11th time that CFB 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 Michelle Seese, Director of Accounting; Vicki Pippin, CPA-Director of Financial Reporting; and Scott Roderick, CPA-Chief Financial Officer; 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.



John E. Chapman III, Ed.D.
Superintendent of Schools



Tonya Tillman, CPA
Associate Superintendent for Business Services



Scott Roderick, CPA
Chief Financial Officer



Michele Seese,
Director of Accounting



Vicki Pippin, CPA
Director of Financial Reporting



Government Finance Officers Association

**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, 2017

Christopher P. Morrill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

**Carrollton-Farmers Branch
Independent School District**

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended August 31, 2017.

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



A handwritten signature in black ink that reads 'Charles E. Peterson, Jr.' The signature is written in a cursive style.

Charles E. Peterson, Jr., SF0, RSBA, MBA
President

A handwritten signature in black ink that reads 'John D. Musso'. The signature is written in a cursive style.

John D. Musso, CAE
Executive Director

**Carrollton-Farmers Branch
Independent School District**

Principal Officials

Board of Trustees

	Current Term Began	Current Term Expires	Position	Occupation
Nancy Cline	2017	2020	President	Civil Engineer, TX DOT
Guillermo William Ramos	2016	2019	Vice President	Attorney
Tara Hrbacek	2017	2019	Secretary	Manager of Financial Operations
Candace Valenzuela	2017	2020	Assistant Secretary	College Application Consultant
Sally Derrick	2018	2021	Member	Registered Nurse
John Mathews	2018	2021	Member	Retired Educator
Randy Schackmann	2016	2019	Member	Consultant – Non-Profit Organizations

Appointed Officials

Name	Position	Years of Service
John E. Chapman III, Ed.D.	Superintendent of Schools * Total School district experience 20 years	1 year *
Tonya Tillman, CPA	Associate Superintendent for Business Services * Total School district experience 19 years	6 years *
Georganne Warnock	Associate Superintendent for Educational Services * Total School district experience 19 years	4 years *

Officials Issuing Report

Name	Position	Years of Service
Tonya Tillman, CPA	Associate Superintendent for Business Services * Total School district experience 19 years	6 years *
Scott Roderick, CPA	Chief Financial Officer * Total School district experience 14 years	11 years *
Vicki Pippin, CPA	Director of Financial Reporting * Total School district experience 15 years	15 years *
Michele, Seese	Director of Accounting * Total School district experience 14 years	2 years *

**Carrollton-Farmers Branch
Independent School District**

Consultants and Advisors

Architects

Stantec Architecture
5717 Legacy Drive, Suite 250
Plano, Texas 75024

Corgan Associates
401 North Houston Street
Dallas, Texas 75202

Huckabee and Associates
1755 Wittington Place, Suite 100
Farmers Branch, Texas 75234

Engineers

Estes McClure and Associates
3608 West Way
Tyler, Texas 75703

Bond Counsel

Norton Rose Fulbright US, LLP
2200 Ross Avenue, Suite 2800
Dallas, Texas 75201

Financial Advisor

Hilltop Securities, Inc
777 Main Street, Suite 1200.
Fort Worth, Texas 76102

General Counsel

Walsh Gallegos Trevino Russo
& Kyle P.C.
105 Decker Court, Suite 600
Irving, Texas 75062

Depository Bank

Wells Fargo Bank, N.A.
1445 Ross Avenue
Dallas, Texas 75202

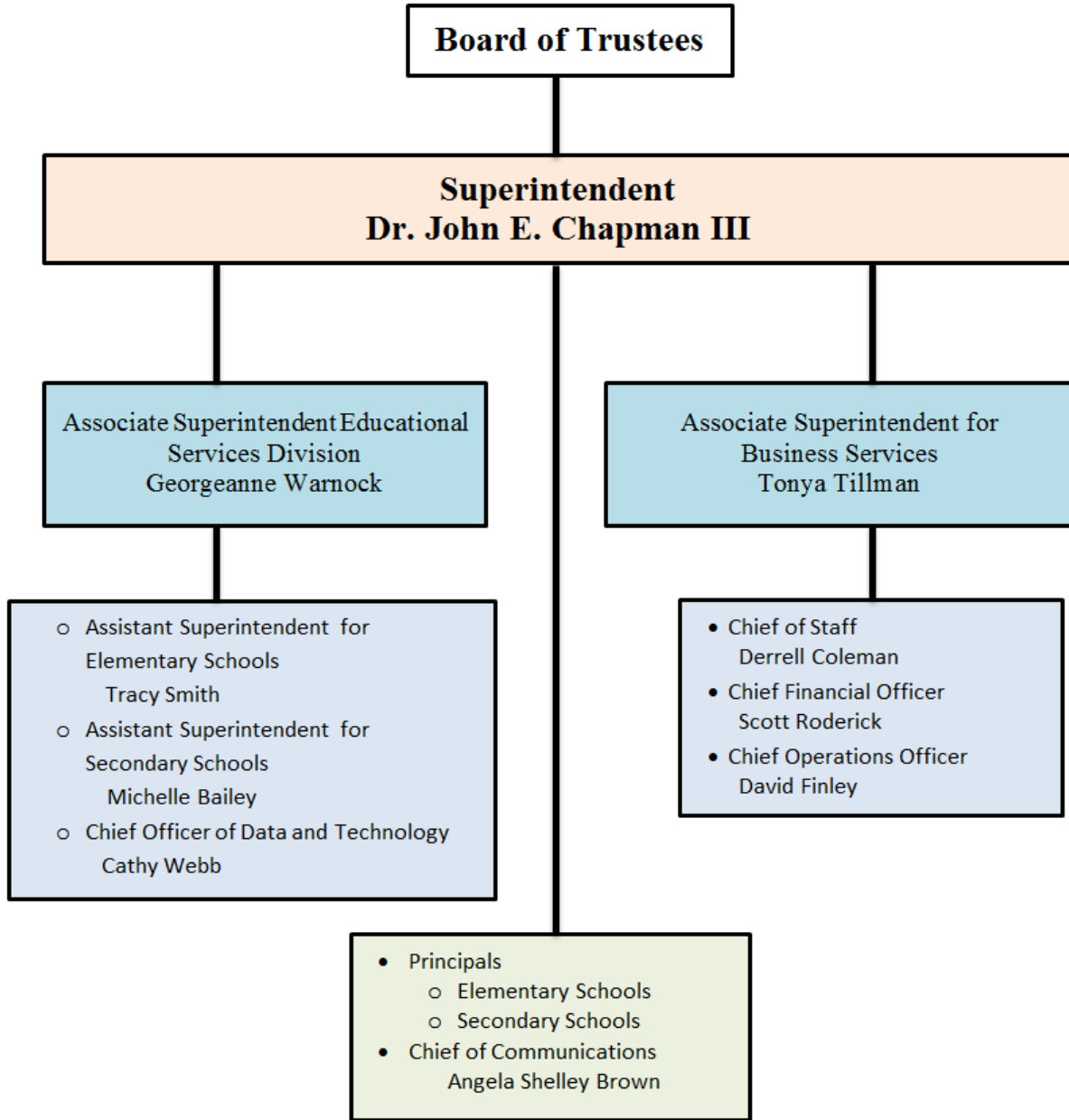
Fiscal Agents

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

Auditors

Hankins, Eastup, Deaton, Tonn & Seay,
P.C.
902 North Locust
Denton, Texas 76202

**Carrollton-Farmers Branch ISD
Organizational Chart
2017-18**





FINANCIAL SECTION



Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977

TEL (940) 387-8563
FAX (940) 383-4746

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carrollton-Farmers Branch Independent School District (the District), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the District as of August 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 and Note 19 to the financial statements, the District adopted the provisions of Government Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of August 31, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 16 and budgetary comparison information on pages 71 and 76, pension information on pages 72, 73 and 77 and other post-employment benefit information on pages 74, 75 and 77, 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 the 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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.

Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplementary information, required Texas Education Agency schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is also not a required part of the basic financial statements.

The other supplementary information, required Texas Education Agency 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, required Texas Education Agency schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018 on our consideration of the District's internal control over financial reporting and on our test 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* in considering the District's internal control over financial reporting and compliance.


Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

December 19, 2018

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, 2018. 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 17.

FINANCIAL HIGHLIGHTS

- The District’s total combined assets and deferred outflows of resources as presented on the government-wide Statement of Net Position exceeded liabilities and deferred inflows of resources by \$281.6 million. The net position of the District increased by \$75.5 million during the year ended August 31, 2018. This increase does not include (\$145.8) million in prior period adjustments. The District had a favorable adjustment of \$2.6 million due to an increase in prior year State Foundation revenue resulting from a State property value audit, however, due to new standards that required recording \$148.4 for the District’s proportionate share of the Teacher Retirement System’s net OPEB liability, the net adjustment was a reduction of \$145.8 million to Net Position. The District’s ending Net Position, after prior period adjustments, decreased by \$70.2 million.
- The District’s governmental funds financial statements reported combined ending fund balances of \$214.8 million. Of this amount, \$1.1 million is nonspendable fund balance, \$13.0 million is committed fund balance, and \$86.1 million is unassigned fund balance in the General Fund. The remaining fund balance of \$114.6 million is comprised of \$0.5 million in nonspendable fund balance, \$108.7 million in restricted fund balance, \$1.3 million in committed fund balance, and \$4.1 million in assigned fund balance.
- Renovations to the Natatorium, one major middle school renovation project, and sound system projects at multiple campuses were completed during fiscal year 2017-18. At year-end, improvements were underway at multiple elementary campuses for Signature Programs, a major expansion was in progress at an elementary, and a new multi-purpose facility was underway in Irving. The remaining projects of the original 2003 bond election are in the final planning stages that will include improvements to elementary schools and other repairs and projects. Construction related to this bond program will continue through 2019.
- The District implemented GASB 68 during 2014-15. A pension liability of \$85.7 million was recorded in the 2017-18 government-wide financial statements for its proportionate share of the TRS’s net position liability.
- The District implemented GASB 75 during 2017-18. An OPEB liability of \$84.7 million was recorded in the 2017-18 government-wide financial statements for its proportionate share of the TRS’s net OPEB liability.
- The general fund reported a fund balance this year of \$100.3 million, which is an increase of \$13.8 million from the prior year fund balance of \$86.4 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:

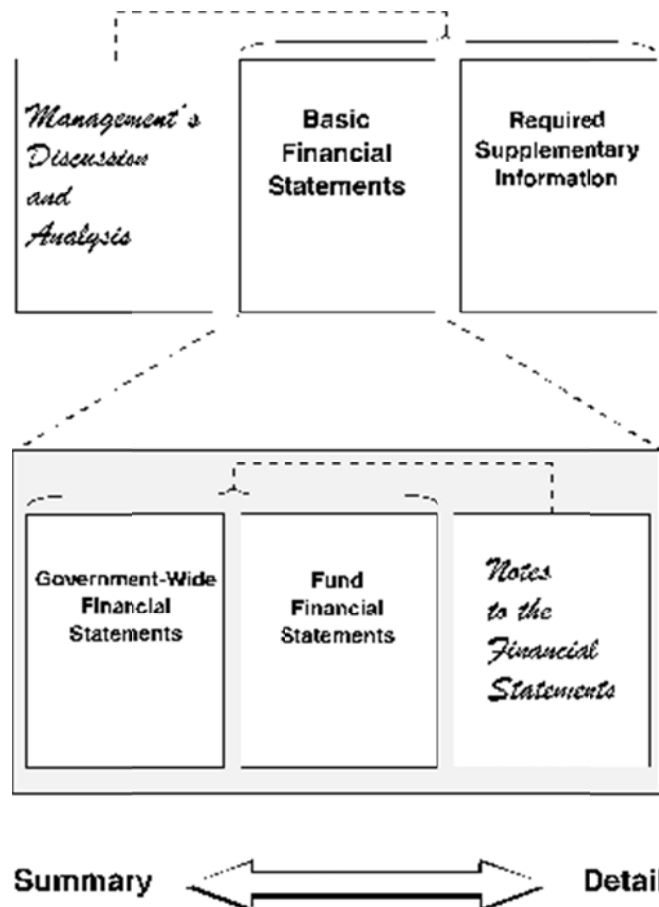
- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s overall financial status.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- 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 self-insurance.
 - *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources shown belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The federal financial assistance (federal awards) section includes the schedule of expenditures of federal awards, the independent auditor's reports on internal control and compliance and other related reports and schedules. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

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



MANAGEMENT’S DISCUSSION AND ANALYSIS

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

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

<i>Type of Statement</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the District operates similar to private business: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	* Statement of net position	* Balance sheet	* Statement of net position	* Statement of fiduciary assets and liabilities
	* Statement of activities	* Statement of revenues, expenditures & changes in fund balances	* Statement of revenues, expenses and changes in fund net position	
<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, deferred outflows, liabilities and deferred inflows, both financial and capital, short-term and long-term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter, no capital assets included	All assets, deferred outflows, liabilities and deferred inflows, both financial and capital, and short-term and long-term	All assets, deferred outflows, liabilities and deferred inflows, 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 position includes all of the government's assets and deferred outflows of resources; and liabilities and deferred inflows of resources. 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 position and how it has changed. Net position (the difference between the District's assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources) is one-way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is 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 Self-Insurance Fund.
 - We use *enterprise funds* to account for activities for which users are charged a fee for providing goods and services. The District’s sole enterprise fund accounts for the After the Bell program which provides child care services.
- *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.

MANAGEMENT’S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. As noted earlier, net position may serve over time as a useful indicator of the District’s financial position. The District's combined net position decreased between fiscal years 2017 and 2018 – decreasing by \$70.2 million or 20.0% to \$281.6 million at August 31, 2018 (see Table A-1).

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

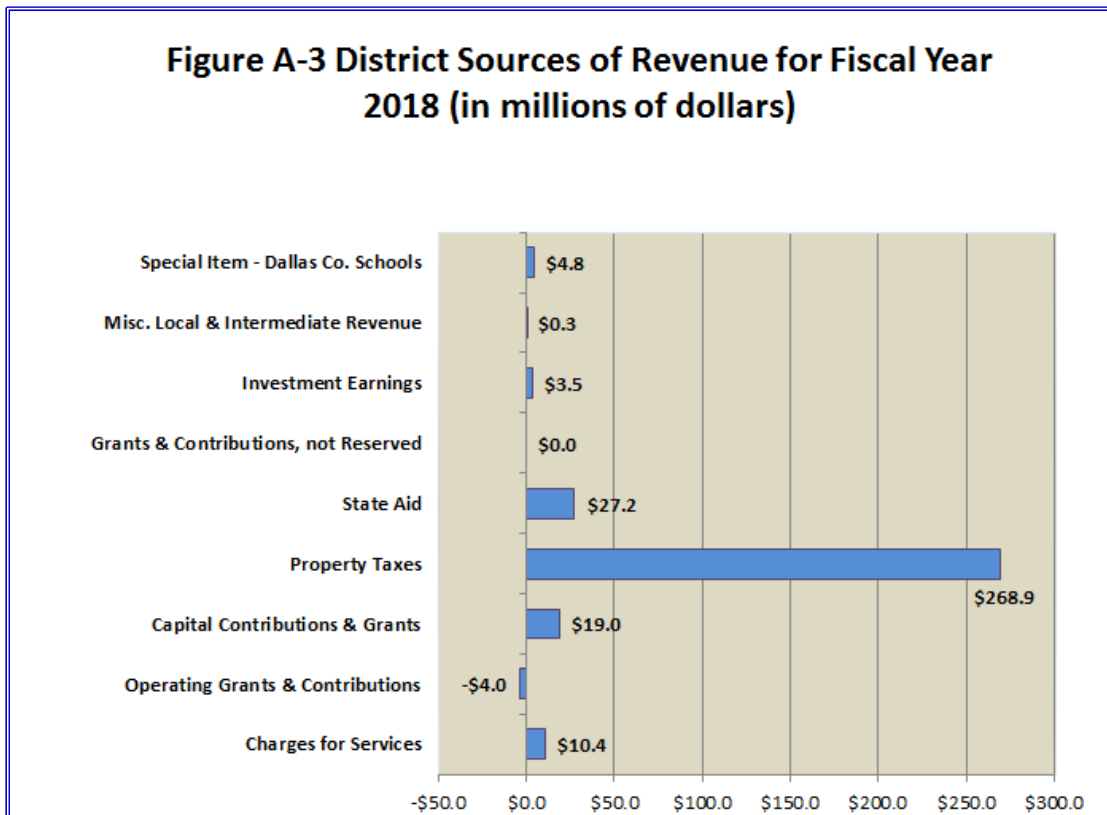
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current & Other Assets	\$ 246.5	\$ 215.4	\$ 7.8	\$ 7.1	\$ 254.3	\$ 222.5
Capital Assets	409.0	418.6	-	-	409.0	418.6
Total Assets	\$ 655.5	\$ 634.0	\$ 7.8	\$ 7.1	\$ 663.3	\$ 641.1
Deferred Charge for Refunding	\$ 3.8	\$ 4.6	\$ -	\$ -	\$ 3.8	\$ 4.6
Deferred Outflow TRS Pension	71.3	36.4	-	-	71.3	36.40
Deferred Outflow TRS Pension	1.4	-	-	-	1.4	-
Deferred Outflow of Resources	\$ 76.5	\$ 41.0	\$ -	\$ -	\$ 76.5	\$ 41.0
Current Liabilities	\$ 19.6	\$ 19.7	\$ 0.2	\$ 0.2	\$ 19.8	\$ 19.9
Long Term Liabilities	376.7	300.7	-	-	376.7	300.7
Total Liabilities	\$ 396.3	\$ 320.4	\$ 0.2	\$ 0.2	\$ 396.5	\$ 320.6
Deferred Inflow Related to TRS	\$ 61.7	\$ 9.7	\$ -	\$ -	\$ 61.7	\$ 9.7
Deferred Inflow of Resources	\$ 61.7	\$ 9.7	\$ -	\$ -	\$ 61.7	\$ 9.7
Net Position						
Net Investment in Capital						
Assets	\$ 276.2	\$ 230.7	\$ -	\$ -	\$ 276.2	\$ 230.7
Restricted	98.2	79.3	-	-	98.2	79.3
Unrestricted	(100.4)	34.9	7.6	6.9	(92.8)	41.8
Total Net Position	\$ 274.0	\$ 344.9	\$ 7.6	\$ 6.9	\$ 281.6	\$ 351.8

Portions of the net position are either restricted as to the purposes for which they can be used or they are net investment in capital assets. Unrestricted net position decreased by \$134.6 million.

Changes in net position. The District’s total revenues were \$330.0 million representing a decrease of \$16.8 million or 4.8%. State Aid – Formula Grants decreased in 2018 by \$3.6 million or 11.7%. Operating Grants and Contributions decreased 110.0% or \$43.8 million. The majority of this decrease relates to the negative adjustment brought about by the implementation of the new OPEB standards implemented by the Government Accounting Standards Board (GASB) and changes in retiree benefits provided by TRS-Care, the TRS retiree healthcare plan. Plan benefits were reduced resulting in a decrease in the District’s Net OPEB Liability and negative OPEB expense. See Note 15 to the financial statements for more information on the impact of the implementation of GASB 75.

The total cost of all programs and services was \$254.4 million; a decrease over the previous year of \$50.8 million or 16.6%. Payments to the tax increment fund increased \$3.0 million due to appreciation in property values in the Irving Tax Increment Zone. Contracted Instructional Services Between Schools increased by \$2.5 million or 42.4%. Debt services decreased \$1.7 million as current and past bond refundings have reduced interest requirements. Functions 11 through 61 were reduced by \$42.3 million due to the implementation of GASB 75.

MANAGEMENT’S DISCUSSION AND ANALYSIS



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 decreased by \$0.0107 per \$100 assessed valuation. In November of 2016, the voters approved a Tax Ratification Election (TRE) and the Maintenance and Operation Tax rate was increased \$0.13 from \$1.04 to \$1.17 per \$100 assessed valuation. The 2017-18 property values increased 7.9% over 2016-17.

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<u>Revenues</u>						
<u>Program Revenues</u>						
Charges for Services	\$ 5.5	\$ 5.0	\$ 4.9	\$ 4.6	\$ 10.4	\$ 9.6
Operating Grants & Contributions	(4.0)	39.8	-	-	(4.0)	39.8
Capital Contributions & Grants	19.0	17.1	-	-	19.0	17.1
<u>General Revenues</u>						
Property Taxes	268.9	247.8	-	-	268.9	247.8
State Aid - Formula Grants	27.2	30.7	-	-	27.2	30.7
Grants & Contributions Not Restricted	-	-	-	-	-	-
Investment Earnings	3.5	1.4	-	-	3.5	1.4
Miscellaneous Local & Intermediate Revenue	0.3	0.4	-	-	0.3	0.4
Dissolution of Dallas Co. Schools	4.8	-	-	-	4.8	-
Total Revenues	\$ 325.2	\$ 342.2	\$ 4.9	\$ 4.6	\$ 330.1	\$ 346.8
<u>Expenses</u>						
Instruction & Instructional Related	\$ 122.9	\$ 163.4	\$ -	\$ -	\$ 122.9	\$ 163.4
Instructional Leadership and School Leadership	14.2	20.3	-	-	14.2	20.3
Guidance, Social Work, Health & Transportation	15.3	18.9	-	-	15.3	18.9
Food Services	13.6	12.5	-	-	13.6	12.5
Extracurricular	7.1	6.6	-	-	7.1	6.6
General Administration	5.3	6.8	-	-	5.3	6.8
Plant Maintenance & Security	21.4	24.9	-	-	21.4	24.9
Data Processing Services	5.4	6.7	-	-	5.4	6.7
Community Services	0.3	0.3	-	-	0.3	0.3
Debt Services	6.5	8.2	-	-	6.5	8.2
Contracted Instructional Services Between Schools	8.4	5.9	-	-	8.4	5.9
Payments to Tax Increment Fund	28.9	25.9	-	-	28.9	25.9
Other Intergovernmental Charges After the Bell Child Care	1.0	0.9	-	-	1.0	0.9
	-	-	4.2	3.9	4.2	3.9
Total Expenses	\$ 250.3	\$ 301.3	\$ 4.2	\$ 3.9	\$ 254.5	\$ 305.2
Increase/(Decrease) in net position	\$ 74.9	\$ 40.9	\$ 0.7	\$ 0.7	\$ 75.6	\$ 41.6
Beginning net position	344.9	302.1	6.9	6.2	351.8	308.3
Prior Period Adjustment	(145.8)	1.9	-	-	(145.8)	1.9
Ending net position	\$ 274.0	\$ 344.9	\$ 7.6	\$ 6.9	\$ 281.6	\$ 351.8

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 \$254.6 million, a decrease of \$50.8 million or 16.6% over the prior year. Most functional categories did not encounter significant changes, however functional categories 11-61 were reduced by \$42.3 million due to GASB 75. The District strives to reduce costs through continued evaluation of processes to gain efficiencies where possible.
- The amount that our taxpayers paid for these activities through property taxes was \$268.9 million.
- \$10.4 million were paid by those who directly benefited from the programs.
- Operating grants and contributions totaled (\$4.0) million; please refer to Note 15.

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

	<u>Total Cost of</u>			<u>Net Cost of</u>		
	<u>Services</u>		<u>% Change</u>	<u>Services</u>		<u>% Change</u>
	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>	
11 Instruction	\$ 112.2	\$ 151.1	-25.74%	\$ 118.5	\$ 127.2	-6.84%
13 Curriculum & Staff Development	6.9	7.5	-8.00%	\$ 3.9	\$ 4.1	-4.88%
23 School Leadership	11.3	16.5	-31.52%	\$ 14.0	\$ 15.5	-9.68%
31 Guidance, Counseling, & Evaluation	7.8	11.0	-29.09%	\$ 9.3	\$ 10.0	-7.00%
35 Food Service	13.6	12.5	8.80%	\$ 0.9	\$ 0.7	28.57%
51 Plant maintenance and Operations	20.1	23.2	-13.36%	\$ 21.9	\$ 22.0	-0.45%
53 Data Processing Services	5.4	6.7	-19.40%	\$ 5.9	\$ 6.4	-7.81%

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 \$366.2 million, an increase of \$26.4 million from the preceding year. Property taxes were the largest source of revenue received by the District. The District’s total taxable values increased \$1.5 billion or 7.9% which resulted in an increase of property tax revenue of \$21.2 million or 8.6%. The Debt Service requirements for principal and interest decreased from the prior year and with the increase in property values in the District, the Debt Service tax rate decreased by \$.0107.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Expenditures for general governmental operations totaled \$338.0 million during fiscal year 2018. The total increase in expenditures was \$14.5 million. The largest increase in expenditures was \$11.7 million in the functional category of Instruction. This increase is due to the 4.0% salary increase for all teachers and auxiliary staff and 3.0% for professionals PA4 and above as well as six additional days in the year-end payroll accrual due to an earlier August school start for 2018-19. Payments to the Tax Increment Fund increased \$3.0 million due to the appreciation of values in the Irving Tax Increment Zone. The largest decreases were Facilities Acquisition and Construction by \$7.4 million as major construction projects were completed and fewer major projects were initiated. Data Processing Services decreased by \$3.4 million due to completion of the project in 2017 to replace aging network switch equipment at multiple campuses across the District.
- In fiscal year 2004, voters approved a bond authorization of \$300.165 million. The remaining outstanding bonds from the original authorization were issued during May 2013. The District has completed several major projects that include: a new elementary, school additions and renovations, a renovation of the District Natatorium, and several HVAC projects. The final remaining projects will be completed during 2019.
- The governmental funds reported a combined fund balance of \$214.8 million, an increase of \$30.8 million. The combined fund balance was comprised of a fund balance increase in the General Fund of \$13.8 million and a fund balance increase in the Debt Service Fund of \$0.3 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. A compensation package that included a 4% pay adjustment for all teachers and auxiliary staff and a 3.0% pay adjustment for professional staff at pay grade PA4 and above increased District expenditures. The City of Irving TIF # 1 (Tax Increment Fund) fund balance increased \$15.1 million due to the completion of an addition to a high school located within the tax increment zone. At year-end, the Multi-Purpose Facility was in the engineering and architectural planning stages and had not yet begun construction. Increasing property values within the tax increment zone has continued to increase revenue and will help offset construction costs. The Capital Projects Fund balance decreased \$10.3 million. The Capital Projects Fund has completed the additions to a high school and an elementary school addition in the western portion of the district and multiple HVAC projects. Out of the combined fund balances, \$1.1 million constitutes nonspendable fund balance, \$13.0 million has been committed in the general fund for building construction and repairs and technology capital replacement, and \$86.1 million constitutes unassigned fund balance available for the general operations of the District. The remainders of the fund balances are either restricted, committed, or assigned 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 \$6.3 million below final budget amounts. The most significant positive variance resulted in Instruction. Several factors contributed to the positive variance in the Instruction 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 did not expend the full amount that was budgeted for substitutes for instructional staff and there was no performance pay awarded during 2017-18. Another significant variance was in Facilities Maintenance and Operations in the amount of \$1.1 million. This variance can be attributed to the new utility rates the District has in place and also an effort to reduce costs in all areas.
- Function 34, Student (Pupil) Transportation experienced a positive variance due to the depressed oil and gas market. The reduced price was passed down to the end users in the form of cheaper fuel costs which more than offset any rise in other transportation costs.
- Function 41, General Administration experienced a positive variance due to lower than expected legal fees.

MANAGEMENT’S DISCUSSION AND ANALYSIS

- Revenues available were \$4.9 million over the final budget amount. State Program revenues accounted for \$3.5 million of that increase due to a State funding year-end accrual.

Capital Assets and Debt Administration

Capital Assets

At August 31, 2018, the District had invested \$409.0 (net of depreciation) million in a broad range of capital assets, including land, buildings, equipment, and vehicles. (See Table A-4.) This amount represents a net decrease (including additions and deductions) of \$9.6 million or 2.3% over last year. Most of this decrease was due to a reduced number of construction projects in 2018 from prior years and increased depreciation expense due to the completion of those projects that were in progress at the end of the previous fiscal year. Additional information regarding Capital Assets is available in the Notes to the Financial Statements, page 49.

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

	Governmental Activities		Total % Change
	<u>2018</u>	<u>2017</u>	
Land	\$ 61.4	\$ 61.4	0.00%
Buildings, building improvements & land improvements (net)	332.0	340.0	-2.35%
Construction in progress	2.2	8.3	-73.49%
Furniture and equipment (net)	13.4	8.9	50.56%
Totals at historical costs	<u>\$ 409.0</u>	<u>\$ 418.6</u>	-2.29%

MANAGEMENT’S DISCUSSION AND ANALYSIS

Debt Administration

At year-end, the District had \$178.8 million in bonds and notes outstanding due in more than one year. (See below Table A-5.) More detailed information about the District’s debt is presented in the Notes to the Financial Statements, pages 50-53.

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

	Governmental		Total % Change
	2018	2017	
Bonds Payable	\$ 178.8	\$ 211.8	-15.58%
Net Pension Liability	85.7	58.7	46.00%
Net OPEB Liability	84.7	-	-
Other Long Term Debt Payable	27.6	30.2	-8.61%
Sub-Total	\$ 376.8	\$ 300.7	25.31%
Less Current Portion	(36.7)	(34.1)	7.62%
Total due in more than one year	<u>\$ 340.1</u>	<u>\$ 266.6</u>	27.57%

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
Aa1 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 2019 budget preparation increased \$1,839.1 million or 9.2% from 2018.
- General operating fund spending per student in the 2019 budget increases from \$8,883 to \$9,418 (excluding the Chapter 41 and Tax Increment Financing payments). This is a 6.0% increase.
- The District’s enrollment in 2018 was 25,297, an increase of 21 or .08% over 2017. The District is not anticipating significant student growth in 2019.
- The District’s attendance rate decreased 0.7% from 95.7% for 2017 to 95.0% for 2018.

MANAGEMENT’S DISCUSSION AND ANALYSIS

These indicators were taken into account when adopting the general fund budget for 2019. The State funding formulas have changed significantly with the passage of House Bill 1 (80th Legislature) and the target revenue concept. Although the 83rd Texas Legislature altered some of the state funding formulas, the target revenue system remains in place. House Bill 1 funding mechanism is designed to keep the revenue per weighted average daily attendance flat from one year to the next; this is called a target revenue model. Although House Bill 3646 (passed in 2009) adjusted the target revenue amount by \$120 per student, most of this increase was used for a mandated raise for teachers, librarians, counselors, nurses and speech pathologists. The passage of Senate Bill 1 by the 82nd Legislature reduced the basic regular allotment and target revenue to districts over two fiscal years by \$4 billion, beginning in 2011-12. During the 2013 Legislative Session, the Legislature restored \$3.2 billion of the \$4 billion that was cut from the basic state aid during 2011. Changes in the District’s assessed value – either increases or decreases do no harm nor benefit the District under the Target Revenue concept, up to a compressed tax rate. In general, as the tax revenues go up, the State Revenue goes down by a similar amount; hence although the relative value of the various funding sources may change the net bottom line will remain virtually the same. The target revenue design does not allow for inflation, program increases or raises for district employees. Basically, the only way to generate additional revenue is to ask local taxpayers for a tax increase absent the increase of the student population. Under SB1, the legislatures established the intent to eliminate target revenue by September 1, 2017. Under the current system, if a District’s Tier I state aid plus local revenue at its compressed rate is more than the target level, the district gets to keep it all and is considered to be “formula” district. If a district’s Tier I state aid plus local revenue at the compressed rate is less than the target level, the district continues to receive “Additional State Aid for Tax Reduction (ASATR).” During the 2013-14 fiscal year, the District became a “formula” district and has maintained that status for 2017-18.

General Fund expenditures are budgeted to increase 11.6% to \$294.0 million over the original 2018 budgeted amounts of \$263.3 million. For 2018-19, the District implemented a 4.0% pay adjustment for all teachers and auxiliary staff and a 3.0% pay adjustment for professional staff at Pay grade PA4 and above. Adjustments were also made to masters, doctorate, and bilingual stipends. The District has set aside funds to purchase new buses to help replace the aging fleet. The District will move forward with the technology initiative that will address mobile devices and upgrades of campus network operating centers. 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 not projected to increase or decrease by the close of the 2019 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, Vicki Pippin, at 1445 N. Perry Road, Carrollton, Texas 75011-5186, (972) 968-6115, e-mail pippinv@cfbisd.edu.

BASIC FINANCIAL STATEMENTS



CARROLLTON-FARMERS BRANCH ISD
STATEMENT OF NET POSITION
AUGUST 31, 2018

EXHIBIT A-1

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 235,870,597	\$ 7,372,420	\$ 243,243,017
1220 Property Taxes Receivable (Delinquent)	4,602,875	-	4,602,875
1230 Allowance for Uncollectible Taxes	(1,575,573)	-	(1,575,573)
1240 Due from Other Governments	6,097,438	-	6,097,438
1250 Accrued Interest	6,471	-	6,471
1260 Internal Balances	(402,962)	402,962	-
1290 Other Receivables, net	209,531	71,839	281,370
1300 Inventories	1,673,553	-	1,673,553
Capital Assets:			
1510 Land	61,365,108	-	61,365,108
1520 Buildings, Net	332,042,274	-	332,042,274
1530 Furniture and Equipment, Net	13,382,367	-	13,382,367
1580 Construction in Progress	2,235,266	-	2,235,266
1000 Total Assets	<u>655,506,945</u>	<u>7,847,221</u>	<u>663,354,166</u>
DEFERRED OUTFLOWS OF RESOURCES			
1701 Deferred Charge for Refunding	3,752,260	-	3,752,260
1705 Deferred Outflow Related to TRS Pension	71,284,404	-	71,284,404
1706 Deferred Outflow Related to TRS OPEB	1,442,177	-	1,442,177
1700 Total Deferred Outflows of Resources	<u>76,478,841</u>	<u>-</u>	<u>76,478,841</u>
LIABILITIES			
2110 Accounts Payable	3,469,686	20,410	3,490,096
2140 Interest Payable	326,756	-	326,756
2150 Payroll Deductions & Withholdings	1,736,642	-	1,736,642
2160 Accrued Wages Payable	13,559,005	219,725	13,778,730
2300 Unearned Revenue	507,400	-	507,400
Noncurrent Liabilities			
2501 Due Within One Year	36,628,625	-	36,628,625
2502 Due in More Than One Year	169,747,035	-	169,747,035
2540 Net Pension Liability (District's Share)	85,666,908	-	85,666,908
2545 Net OPEB Liability (District's Share)	84,651,041	-	84,651,041
2000 Total Liabilities	<u>396,293,098</u>	<u>240,135</u>	<u>396,533,233</u>
DEFERRED INFLOWS OF RESOURCES			
2605 Deferred Inflow Related to TRS Pension	26,274,552	-	26,274,552
2606 Deferred Inflow Related to TRS OPEB	35,409,691	-	35,409,691
2600 Total Deferred Inflows of Resources	<u>61,684,243</u>	<u>-</u>	<u>61,684,243</u>
NET POSITION			
3200 Net Investment in Capital Assets	276,285,653	-	276,285,653
Restricted:			
3820 Restricted for Federal and State Programs	3,943,804	-	3,943,804
3850 Restricted for Debt Service	10,189,377	-	10,189,377
3890 Restricted for Other Purposes	84,037,483	-	84,037,483
3900 Unrestricted	(100,447,872)	7,607,086	(92,840,786)
3000 Total Net Position	<u>\$ 274,008,445</u>	<u>\$ 7,607,086</u>	<u>\$ 281,615,531</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, 2018

Data Control Codes	Program Revenues				
	1 Expenses	3 Charges for Services	4 Operating Grants and Contributions	5 Capital Grants and Contributions	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 112,246,144	\$ 1,091,545	\$ (7,355,214)	\$ -
12	Instructional Resources and Media Services	3,814,417	23,606	(574,755)	-
13	Curriculum and Staff Development	6,877,999	4,003	3,010,399	-
21	Instructional Leadership	2,902,659	-	(422,933)	-
23	School Leadership	11,307,319	88,278	(2,821,253)	-
31	Guidance, Counseling and Evaluation Services	7,806,231	108,089	(1,587,375)	-
32	Social Work Services	44,697	-	(13,827)	-
33	Health Services	1,978,967	3,175	(548,147)	-
34	Student (Pupil) Transportation	5,426,654	-	(33,810)	-
35	Food Services	13,554,516	2,801,524	9,825,827	-
36	Extracurricular Activities	7,067,118	933,632	(13,812)	-
41	General Administration	5,252,329	-	(832,053)	-
51	Facilities Maintenance and Operations	20,104,157	428,723	(2,218,079)	-
52	Security and Monitoring Services	1,272,381	1,518	(197,428)	-
53	Data Processing Services	5,426,200	-	(479,296)	-
61	Community Services	317,959	552	259,058	-
72	Debt Service - Interest on Long Term Debt	6,302,614	-	-	-
73	Debt Service - Bond Issuance Cost and Fees	274,780	-	-	-
91	Contracted Instructional Services Between Schools	8,397,096	-	-	-
95	Payments to Juvenile Justice Alternative Ed. Prg.	35,640	-	-	-
97	Payments to Tax Increment Fund	28,885,201	-	-	19,016,842
99	Other Intergovernmental Charges	1,041,868	-	-	-
	[TG] Total Governmental Activities:	<u>250,336,946</u>	<u>5,484,645</u>	<u>(4,002,698)</u>	<u>19,016,842</u>
BUSINESS -TYPE ACTIVITIES:					
01	Enterprise Funds-After the Bell	<u>4,272,781</u>	<u>4,865,133</u>	<u>-</u>	<u>-</u>
	[TB] Total Business-Type Activities:	<u>4,272,781</u>	<u>4,865,133</u>	<u>-</u>	<u>-</u>
	[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 254,609,727</u>	<u>\$ 10,349,778</u>	<u>\$ (4,002,698)</u>	<u>\$ 19,016,842</u>

Data Control Codes	General Revenues: Taxes
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
SI	Assets Received-Dissolution of Dallas Co. Schools
TR	Total General Revenues & Special Items
CN	Change in Net Position
NB	Net Position - Beginning
PA	Prior Period Adjustment
NE	Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (118,509,813)	-	\$ (118,509,813)
(4,365,566)	-	(4,365,566)
(3,863,597)	-	(3,863,597)
(3,325,592)	-	(3,325,592)
(14,040,294)	-	(14,040,294)
(9,285,517)	-	(9,285,517)
(58,524)	-	(58,524)
(2,523,939)	-	(2,523,939)
(5,460,464)	-	(5,460,464)
(927,165)	-	(927,165)
(6,147,298)	-	(6,147,298)
(6,084,382)	-	(6,084,382)
(21,893,513)	-	(21,893,513)
(1,468,291)	-	(1,468,291)
(5,905,496)	-	(5,905,496)
(58,349)	-	(58,349)
(6,302,614)	-	(6,302,614)
(274,780)	-	(274,780)
(8,397,096)	-	(8,397,096)
(35,640)	-	(35,640)
(9,868,359)	-	(9,868,359)
(1,041,868)	-	(1,041,868)
(229,838,157)	-	(229,838,157)
-	592,352	592,352
-	592,352	592,352
(229,838,157)	592,352	(229,245,805)
228,054,618	-	228,054,618
40,861,895	-	40,861,895
27,143,302	-	27,143,302
8,512	-	8,512
3,533,975	91,851	3,625,826
317,922	-	317,922
4,779,834	-	4,779,834
304,700,058	91,851	304,791,909
74,861,901	684,203	75,546,104
344,944,401	6,922,883	351,867,284
(145,797,857)	-	(145,797,857)
\$ 274,008,445	\$ 7,607,086	\$ 281,615,531

CARROLLTON-FARMERS BRANCH ISD
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2018

Data Control Codes	10 General Fund	City of Irving TIF #1	50 Debt Service Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 110,882,573	\$ 71,999,921	\$ 9,960,474
1220 Property Taxes - Delinquent	3,770,310	-	832,565
1230 Allowance for Uncollectible Taxes (Credit)	(1,334,845)	-	(240,728)
1240 Receivables from Other Governments	3,518,439	-	19,174
1250 Accrued Interest	875	-	-
1260 Due from Other Funds	1,891,000	-	-
1290 Other Receivables	50,105	-	7,270
1300 Inventories	1,135,367	-	-
1000 Total Assets	<u>\$ 119,913,824</u>	<u>\$ 71,999,921</u>	<u>\$ 10,578,755</u>
LIABILITIES			
2110 Accounts Payable	\$ 2,184,554	\$ 409,015	\$ -
2150 Payroll Deductions and Withholdings Payable	1,736,642	-	-
2160 Accrued Wages Payable	12,595,664	-	-
2170 Due to Other Funds	837,158	-	56,009
2300 Unearned Revenues	11,753	-	6,613
2000 Total Liabilities	<u>17,365,771</u>	<u>409,015</u>	<u>62,622</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	2,263,764	-	553,677
2600 Total Deferred Inflows of Resources	<u>2,263,764</u>	<u>-</u>	<u>553,677</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	1,135,367	-	-
Restricted Fund Balance:			
3450 Food Service	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-
3480 Retirement of Long-Term Debt	-	-	9,962,456
3490 Other Restricted Fund Balance	-	71,590,906	-
Committed Fund Balance:			
3545 Campus Activity Funds	-	-	-
3545 Building Construction, Repairs, & Renovations	3,000,000	-	-
3545 Safety and Security Enhancements	2,700,000	-	-
3545 Technology Capital Replacement	4,300,000	-	-
3545 Transportation Upgrades	3,000,000	-	-
Assigned Fund Balance:			
3590 Education, Technology, & Operational Funds	-	-	-
3600 Unassigned Fund Balance	86,148,922	-	-
3000 Total Fund Balances	<u>100,284,289</u>	<u>71,590,906</u>	<u>9,962,456</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 119,913,824</u>	<u>\$ 71,999,921</u>	<u>\$ 10,578,755</u>

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

60 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 11,490,242	\$ 21,993,402	\$ 226,326,612
-	-	4,602,875
-	-	(1,575,573)
-	2,559,825	6,097,438
292	-	1,167
5,966	15,156	1,912,122
-	2,157	59,532
-	538,186	1,673,553
<u>\$ 11,496,500</u>	<u>\$ 25,108,726</u>	<u>\$ 239,097,726</u>
\$ 148,540	\$ 641,358	\$ 3,383,467
-	-	1,736,642
-	960,171	13,555,835
-	1,421,759	2,314,926
-	489,034	507,400
<u>148,540</u>	<u>3,512,322</u>	<u>21,498,270</u>
-	-	2,817,441
-	-	2,817,441
-	538,186	1,673,553
-	3,405,618	3,405,618
11,347,960	-	11,347,960
-	-	9,962,456
-	12,446,577	84,037,483
-	1,147,326	1,147,326
-	-	3,000,000
-	-	2,700,000
-	-	4,300,000
-	-	3,000,000
-	4,058,697	4,058,697
-	-	86,148,922
<u>11,347,960</u>	<u>21,596,404</u>	<u>214,782,015</u>
<u>\$ 11,496,500</u>	<u>\$ 25,108,726</u>	<u>\$ 239,097,726</u>



CARROLLTON-FARMERS BRANCH ISD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2018

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	214,782,015
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 position. The net effect of this consolidation is to increase net position.		7,628,936
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		795,885,021
3 Accumulated depreciation has not been included in the governmental fund financial statements.		(386,860,006)
4 Bonds payable have not been included in the governmental fund financial statements.		(178,785,000)
5 Premium on issuance of debt were not recognized on the balance sheet for governmental funds.		(23,403,766)
6 For debt refunding, the difference between the acquisition price and the net carrying amount of the debt has been deferred and amortized in the government-wide financial statements.		3,752,260
7 Deferred inflows reported as unavailable revenue in the governmental fund financial statements were recorded as revenue in the government-wide financial statements.		2,817,441
8 Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expense is reported when due.		(326,756)
9 Compensated absences are accrued in the government-wide financial statements but not in the governmental fund financial statements.		(2,206,089)
10 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$85,666,908 a Deferred Resource Inflow related to TRS in the amount of \$26,274,552 and a Deferred Resource Outflow related to TRS in the amount of \$71,284,404. This amounted to a decrease in Net Position in the amount of \$40,657,056.		(40,657,056)
11 Included in the items related to debt is the recognition of the District's proportionate share of the TRS OPEB liability required by GASB 75 in the amount of \$84,651,041 a Deferred Resource Inflow related to TRS in the amount of \$35,409,691 and a Deferred Resource Outflow related to TRS in the amount of \$1,442,177. This amounted to a decrease in Net Position in the amount of \$118,618,555.		(118,618,555)
19 Net Position of Governmental Activities	\$	274,008,445

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, 2018

Data Control Codes	10 General Fund	City of Irving TIF #1	50 Debt Service Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 231,222,237	\$ 17,909,342	\$ 41,233,317
5800 State Program Revenues	37,196,233	-	527,678
5900 Federal Program Revenues	4,783,659	-	-
5020 Total Revenues	<u>273,202,129</u>	<u>17,909,342</u>	<u>41,760,995</u>
EXPENDITURES:			
Current:			
0011 Instruction	134,331,670	-	-
0012 Instructional Resources and Media Services	4,020,209	-	-
0013 Curriculum and Instructional Staff Development	4,118,424	-	-
0021 Instructional Leadership	3,766,778	-	-
0023 School Leadership	15,707,039	-	-
0031 Guidance, Counseling and Evaluation Services	10,807,267	-	-
0032 Social Work Services	70,864	-	-
0033 Health Services	2,951,229	-	-
0034 Student (Pupil) Transportation	6,008,785	-	-
0035 Food Services	76,852	-	-
0036 Extracurricular Activities	4,863,259	-	-
0041 General Administration	6,414,238	8,482	-
0051 Facilities Maintenance and Operations	23,555,556	-	-
0052 Security and Monitoring Services	1,639,522	-	-
0053 Data Processing Services	5,117,915	-	-
0061 Community Services	55,972	-	-
Debt Service:			
0071 Principal on Long Term Debt	-	-	32,990,000
0072 Interest on Long Term Debt	-	-	8,211,545
0073 Bond Issuance Cost and Fees	-	-	274,780
Capital Outlay:			
0081 Facilities Acquisition and Construction	139,150	1,838,813	-
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	8,397,096	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	35,640	-	-
0097 Payments to Tax Increment Fund	28,885,201	-	-
0099 Other Intergovernmental Charges	1,041,868	-	-
6030 Total Expenditures	<u>262,004,534</u>	<u>1,847,295</u>	<u>41,476,325</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>11,197,595</u>	<u>16,062,047</u>	<u>284,670</u>
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	-	13,800,000
7916 Premium or Discount on Issuance of Bonds	-	-	1,471,159
8949 Other (Uses)	-	-	(15,220,314)
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>50,845</u>
1200 Net Change in Fund Balances	11,197,595	16,062,047	335,515
0100 Fund Balance - September 1 (Beginning)	86,442,240	55,528,859	9,626,941
1300 Prior Period Adjustment	2,644,454	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 100,284,289</u>	<u>\$ 71,590,906</u>	<u>\$ 9,962,456</u>

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

60 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 174,302	\$ 6,894,393	\$ 297,433,591
-	2,254,322	39,978,233
-	23,954,940	28,738,599
174,302	33,103,655	366,150,423
-	12,990,258	147,321,928
-	71,393	4,091,602
-	3,544,585	7,663,009
-	116,760	3,883,538
-	104,435	15,811,474
-	425,271	11,232,538
-	-	70,864
-	3,446	2,954,675
-	3,088	6,011,873
-	12,172,748	12,249,600
-	597,036	5,460,295
-	131,204	6,553,924
-	5,449	23,561,005
-	1,708	1,641,230
-	38,779	5,156,694
-	263,019	318,991
-	-	32,990,000
-	-	8,211,545
-	-	274,780
2,217,470	6,706	4,202,139
-	-	8,397,096
-	-	35,640
-	-	28,885,201
-	-	1,041,868
2,217,470	30,475,885	338,021,509
(2,043,168)	2,627,770	28,128,914
-	-	13,800,000
-	-	1,471,159
-	-	(15,220,314)
-	-	50,845
(2,043,168)	2,627,770	28,179,759
13,391,128	18,968,634	183,957,802
-	-	2,644,454
\$ 11,347,960	\$ 21,596,404	\$ 214,782,015

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, 2018

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	28,179,759
The District uses internal service funds to charge the costs of self-insurance to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net position.		52
Current year capital outlays 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 2018 capital outlays is to increase net position.		10,621,377
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 position.		(20,160,624)
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.		32,990,000
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 \$15,271,159 include \$13,800,000 par amount of bonds plus \$1,471,159 of premium paid.		(15,271,159)
Current year payment to escrow agent for refunded debt are other uses in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements. The net payment of \$15,220,314 included bonds of \$13,800,000 (par amount) plus accrued interest of \$1,420,314.		13,800,000
Interest is accrued on outstanding debt in the government-wide financial statements whereas in the fund financial statements, interest expenditures are reported when due.		(30,385)
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 position.		7,444
Amortization 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.		4,215,387
Amortization of deferred charges on bond refundings is not recognized in the governmental funds. The effect of recording current year's amortization is to decrease net position.		(855,757)
Revenue from property taxes is unavailable 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.		179,192
In the statement of activities, the loss on asset disposals are reported, whereas in the governmental funds, the proceeds from the sale, increase financial resources. The		(2,636)

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, 2018

EXHIBIT C-4

change in net position differs from the change in fund balances by the cost of assets disposed.

The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred outflows of resources. Pension contributions made after the measurement date of August 31, 2017, caused the ending net position to increase by \$483,617. Additional pension expense recorded in the government-wide financial statements under GASB 68 caused a decrease in net position of \$9,118,122. The net effect of these items is to decrease net position by \$8,634,505. (8,634,505)

The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred outflows of resources. OPEB contributions made after the measurement date of August 31, 2017 caused the ending net position to increase by \$424,101. An OPEB benefit (negative expense) recorded in the government-wide financial statements under GASB 75 caused an increase in net position of \$29,399,655. The net effect of these items is to increase net position by \$29,823,756. 29,823,756

Change in Net Position of Governmental Activities

\$ 74,861,901

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

CARROLLTON-FARMERS BRANCH ISD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2018

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 7,372,420	\$ 9,543,985
Accrued Interest	-	5,304
Due from Other Funds	415,808	-
Other Receivables	71,839	150,000
Total Assets	7,860,067	9,699,289
LIABILITIES		
Current Liabilities:		
Accounts Payable	20,410	86,219
Accrued Wages Payable	219,725	3,170
Due to Other Funds	12,846	159
Accrued Expenses	-	1,195,639
Total Current Liabilities	252,981	1,285,187
Noncurrent Liabilities:		
Other Long-Term Debt - Due in More than One Year	-	785,166
Total Noncurrent Liabilities	-	785,166
Total Liabilities	252,981	2,070,353
NET POSITION		
Unrestricted Net Position	7,607,086	7,628,936
Total Net Position	\$ 7,607,086	\$ 7,628,936

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 POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 4,865,133	\$ 1,343,171
Total Operating Revenues	<u>4,865,133</u>	<u>1,343,171</u>
OPERATING EXPENSES:		
Payroll Costs	3,836,968	137,771
Professional and Contracted Services	156,470	48,172
Supplies and Materials	215,572	-
Other Operating Costs	63,771	1,271,721
Total Operating Expenses	<u>4,272,781</u>	<u>1,457,664</u>
Operating Income (Loss)	<u>592,352</u>	<u>(114,493)</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	91,851	114,545
Total Nonoperating Revenues (Expenses)	<u>91,851</u>	<u>114,545</u>
Change in Net Position	684,203	52
Total Net Position - September 1 (Beginning)	<u>6,922,883</u>	<u>7,628,884</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 7,607,086</u></u>	<u><u>\$ 7,628,936</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, 2018

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total	Internal
	Enterprise	Service Fund
	Funds	
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 4,486,498	\$ 1,343,350
Cash Payments to Employees for Services	(3,779,181)	(137,134)
Cash Payments for Insurance Claims	-	(1,142,581)
Cash Payments for Suppliers	(197,911)	-
Cash Payments for Other Operating Expenses	(220,241)	38,048
Net Cash Provided by Operating Activities	289,165	101,683
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	91,851	114,650
Net Increase in Cash and Cash Equivalents	381,016	216,333
Cash and Cash Equivalents at Beginning of Year	6,991,404	9,327,652
Cash and Cash Equivalents at End of Year	\$ 7,372,420	\$ 9,543,985
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by Operating Activities:</u>		
Operating Income (Loss):	\$ 592,352	\$ (114,493)
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(378,635)	22
Increase (decrease) in Accounts Payable	17,661	86,378
Increase (decrease) in Accrued Wages Payable	57,787	636
Increase (decrease) in Estimated Claims	-	129,140
Net Cash Provided by Operating Activities	\$ 289,165	\$ 101,683

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

CARROLLTON-FARMERS BRANCH ISD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2018

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 971,730
Other Receivables	4,197
Total Assets	<u>\$ 975,927</u>
LIABILITIES	
Accounts Payable	\$ 46,446
Due to Other Governments	65,765
Due to Student Groups	863,716
Total Liabilities	<u>\$ 975,927</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 position 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 position. 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 position 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

Proprietary 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, deferred outflows of resources, current liabilities, deferred inflows of resources 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.

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

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)** – 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 Fund (Workers Compensation Fund)** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

for in an internal service fund. The District’s sole internal service fund accounts for the Workers’ Compensation Fund.

Fiduciary Funds:

4. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District’s two agency funds are the Student Activity Fund and the Educational Purchasing Cooperative of North Texas (EPCNT) 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.

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 2018 fiscal year was based upon, was \$19,886,877,660.

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, 2018 were 99.47% of the tax levy.

The tax rates assessed for the year ended August 31, 2018 to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$1.17 and \$0.2110 per \$100 valuation, respectively, for a total of \$1.3810 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Prepayments

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 acquisition value.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 \$2,206,089 for accumulated sick leave that is reflected in the government-wide financial statements.

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

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

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains or losses on bond refundings are recorded as deferred outflows of resources 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. Bond issuance costs are expensed as incurred.

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

Net Position and Fund Balance

Government-Wide Financial Statements

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

Net Investment in Capital Assets – The component of net position 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government Wide Financial Statements - Continued

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

Restricted for Tax Increment Zone – The component of net position 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 portion of net position that is not reported in Net Investment in Capital Assets, Restricted for Food Service, Restricted for Debt Service, or 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 be canceled or appropriately provided for in the subsequent year’s budget. Encumbrances outstanding at August 31, 2018 that were in the subsequent year’s budget are:

General Fund	\$ 2,801,370
Special Revenue Fund-Food Service	365,667
City of Irving TIF	1,126,209
Capital Projects Fund	<u>383,174</u>
Total	<u><u>\$ 4,676,420</u></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, 2018 will change.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Implementation of New Standard

In the current fiscal year, the District implemented the following new standard:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (“GASB 75”) establishes accounting and financial reporting standards for other post-employment benefits (OPEB) that are provided to the employees of state and local governmental employers through plans that are administered through trusts or similar arrangements that meet certain criteria. The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. Implementation is reflected in the financial statements, notes to the financial statements and required supplementary information.

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.

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 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. TIF funds are to be used to fund capital projects within the TIF zones. 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, 2018 for campus activities, construction, maintenance, safety and security enhancements, transportation upgrades, and technology projects.

NOTE 2. FUND BALANCES - CONTINUED

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.

Unassigned – This classification includes all amounts not included in other spendable classifications, including the residual fund balance of the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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:

General Fund

Inventories of \$1,135,367 in the General Fund are considered non-spendable fund balance. The Board of Trustees through board resolution committed \$3,000,000 for building construction, repairs and renovations, \$2,700,000 for safety and security enhancements, \$4,300,000 for technology capital replacements, and \$3,000,000 for transportation upgrades.

The General Fund has unassigned fund balance of \$86,148,992 at August 31, 2018.

Other Major Funds

The Debt Service Fund has restricted funds of \$9,962,456 at August 31, 2018 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt. The Capital Projects Fund has restricted funds of \$11,347,960 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 \$71,590,906 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 \$538,186 in the National Breakfast and Lunch Program Fund are considered non-spendable fund balance. The fund balance of \$1,147,326 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:

National Breakfast and Lunch Program	\$ 3,405,618
City of Farmers Branch TIF #1	11,711,348
City of Farmers Branch TIF #2	<u>735,229</u>
Total	<u>\$ 15,852,195</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, 2018, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing saving accounts included in temporary investments) was \$93,594,596 and the bank balance was \$72,440,401. The District's cash deposits at August 31, 2018 and during the year ended August 31, 2018 were entirely 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 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.

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

- a. Depository: Wells Fargo;
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$74,154,009;
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$65,966,509 and occurred during the month of January, 2017;
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

Legal and contractual provisions governing deposits and investments:

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

Statutes and the District's investment policy authorized the District to invest in the following investments as summarized in the following table:

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2018

NOTE 3. CASH AND INVESTMENTS – CONTINUED

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	* 2 years	None	None
U.S. Agencies Securities	* 2 years	None	None
Letters of Credit	* 2 years	None	None
Certificates of Deposit	* 2 years	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	* 2 years	None	None
Investment Pools	-	None	None

*based on more restrictive local policy

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

Cash and investments as of August 31, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 243,243,017
Fiduciary Funds:	
Cash and Investments	<u>971,730</u>
Total Cash and Investments	<u>\$ 244,214,747</u>

Cash and investments at August 31, 2018 consist of the following:

Cash and Investments as of August 31, 2018 consist of the following:

Cash on Hand	\$ 54,540
Savings and Checking Accounts	13,051,817
Certificates of Deposit	21,785,276
Money Markets	58,757,504
Lone Star	7,089,771
Texpool	136,290,172
TexStar	<u>7,185,667</u>
Total Cash and Investments	<u>\$ 244,214,747</u>

NOTE 3. CASH AND INVESTMENTS – CONTINUED

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 limits the maturity of certificates of deposit and other investments to no more than two years at the time of purchase. The District’s practice is to hold all certificates of deposit until maturity. 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, 2018, the District did not invest in any securities which are highly sensitive to interest rate fluctuations.

As of August 31, 2018, the District had the following investments:

Investment Type	Amount	Weighted Average Maturity
Certificates of Deposit	\$ 21,785,276	33 days
Lone Star	7,089,771	20 days
Texpool	136,290,172	28 days
TexStar	7,185,667	24 days
Total	\$ 172,350,886	

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. All investments in certificates of deposit are fully covered by federal depository insurance. 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 in public funds investment pools.

Investment Type	Amount	Minimum Legal Rating	Rating of Year End
Lone Star	\$ 7,089,771	N/A	AAAm
Texpool	136,290,172	N/A	AAAm
TexStar	7,185,667	N/A	AAAm
Total	\$ 150,565,610		

NOTE 3. CASH AND INVESTMENTS – CONTINUED

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, 2018, other than external investment pools, collateralized deposits, and Certificates of Deposits, the District had one investment with Wells Fargo Securities that represents 15% of its investments.

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, 2018, the District deposits with financial institutions in excess of federal depository insurance limits were fully collateralized. All certificates of deposits are fully covered by Letters of Credit.

The District is a voluntary participant in Lone Star, 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.

Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

Instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

NOTE 3. CASH AND INVESTMENTS – CONTINUED

Assets and Liabilities Measured at Fair Value on a Recurring Basis

<u>Investments by Fair Value level:</u>	<u>Balance at</u> 8/31/2018	<u>Assets</u> <u>(Level 1)</u>	<u>Inputs</u> <u>(Level 2)</u>	<u>Inputs</u> <u>(Level 3)</u>
Certificates of Deposit	\$ 21,785,276	\$ -	\$ 21,785,276	\$ -
Total	<u>\$ 21,785,276</u>	<u>\$ -</u>	<u>\$ 21,785,276</u>	<u>\$ -</u>

The fair value of the certificates of deposit and U.S. Government Agency Bonds at August 31, 2018 was determined based on level 2 inputs. The District estimates the fair value of these investments using inputs such as interest rates that are observable at commonly quoted intervals.

The District’s investment in State Investment Pools (statewide 2a7-like external investment pools) are not required to be measured at fair value but are measured at amortized cost.

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, 2018, the components of delinquent taxes receivables are as follows:

	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service Fund</u>	<u>Total</u>
Delinquent Taxes	\$ 2,701,274	\$ 574,090	\$ 3,275,364
Related Penalty and Interest	<u>1,069,036</u>	<u>258,475</u>	<u>1,327,511</u>
	<u>\$ 3,770,310</u>	<u>\$ 832,565</u>	<u>\$ 4,602,875</u>

At August 31, 2018, an allowance for uncollectible taxes is provided for the following:

	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service Fund</u>	<u>Total</u>
Personal Property	\$ 1,296,958	\$ 233,896	\$ 1,530,854
Real Property	<u>37,887</u>	<u>6,832</u>	<u>44,719</u>
	<u>\$ 1,334,845</u>	<u>\$ 240,728</u>	<u>\$ 1,575,573</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2018

NOTE 5. RECEIVABLES 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, 2018, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Receivables from Other Governments. Furthermore, there are times whenever overpayment is received from a State Agency and money may be due to other governments.

	General Fund	Debt Service	Nonmajor Governmental Funds	Total
Federal Grants	\$ 3,038,620	\$ -	\$ 2,559,825	\$ 5,598,445
Texas Education Agency	468,833	19,174	-	488,007
City of Farmers Branch	3,625	-	-	3,625
City of Irving	7,361	-	-	7,361
	<u>\$ 3,518,439</u>	<u>\$ 19,174</u>	<u>\$ 2,559,825</u>	<u>\$ 6,097,438</u>

NOTE 6. OTHER RECEIVABLES

Other receivables as of August 31, 2018, for the District's individual major funds, nonmajor, and internal service fund in the aggregate are as follows:

	General Fund	Debt Service Funds	Capital Projects Funds	Nonmajor Governmental Funds	Total
NSF Checks	\$ 415	\$ -	\$ -	\$ -	\$ 415
Other	49,690	7,270	-	2,157	59,117
	<u>\$ 50,105</u>	<u>\$ 7,270</u>	<u>\$ -</u>	<u>\$ 2,157</u>	<u>\$ 59,532</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2018

NOTE 7. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at August 31, 2018 consisted of the following individual fund receivables and payables:

	Receivables	Payables	Purpose
Major Funds:			
General Fund	\$ 1,891,000	\$ 837,158	Cash shortage and payroll transfers
Debt Service Fund	-	56,009	Tax revenue
Capital Projects Fund	5,966	-	Reclass entry to correct coding
Non-Major Funds:			
Federal Funds	15,156	1,421,758	Cash shortage and payroll transfers
Internal Service Fund	-	159	Payroll transfer
Enterprise Fund	415,808	12,846	CDA deposits, payroll transfers, and miscellaneous fees
Total	<u>\$ 2,327,930</u>	<u>\$ 2,327,930</u>	

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

NOTE 8. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2018, was as follows:

Governmental Activities:	Primary Government				Ending Balance
	Beginning Balance	Additions	Retirements	Transfers	
Non-Depreciable Assets					
Land	\$ 61,365,108	\$ -	\$ -	\$ -	\$ 61,365,108
Construction In Progress	8,295,356	3,483,346	-	(9,543,436)	2,235,266
Total Non-Depreciable Assets	<u>69,660,464</u>	<u>3,483,346</u>	<u>-</u>	<u>(9,543,436)</u>	<u>63,600,374</u>
Depreciable					
Land Improvements	1,537,578	9,830	-	-	1,547,408
Buildings and Improvements	680,955,210	374,787	-	9,543,436	690,873,433
Furniture and Equipment	33,340,167	6,753,414	(229,775)	-	39,863,806
Total Depreciable Assets	<u>715,832,955</u>	<u>7,138,031</u>	<u>(229,775)</u>	<u>9,543,436</u>	<u>732,284,647</u>
Less Accumulated Depreciation for:					
Land Improvements	895,386	77,371	-	-	972,757
Buildings and Improvements	341,559,053	17,846,757	-	-	359,405,810
Furniture and Equipment	24,472,082	2,236,496	(227,139)	-	26,481,439
Total Accumulated Depreciation	<u>366,926,521</u>	<u>20,160,624</u>	<u>(227,139)</u>	<u>-</u>	<u>386,860,006</u>
Total Capital Assets, Net	<u>\$ 418,566,898</u>	<u>\$ (9,539,247)</u>	<u>\$ (2,636)</u>	<u>\$ -</u>	<u>\$ 409,025,015</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2018

NOTE 8. CAPITAL ASSET ACTIVITY – CONTINUED

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Function</u>	<u>Depreciation</u>	
Instruction	\$ 11,369,631	11
Instructional Resources and Media Services	899,782	12
Curriculum and Instructional Staff Development	232,528	13
Instructional Leadership	43,335	21
School Leadership	890,830	23
Guidance, Counseling and Evaluation Services	175,358	31
Social Work Services	84	32
Health Services	64,561	33
Student (Pupil) Transportation	473,199	34
Food Services	1,623,861	35
Extracurricular Activities	1,686,550	36
General Administration	503,531	41
Facilities Maintenance and Operations	705,832	51
Security and Monitoring Service	4,661	52
Data Processing Services	1,486,881	53
	<u>\$ 20,160,624</u>	
Total Depreciation Expense	<u>\$ 20,160,624</u>	

NOTE 9. UNEARNED REVENUE

Unearned revenue at year end consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Other Receipts	\$ 11,753	\$ 6,613	\$ 437,453	\$ 455,819
State Textbook Fund	-	-	51,580	51,580
	<u>\$ 11,753</u>	<u>\$ 6,613</u>	<u>\$ 489,033</u>	<u>\$ 507,399</u>

Resources that have been received, but not yet earned are recorded as unearned revenue.

NOTE 10. DEBT ISSUANCE AND DEFEASED DEBT

During the 2017-18 fiscal year, the District completed one advance refunding.

In December 2017, the District issued \$13,800,000 (par value) in Unlimited Tax Refunding Bonds to advance refund \$13,800,000 (par value) of outstanding bonds. The net proceeds of \$15,220,314 (\$13,800,000 par amount of the bonds plus \$1,471,159 of premium paid on the bonds plus a transfer of \$215,185 from the Debt Service Fund less \$266,030 of underwriting fees and issuance costs) were used to purchase U.S. and State and Local Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to

NOTE 10. DEBT ISSUANCE AND DEFEASED DEBT - CONTINUED

provide for all future debt service payments on the refunded bonds. The bonds will be fully repaid from the irrevocable trust when the bonds reach their call dates in February 2022.

The refunding was undertaken to reduce the District's total debt service payments by approximately \$3,269,855 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$1,203,650.

On August 31, 2018, \$12,460,000 of defeased bonds remain outstanding due to the December 2017 refunding.

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 Position. 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.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2018

NOTE 11. LONG-TERM DEBT – CONTINUED

Unlimited Tax Bonds - Continued

Unlimited tax bonds outstanding as of August 31, 2018 are as follows:

Purpose and Lawful Authority	Maturity Year	Interest Rate	Original Amount	Amount Outstanding 09/01/17	Issued	Retired/Refunded	Amount Outstanding 08/31/18
Unlimited Tax School Building and Refunding Bonds, Series 2008	2033	3.50% to 5.00%	57,435,000	2,385,000	-	2,385,000	-
Unlimited Tax Refunding Bonds, Series 2010	2020	3.00% to 5.00%	63,565,000	10,070,000	-	3,195,000	6,875,000
Unlimited Tax School Building and Refunding Bonds, Series 2012	2032	2.00% to 5.00%	54,965,000	45,565,000	-	15,020,000	30,545,000
Unlimited Tax School Building Bonds, Series 2013A	2033	2.00% to 5.00%	41,250,000	35,995,000	-	1,550,000	34,445,000
Unlimited Tax Refunding Bonds, Series 2013B	2025	2.00% to 5.00%	28,700,000	23,795,000	-	2,580,000	21,215,000
Unlimited Tax Refunding Bonds, Series 2015	2031	2.00% to 5.00%	23,655,000	22,480,000	-	1,235,000	21,245,000
Unlimited Tax Refunding Bonds, Series 2015A	2032	2.00% to 5.00%	23,495,000	23,065,000	-	4,475,000	18,590,000
Unlimited Tax Refunding Bonds, Series 2016	2027	3.00% to 5.00%	48,420,000	48,420,000	-	16,160,000	32,260,000
Unlimited Tax Refunding Bonds, Series 2017	2029	2.00% to 5.00%	13,800,000	-	13,800,000	190,000	13,610,000
				<u>\$ 211,775,000</u>	<u>\$ 13,800,000</u>	<u>\$ 46,790,000</u>	<u>\$ 178,785,000</u>

Debt service requirements are as follows:

Year Ending August 31	General Obligation Principal	Interest	Total Requirement
2019	\$ 35,230,000	\$ 7,078,975	\$ 42,308,975
2020	20,670,000	5,899,425	26,569,425
2021	17,505,000	5,059,825	22,564,825
2022	14,370,000	4,301,625	18,671,625
2023	11,645,000	3,690,975	15,335,975
2024-2028	49,660,000	11,137,338	60,797,338
2029-2033	29,705,000	2,488,275	32,193,275
	<u>\$ 178,785,000</u>	<u>\$ 39,656,438</u>	<u>\$ 218,441,438</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, 2018.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2018

NOTE 11. LONG-TERM DEBT – CONTINUED

Changes in Long-Term Liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 211,775,000	\$ 13,800,000	\$ 46,790,000	\$ 178,785,000	\$ 35,230,000
Premium on Bonds	26,147,994	1,471,159	4,215,387	23,403,766	-
Workers' Compensation Claims Payable	1,851,665	1,271,370	1,142,230	1,980,805	1,195,639
Accrued Compensated Absences	2,213,533	212,532	219,976	2,206,089	202,986
Long-term Liabilities	<u>\$ 241,988,192</u>	<u>\$ 16,755,061</u>	<u>\$ 52,367,593</u>	<u>\$ 206,375,660</u>	<u>\$ 36,628,625</u>

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.

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	\$ 4,542,147
Indirect Cost Reimbursement	84.010A	93,069
Indirect Cost Reimbursement	84.027A	111,313
Indirect Cost Reimbursement	84.173A	1,151
Indirect Cost Reimbursement	84.365A	15,104
Indirect Cost Reimbursement	84.424A	1,931
Indirect Cost Reimbursement	84.367A	11,397
Indirect Cost Reimbursement	84.938C	7,547
		<u>\$ 4,783,659</u>

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2018

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	\$ 226,898,781	\$ -	\$ 40,876,554	\$ -	\$ -	\$ 267,775,335
Penalties and Interest	810,186	-	151,800	-	-	961,986
Tax Increment Fund	-	17,028,992	-	-	1,987,850	19,016,842
Investment Earnings	1,884,301	880,350	204,962	174,167	275,651	3,419,431
Food Sales	-	-	-	-	2,796,904	2,796,904
Tuition from Patrons	495,315	-	-	-	-	495,315
Insurance Proceeds	-	-	-	-	-	-
Co-Curricular	375,452	-	-	-	1,302,513	1,677,965
Rent	423,753	-	-	-	-	423,753
Gifts and Bequest	8,512	-	-	-	505,643	514,155
Enterprising	-	-	-	-	20,252	20,252
Other	325,937	-	-	136	5,580	331,653
	<u>\$ 231,222,237</u>	<u>\$ 17,909,342</u>	<u>\$ 41,233,316</u>	<u>\$ 174,303</u>	<u>\$ 6,894,393</u>	<u>\$ 297,433,591</u>

NOTE 14. DEFINED BENEFIT PENSION PLAN

Plan Description

Carrollton-Farmers Branch Independent School District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2017.pdf; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest

NOTE 14. DEFINED BENEFIT PENSION PLAN - CONTINUED

annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2017 and 2018.

Contribution Rates		
	2017	2018
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Carrollton-Farmers Branch ISD 2018 Employer Contributions		\$ 5,741,295
Carrollton-Farmers Branch ISD 2018 Member Contributions		\$ 13,124,882
Carrollton-Farmers Branch ISD 2018 NECE On-Behalf Contributions		\$ 4,191,869

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including the TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during the fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.

NOTE 14. DEFINED BENEFIT PENSION PLAN - CONTINUED

- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source, from non-educational and general, or local funds.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50% including inflation
Payroll Growth Rate	2.5%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized as shown:

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2018

NOTE 14. DEFINED BENEFIT PENSION PLAN – CONTINUED

Discount Rate - Continued

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha	<u>0%</u>		<u>1.0%</u>
Total	<u>100%</u>		<u>8.7%</u>

* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Carrollton-Farmers Branch ISD's proportionate share of the net pension liability.	\$ 144,417,481	\$ 85,666,908	\$ 36,747,521

NOTE 14. DEFINED BENEFIT PENSION PLAN – CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2018, Carrollton-Farmers Branch Independent School District reported a liability of \$85,666,908 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Carrollton-Farmers Branch ISD. The amount recognized by Carrollton-Farmers Branch Independent School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Carrollton-Farmers Branch ISD were as follows:

District's Proportionate share of the collective net pension liability	\$ 85,666,908
State's Proportionate share that is associated with the District	<u>40,982,034</u>
Total	<u>\$ 126,648,942</u>

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was .2679216%, an increase of .1125838% from its proportionate share of 0.1553378% at August 31, 2016.

Changes Since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2018, Carrollton-Farmers Branch ISD recognized pension expense of \$3,721,783 and revenue of \$3,721,783 for support provided by the State.

At August 31, 2018, Carrollton-Farmers Branch ISD reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,253,345	\$ 4,619,904
Changes in actuarial assumptions	3,902,264	2,233,955
Differences between projected and actual investments earnings	13,174,576	19,417,793
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	47,212,924	2,900
Contributions paid to TRS subsequent to the measurement date	5,741,295	-
Total	\$ 71,284,404	\$ 26,274,552

NOTE 14. DEFINED BENEFIT PENSION PLAN – CONTINUED

Changes Since the Prior Actuarial Valuation – Continued

The \$5,741,295 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31:	Pension Expense Amount
2019	\$ 6,308,880
2020	11,777,220
2021	5,888,658
2022	4,373,162
2023	6,647,336
Thereafter	\$ 4,273,301

NOTE 15. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2017.pdf; or by calling (512) 542-6592.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2017 are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 43,885,784,621
Less: plan fiduciary net position	399,535,986
Net OPEB Liability	<u>\$ 43,486,248,635</u>
Net Position as a percentage of total OPEB liability	0.91%

NOTE 15. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN - CONTINUED

Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-Care Plan Premium Rates			
Effective Sept. 1, 2016 – Dec. 31, 2017			
	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ 0	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82

*or surviving spouse

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.0% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor:

NOTE 15. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN - CONTINUED

	<u>Contribution Rates</u>	
	<u>2017</u>	<u>2018</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/private Funding remitted by Employers	1.00%	1.25%

Carrollton-Farmers Branch ISD FY 2018 Employer Contributions	\$1,428,928
Carrollton-Farmers Branch ISD FY 2018 Member Contributions	\$1,107,956
Carrollton-Farmers Branch ISD 2018 NECE On-behalf Contributions	\$1,511,319

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to, regardless of whether or not they participate in the TRS Care OPEB program. When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018. House Bill 21 was passed in special session and provided a supplemental appropriation in the amount of \$212 million in fiscal year 2018.

The District's proportionate share of the \$212,000,000 received during the District's 2018 fiscal year is reported in the fund level financial statements as an on-behalf contribution as required by GASB 85 and GASB 24.

Actuarial Assumptions

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those which were adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions. The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

NOTE 15. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN - CONTINUED

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.5%
Discount Rate	3.42%
Aging Factors	Based on specific plan experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Payroll Growth Rate	2.5%
Projected Salary Increases	3.5% to 9.5%
Healthcare Trend Rates	4.5\$ to 12.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of August 31, 2017.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.42%)	Current Single Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District’s proportionate share of the Net OPEB Liability:	\$99,909,243	\$84,651,041	\$72,386,887

Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the OPEB liability would be if it were calculated using a trend rate that is one-percentage lower or one-percentage point higher than the assumed healthcare cost trend rate:

NOTE 15. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN - CONTINUED

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$70,480,449	\$84,651,041	\$103,244,644

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.

At August 31, 2018, the District reported a liability of \$84,651,041 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District.

The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective Net OPEB Liability	\$ 84,651,041
State's Proportionate share that is associated with the District	33,550,536
Net Pension Liability	<u>\$ 118,201,577</u>

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.194662% which was the same proportion measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

1. Significant plan changes were adopted during fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact included assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

NOTE 15. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN - CONTINUED

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long term rate assumption.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

There were no changes of benefit terms that affected measurement of the Total OPEB liability during the measurement period.

For the year ended August 31, 2018, the District recognized OPEB expense of (\$42,300,728) and revenue of (\$42,300,728) for support provided by the State.

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,767,155
Changes in actuarial assumptions	-	33,642,536
Differences between projected and actual investments earnings	12,859	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	390	-
Contributions paid to TRS subsequent to the measurement date	1,428,928	-
Total	\$ 1,442,177	\$ 35,409,691

The net amounts of the employer's balance of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to OPEB will be recognized in OPEB expense as follows:

NOTE 15. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN - CONTINUED

Year Ended August 31:	Pension Expense Amount
2019	\$ (4,670,601)
2020	(4,670,601)
2021	(4,670,601)
2022	(4,670,601)
2023	(4,673,816)
Thereafter	\$ (12,040,222)

NOTE 16. SCHOOL DISTRICT RETIREE HEALTH PLAN

Plan Description

The Carrollton-Farmers Branch ISD 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 2016-2018.

Year	Contribution Rates					
	<u>Active Member</u>		<u>State</u>		<u>School District</u>	
	Rate	Amount	Rate	Amount	Rate	Amount
2016	0.65%	1,027,088	1.00%	1,466,686	0.55%	967,276
2017	0.65%	1,058,634	1.00%	1,500,612	0.55%	1,004,827
2018	0.65%	1,107,956	1.25%	1,979,828	0.75%	1,428,928

NOTE 16. SCHOOL DISTRICT RETIREE HEALTH PLAN - CONTINUED

Medicare Part D – On-Behalf Payments

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective on January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf of \$652,785 recognized for the year ended August 31, 2018 as equal revenues and expenditures.

NOTE 17. 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 Midwest Employers Casualty Company, 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 \$600,000 with an annual aggregate retention amount of \$2,053,583. Payments exceeding the aggregate retention are reimbursable up to the aggregate limit of liability amount of \$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 \$1,980,805 include incurred but not reported claims. The liability reported in the Fund at August 31, 2018 is based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability includes an amount for claims that have been incurred but not reported. Because actual claims

NOTE 17. RISK MANAGEMENT – CONTINUED

Workers’ Compensation Coverage - Continued

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 re-evaluated 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 2017 and 2018 were:

Self-Insurance Liability	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2017-Workers' Compensation	\$ 1,846,092	\$ 804,354	\$ 798,781	\$ 1,851,665
2018-Workers' Compensation	\$ 1,851,665	\$ 1,271,370	\$ 1,142,230	\$ 1,980,805

NOTE 18. 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, 2018 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 \$383,174 at August 31, 2018.

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, 2018.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2018

NOTE 19. PRIOR PERIOD ADJUSTMENTS

The District has recorded two prior period adjustments. One adjustment increases beginning fund balance in the General Fund and beginning net position in the government-wide financial statements. The second adjustment affected only the government-wide financial statements and decreased beginning net position. The prior period adjustments were as follows:

General Fund:

Increase in prior year State Foundation revenue resulting from a State property value audit	\$ 2,783,636	
Increase in prior year expenditures for fees associated with the property value audit	<u>(139,182)</u>	
Net prior period adjustment - General Fund		2,644,454
General Fund Fund Balance, as originally presented		<u>86,442,240</u>
Net prior period adjustment		<u>\$ 89,086,694</u>

In the current fiscal year, the district implemented GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result, the beginning net position of the District's governmental activities has been restated on the State of Activities to reflect the net OPEB liability and deferred outflows of resources relating to TRS-Care contributions made after the prior measurement date of the plan as follows:

Government-wide Financial Statements:

Beginning Net Position, as originally presented		\$ 344,944,401
Add: TRS-Care contributions made after 8/31/16	1,004,827	
Less: Net OPEB Liability	<u>(149,447,138)</u>	
		(148,442,311)
General Fund prior period adjustment - see above	<u>2,644,454</u>	
Total prior period adjustment - governmental activities		<u>(145,797,857)</u>
Beginning Net Position, as restated		<u>\$ 199,146,544</u>

NOTE 20. SUBSEQUENT EVENTS

On November 1, 2018, the District completed a cash defeasance of portions of the District's 2012 and 2013A bond series. The District deposited \$24.9 million into an irrevocable escrow account to defease \$7.8 million (par value) of 2012 series bonds and \$15.4 (par value) of 2013A series bonds. The defeasance was funded with existing fund balance of the City of Irving TIF #1 Fund and the City of Farmers Branch TIF #1 Fund.

On November 6, 2018, voters of the District approved a bond referendum totaling \$350.9 million. Projects to be funded with bond proceeds include multiple renovation and improvement projects as well as technology upgrades and projects to improve safety and security.

REQUIRED SUPPLEMENTARY INFORMATION



CARROLLTON-FARMERS BRANCH ISD
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED AUGUST 31, 2018

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	\$ 226,045,713	\$ 230,557,366	\$ 231,222,237	\$ 664,871
5800	State Program Revenues	33,252,531	33,665,214	37,196,233	3,531,019
5900	Federal Program Revenues	4,050,000	4,050,000	4,783,659	733,659
5020	Total Revenues	263,348,244	268,272,580	273,202,129	4,929,549
EXPENDITURES:					
Current:					
0011	Instruction	132,362,267	136,045,805	134,331,670	1,714,135
0012	Instructional Resources and Media Services	3,971,174	4,134,655	4,020,209	114,446
0013	Curriculum and Instructional Staff Development	4,548,716	4,361,365	4,118,424	242,941
0021	Instructional Leadership	4,058,278	3,922,515	3,766,778	155,737
0023	School Leadership	15,779,155	15,948,863	15,707,039	241,824
0031	Guidance, Counseling and Evaluation Services	10,710,352	10,940,247	10,807,267	132,980
0032	Social Work Services	76,740	83,240	70,864	12,376
0033	Health Services	2,881,960	3,070,813	2,951,229	119,584
0034	Student (Pupil) Transportation	5,662,440	6,847,736	6,008,785	838,951
0035	Food Services	143,945	77,045	76,852	193
0036	Extracurricular Activities	4,985,311	5,168,524	4,863,259	305,265
0041	General Administration	6,716,095	6,806,392	6,414,238	392,154
0051	Facilities Maintenance and Operations	24,584,234	24,631,388	23,555,556	1,075,832
0052	Security and Monitoring Services	1,851,161	1,858,102	1,639,522	218,580
0053	Data Processing Services	4,955,513	5,303,054	5,117,915	185,139
0061	Community Services	67,144	67,966	55,972	11,994
Capital Outlay:					
0081	Facilities Acquisition and Construction	110,340	213,963	139,150	74,813
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	9,279,130	8,779,130	8,397,096	382,034
0095	Payments to Juvenile Justice Alternative Ed. Prg.	200,000	75,000	35,640	39,360
0097	Payments to Tax Increment Fund	29,353,114	28,885,202	28,885,201	1
0099	Other Intergovernmental Charges	1,051,175	1,051,175	1,041,868	9,307
6030	Total Expenditures	263,348,244	268,272,180	262,004,534	6,267,646
1200	Net Change in Fund Balances	-	400	11,197,595	11,197,195
0100	Fund Balance - September 1 (Beginning)	86,442,240	86,442,240	86,442,240	-
1300	Prior Period Adjustment	-	-	2,644,454	2,644,454
3000	Fund Balance - August 31 (Ending)	\$ 86,442,240	\$ 86,442,640	\$ 100,284,289	\$ 13,841,649

CARROLLTON-FARMERS BRANCH ISD
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2018

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
District's Proportion of the Net Pension Liability (Asset)	0.2679216%	0.1553378%	0.1411464%	0.0836645%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 85,666,908	\$ 58,699,831	\$ 49,893,374	\$ 22,347,945
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	40,982,034	92,266,022	98,316,315	85,269,172
Total	<u>\$ 126,648,942</u>	<u>\$ 150,965,853</u>	<u>\$ 148,209,689</u>	<u>\$ 107,617,117</u>
District's Covered Payroll	\$ 162,866,070	\$ 158,015,677	\$ 153,063,374	\$ 148,723,134
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	52.60%	37.15%	32.60%	15.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2017 for year 2018, August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only four years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

CARROLLTON-FARMERS BRANCH ISD
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2018

	2018	2017	2016	2015
Contractually Required Contribution	\$ 5,741,295	\$ 5,257,678	\$ 5,101,714	\$ 4,179,320
Contribution in Relation to the Contractually Required Contribution	(5,741,295)	(5,257,678)	(5,101,714)	(4,179,320)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Payroll	\$ 170,427,941	\$ 162,866,070	\$ 158,015,677	\$ 153,063,674
Contributions as a Percentage of Covered Payroll	3.37%	3.23%	3.20%	2.73%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Note: In accordance with GASB 68, Paragraph 138, only four years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

CARROLLTON-FARMERS BRANCH ISD
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED AUGUST 31, 2018

	<u>FY 2018 Plan Year 2017</u>
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.194662%
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 84,651,041
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) associated with the District	126,411,736
Total	<u>\$ 211,062,777</u>
District's Covered Payroll	\$ 162,866,070
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	0.52%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

CARROLLTON-FARMERS BRANCH ISD
 SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2018

	2018
Contractually Required Contribution	\$ 1,428,928
Contribution in Relation to the Contractually Required Contribution	(1,428,928)
Contribution Deficiency (Excess)	\$ -0-
District's Covered Payroll	\$ 170,427,941
Contributions as a Percentage of Covered Payroll	0.84%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year..

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED AUGUST 31, 2018

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:

<u>Function</u>	<u>Increase (Decrease)</u>
Instruction	3,683,538
Curriculum and Instructional Staff Development	(187,351)
Student (Pupil) Transportation	1,185,296
Data Processing Services	347,541
Contracted Instructional Services Between Schools	(500,000)
Payments to Tax Increment Fund	(467,912)

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.

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2017

NOTE 2. PENSION INFORMATION

Changes of benefit terms.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions.

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

NOTE 3. OPEB INFORMATION

Changes of benefit terms.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes of assumptions.

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

1. Significant plan changes were adopted during the fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.



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 – 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.

Limited English Proficiency – Summer School – Provides funds for a summer 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.

Texas Hurricane Emergency Impact Aid For Displaced Students – Funds provided to assist with the cost of educating public and non-public students displaced by Hurricane Harvey during the 2017-2018 school year.

Work Source Child Care and Development Fund – Provides funds to enhance tutoring at elementary schools in Dallas County.

Title IV, Part A - Student Support-Academic Enrichment – Provide all students access to a well-rounded education, improve academic outcomes by maintaining safe and healthy students, and improve the use of technology to advance student academic achievement.

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

Advanced Placement Test Fee Program – A program designed to increase the number of low-income students who take advanced placement tests and receive scores for which college academic credit is awarded. The funds enable schools to pay all or a portion of advanced placement test fees on behalf of eligible low-income students who (1) are enrolled in an advanced placement course and (2) plan to take an advanced placement test.

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

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Combined State Grants – Includes: Ready to Read Grant and Teacher Stipend Program for Math and Literacy Achievement Academies.

Pre-K Grant – Provides educational services aimed at improving the quality of prekindergarten education to qualifying students.

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

Project Lead the Way – Grants awarded by Project Lead The Way, Inc. (PLTW). The grant awarded to the high school is to be used to offset the costs associated with the PLTW Engineering program. The grant awarded to the middle school is to be used to offset the costs associated with the PLTW Gateway program.

Metrocrest Hospital Authority – Supports our certification programs to further student preparation for college and/or career.

Houston Korean Center Grant – A grant awarded by the Houston Korean Education Center to subsidize the salary and benefits for a teacher to teach Korean as a full-fledged Language Other than English course.

Digital Promise – A Technology and Learning Coaching Fellowship Program launched, with the support from Google, to support middle schools with a full-time technology and learning coach. The one-year fellowship program includes engagement with a national cohort and additional support that will enable teachers in each fellow’s school to more powerfully use technology for learning.

City of Farmers Branch TIF #1 – Reports 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 education facilities and maintenance for operating such facilities.

City of Farmers Branch TIF #2 – Reports 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 education facilities and maintenance for operating such facilities.

Education, Technology, & Operational Fund – Funds identified to provide staff with the necessary tools to meet the goal “High Achievement for Each Student”. Significant items or projects will be identified and be differentiated from those normal operational expenditures.

CARROLLTON-FARMERS BRANCH ISD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2018

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240 Receivables from Other Governments	584,793	793,529	10,877
1260 Due from Other Funds	138	-	-
1290 Other Receivables	-	-	-
1300 Inventories	-	-	-
1000 Total Assets	<u>\$ 584,931</u>	<u>\$ 793,529</u>	<u>\$ 10,877</u>
LIABILITIES			
2110 Accounts Payable	\$ 14,636	\$ -	\$ -
2160 Accrued Wages Payable	247,059	316,790	5,264
2170 Due to Other Funds	323,236	476,739	5,613
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>584,931</u>	<u>793,529</u>	<u>10,877</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	-	-	-
Restricted Fund Balance:			
3450 Food Service	-	-	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3544 Campus Activity Funds	-	-	-
Assigned Fund Balance:			
3590 Education, Technology, & Operational Funds	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 584,931</u>	<u>\$ 793,529</u>	<u>\$ 10,877</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Carl Perkins	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	281 Limited English Prof. Summer School	287 TX Hurricane Emergency Impact Aid	288 Work Source Child Care & Development	289 Title IV Part A-Stud. Supp/Enrchmnt
\$ 3,780,906	\$ -	\$ -	\$ -	\$ 1,996	\$ -	\$ -	\$ -
479,071	26,004	91,591	129,041	-	414,710	-	30,209
14,442	-	-	26	-	-	-	-
189	-	-	-	-	-	-	-
538,186	-	-	-	-	-	-	-
<u>\$ 4,812,794</u>	<u>\$ 26,004</u>	<u>\$ 91,591</u>	<u>\$ 129,067</u>	<u>\$ 1,996</u>	<u>\$ 414,710</u>	<u>\$ -</u>	<u>\$ 30,209</u>
\$ 327,599	\$ -	\$ 4,357	\$ -	\$ -	\$ -	\$ -	\$ -
284,577	12,790	19,531	47,900	-	-	-	17,549
15,667	13,214	67,703	81,167	1,996	414,710	-	12,660
241,147	-	-	-	-	-	-	-
<u>868,990</u>	<u>26,004</u>	<u>91,591</u>	<u>129,067</u>	<u>1,996</u>	<u>414,710</u>	<u>-</u>	<u>30,209</u>
538,186	-	-	-	-	-	-	-
3,405,618	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,943,804</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,812,794</u>	<u>\$ 26,004</u>	<u>\$ 91,591</u>	<u>\$ 129,067</u>	<u>\$ 1,996</u>	<u>\$ 414,710</u>	<u>\$ -</u>	<u>\$ 30,209</u>

CARROLLTON-FARMERS BRANCH ISD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2018

Data Control Codes	385 Visually Impaired SSVI	397 AP/IB Test Fee Subsidies	410 State Textbook Fund	427 Combined State Grants	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 263,484	\$ -
1240	Receivables from Other Governments	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,484</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 211,904	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	-	-
2300	Unearned Revenues	-	-	51,580	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>263,484</u>	<u>-</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Food Service	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3544	Campus Activity Funds	-	-	-	-
Assigned Fund Balance:					
3590	Education, Technology, & Operational Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,484</u>	<u>\$ -</u>

429 Pre-K Grant Program	461 Campus Activity Funds	481 Project Lead the Way	484 Metrocrest Hospital Authority	486 Houston Korean Center Grant	489 Digtl Promise Coaching Fellowship	492 City of Farmers Branch TIF #1	493 City of Farmers Branch TIF #2
\$ -	\$ 1,229,809	\$ 36,950	\$ 125,620	\$ 30,721	\$ 12,676	\$ 11,717,314	\$ 735,229
-	-	-	-	-	-	-	-
-	550	-	-	-	-	-	-
-	1,968	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,232,327</u>	<u>\$ 36,950</u>	<u>\$ 125,620</u>	<u>\$ 30,721</u>	<u>\$ 12,676</u>	<u>\$ 11,717,314</u>	<u>\$ 735,229</u>
\$ -	\$ 82,862	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	4,570	4,141	-	-	-
-	2,139	-	166	-	783	5,966	-
-	-	36,950	120,884	26,580	11,893	-	-
-	85,001	36,950	125,620	30,721	12,676	5,966	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	11,711,348	735,229
-	1,147,326	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,147,326	-	-	-	-	11,711,348	735,229
<u>\$ -</u>	<u>\$ 1,232,327</u>	<u>\$ 36,950</u>	<u>\$ 125,620</u>	<u>\$ 30,721</u>	<u>\$ 12,676</u>	<u>\$ 11,717,314</u>	<u>\$ 735,229</u>

CARROLLTON-FARMERS BRANCH ISD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2018

Data Control Codes	494 Education Technology & Operational	Total Nonmajor Governmental Funds	
ASSETS			
1110	Cash and Cash Equivalents	\$ 4,058,697	\$ 21,993,402
1240	Receivables from Other Governments	-	2,559,825
1260	Due from Other Funds	-	15,156
1290	Other Receivables	-	2,157
1300	Inventories	-	538,186
1000	Total Assets	<u>\$ 4,058,697</u>	<u>\$ 25,108,726</u>
LIABILITIES			
2110	Accounts Payable	\$ -	\$ 641,358
2160	Accrued Wages Payable	-	960,171
2170	Due to Other Funds	-	1,421,759
2300	Unearned Revenues	-	489,034
2000	Total Liabilities	<u>-</u>	<u>3,512,322</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410	Inventories	-	538,186
Restricted Fund Balance:			
3450	Food Service	-	3,405,618
3490	Other Restricted Fund Balance	-	12,446,577
Committed Fund Balance:			
3544	Campus Activity Funds	-	1,147,326
Assigned Fund Balance:			
3590	Education, Technology, & Operational Funds	<u>4,058,697</u>	<u>4,058,697</u>
3000	Total Fund Balances	<u>4,058,697</u>	<u>21,596,404</u>
4000	Total Liabilities and Fund Balances	<u>\$ 4,058,697</u>	<u>\$ 25,108,726</u>



CARROLLTON-FARMERS BRANCH ISD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	<u>5,359,082</u>	<u>6,437,858</u>	<u>68,606</u>
5020 Total Revenues	<u>5,359,082</u>	<u>6,437,858</u>	<u>68,606</u>
EXPENDITURES:			
Current:			
0011 Instruction	2,594,288	6,330,506	68,606
0012 Instructional Resources and Media Services	45,395	-	-
0013 Curriculum and Instructional Staff Development	2,538,502	-	-
0021 Instructional Leadership	5,359	-	-
0023 School Leadership	18,548	-	-
0031 Guidance, Counseling and Evaluation Services	-	84,211	-
0033 Health Services	-	-	-
0034 Student (Pupil) Transportation	3,088	-	-
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	153,902	23,141	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
6030 Total Expenditures	<u>5,359,082</u>	<u>6,437,858</u>	<u>68,606</u>
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Carl Perkins	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	281 Limited English Prof. Summer School	287 TX Hurricane Emergency Impact Aid	288 Work Source Child Care & Development	289 Title IV Part A-Stud. Supp/Enrchmnt
\$ 2,851,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
68,143	-	-	-	-	-	-	-
<u>9,825,827</u>	<u>237,572</u>	<u>634,687</u>	<u>837,668</u>	<u>21,369</u>	<u>407,163</u>	<u>8,158</u>	<u>116,950</u>
<u>12,745,958</u>	<u>237,572</u>	<u>634,687</u>	<u>837,668</u>	<u>21,369</u>	<u>407,163</u>	<u>8,158</u>	<u>116,950</u>
-	108,279	140,328	166,922	21,369	407,163	-	35,327
-	-	-	-	-	-	-	-
-	-	341,467	500,032	-	-	-	4,745
-	45,878	33,741	26,578	-	-	-	5,204
-	-	-	-	-	-	-	-
-	83,415	-	66,997	-	-	-	71,674
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,172,748	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	119,151	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	77,139	-	-	8,158	-
-	-	-	-	-	-	-	-
<u>12,172,748</u>	<u>237,572</u>	<u>634,687</u>	<u>837,668</u>	<u>21,369</u>	<u>407,163</u>	<u>8,158</u>	<u>116,950</u>
573,210	-	-	-	-	-	-	-
<u>3,370,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,943,804</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, 2018

Data Control Codes	385 Visually Impaired SSVI	397 AP/IB Test Fee Subsidies	410 State Textbook Fund	427 Combined State Grants	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ 569	\$ -
5800	State Program Revenues	4,399	15,865	2,096,633	1,779
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>4,399</u>	<u>15,865</u>	<u>2,097,202</u>	<u>1,779</u>
EXPENDITURES:					
Current:					
0011	Instruction	4,399	-	1,923,582	-
0012	Instructional Resources and Media Services	-	-	-	29
0013	Curriculum and Instructional Staff Development	-	15,865	134,841	1,750
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	38,779	-
0061	Community Services	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>4,399</u>	<u>15,865</u>	<u>2,097,202</u>	<u>1,779</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>

429 Pre-K Grant Program	461 Campus Activity Funds	481 Project Lead the Way	484 Metrocrest Hospital Authority	486 Houston Korean Center Grant	489 Digtl Promise Coaching Fellowship	492 City of Farmers Branch TIF #1	493 City of Farmers Branch TIF #2
\$ -	\$ 1,408,962	\$ 3,050	\$ 71,502	\$ 4,141	\$ 369,656	\$ 1,891,570	\$ 234,369
67,503	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>67,503</u>	<u>1,408,962</u>	<u>3,050</u>	<u>71,502</u>	<u>4,141</u>	<u>369,656</u>	<u>1,891,570</u>	<u>234,369</u>
67,503	676,687	-	71,502	4,141	369,656	-	-
-	25,969	-	-	-	-	-	-
-	4,333	3,050	-	-	-	-	-
-	-	-	-	-	-	-	-
-	85,887	-	-	-	-	-	-
-	118,974	-	-	-	-	-	-
-	3,446	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	597,036	-	-	-	-	-	-
-	-	-	-	-	-	12,053	-
-	5,449	-	-	-	-	-	-
-	1,708	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	679	-	-	-	-	-	-
-	-	-	-	-	-	6,706	-
<u>67,503</u>	<u>1,520,168</u>	<u>3,050</u>	<u>71,502</u>	<u>4,141</u>	<u>369,656</u>	<u>18,759</u>	<u>-</u>
-	(111,206)	-	-	-	-	1,872,811	234,369
-	1,258,532	-	-	-	-	9,838,537	500,860
<u>\$ -</u>	<u>\$ 1,147,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,711,348</u>	<u>\$ 735,229</u>

CARROLLTON-FARMERS BRANCH ISD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	494 Education Technology & Operational	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 58,586	\$ 6,894,393
5800 State Program Revenues	-	2,254,322
5900 Federal Program Revenues	-	23,954,940
5020 Total Revenues	<u>58,586</u>	<u>33,103,655</u>
EXPENDITURES:		
Current:		
0011 Instruction	-	12,990,258
0012 Instructional Resources and Media Services	-	71,393
0013 Curriculum and Instructional Staff Development	-	3,544,585
0021 Instructional Leadership	-	116,760
0023 School Leadership	-	104,435
0031 Guidance, Counseling and Evaluation Services	-	425,271
0033 Health Services	-	3,446
0034 Student (Pupil) Transportation	-	3,088
0035 Food Services	-	12,172,748
0036 Extracurricular Activities	-	597,036
0041 General Administration	-	131,204
0051 Facilities Maintenance and Operations	-	5,449
0052 Security and Monitoring Services	-	1,708
0053 Data Processing Services	-	38,779
0061 Community Services	-	263,019
Capital Outlay:		
0081 Facilities Acquisition and Construction	-	6,706
6030 Total Expenditures	<u>-</u>	<u>30,475,885</u>
1200 Net Change in Fund Balance	58,586	2,627,770
0100 Fund Balance - September 1 (Beginning)	<u>4,000,111</u>	<u>18,968,634</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 4,058,697</u>	<u>\$ 21,596,404</u>

AGENCY FUNDS

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

Education Purchasing CO-OP of North Texas (EPCNT) – Used to procure educational products and services.



CARROLLTON-FARMERS BRANCH ISD
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

	BALANCE SEPTEMBER 1 2017	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2018
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 759,875	\$ 1,720,286	\$ 1,573,930	\$ 906,231
Other Receivables	2,913	2,384	1,100	4,197
Total Assets	<u>\$ 762,788</u>	<u>\$ 1,722,670</u>	<u>\$ 1,575,030</u>	<u>\$ 910,428</u>
Liabilities:				
Accounts Payable	\$ 32,314	\$ 1,873,104	\$ 1,858,972	\$ 46,446
Due to Other Funds	-	12,460	12,194	266
Due to Student Groups	730,474	1,869,565	1,736,323	863,716
Total Liabilities	<u>\$ 762,788</u>	<u>\$ 3,755,129</u>	<u>\$ 3,607,489</u>	<u>\$ 910,428</u>
LOCALLY DEFINED AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 58,006	\$ 9,900	\$ 2,407	\$ 65,499
Liabilities:				
Accounts Payable	\$ -	\$ 2,407	\$ 2,407	\$ -
Due to Other Governments	58,006	9,900	2,407	65,499
Total Liabilities	<u>\$ 58,006</u>	<u>\$ 12,307</u>	<u>\$ 4,814</u>	<u>\$ 65,499</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 817,881	\$ 1,730,186	\$ 1,576,337	\$ 971,730
Other Receivables	2,913	2,384	1,100	4,197
Total Assets	<u>\$ 820,794</u>	<u>\$ 1,732,570</u>	<u>\$ 1,577,437</u>	<u>\$ 975,927</u>
Liabilities:				
Accounts Payable	\$ 32,314	\$ 1,875,511	\$ 1,861,379	\$ 46,446
Due to Other Funds	-	12,460	12,194	266
Due to Other Governments	58,006	9,900	2,407	65,499
Due to Student Groups	730,474	1,869,565	1,736,323	863,716
Total Liabilities	<u>\$ 820,794</u>	<u>\$ 3,767,436</u>	<u>\$ 3,612,303</u>	<u>\$ 975,927</u>



**REQUIRED
TEXAS EDUCATION AGENCY
SCHEDULES**

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2018

Last Ten Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Net Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2009 & Prior	Various	Various	Various
2010	1.0400	0.3022	14,909,785,600
2011	1.0400	0.3069	14,133,013,647
2012	1.0400	0.3168	13,889,472,257
2013	1.0400	0.2906	14,200,732,177
2014	1.0400	0.2835	14,964,110,850
2015	1.0400	0.2633	16,079,853,331
2016	1.0400	0.2417	17,083,929,532
2017	1.1700	0.2217	18,432,923,622
2018 (Current year under Audit)	1.1700	0.2110	19,886,877,660

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 09/01/17	(20) Current Year's Total Levy	(31) Maintenance Total Collections	(32) Debt Service Total Collections	(40) Entire Year's Adjustment	(50) Ending Balance 08/31/18
524,314	-	28,912	6,817	(311,978)	176,607
222,163	-	4,717	1,371	(177,574)	38,501
357,489	-	5,967	1,761	(301,993)	47,768
326,800	-	8,520	2,595	(252,909)	62,776
261,543	-	19,872	5,553	(160,761)	75,357
304,892	-	20,669	5,634	(179,307)	99,282
439,128	-	42,780	10,831	(18,732)	366,785
539,649	-	84,261	19,583	(30,038)	405,767
1,204,962	-	114,322	21,663	(486,670)	582,307
-	267,019,690	226,183,509	40,805,369	1,389,402	1,420,214
<u>\$ 4,180,940</u>	<u>\$ 267,019,690</u>	<u>\$ 226,513,529</u>	<u>\$ 40,881,175</u>	<u>\$ (530,561)</u>	<u>3,275,364</u>
					<u>1,327,511</u>
					<u>\$ 4,602,875</u>
		<u>\$ 21,010,346</u>			

CARROLLTON-FARMERS BRANCH ISD
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2018

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	\$ 3,001,551	\$ 3,001,551	\$ 2,851,988	\$ (149,563)
5800 State Program Revenues	70,000	70,000	68,143	(1,857)
5900 Federal Program Revenues	10,071,468	10,071,468	9,825,827	(245,641)
5020 Total Revenues	<u>13,143,019</u>	<u>13,143,019</u>	<u>12,745,958</u>	<u>(397,061)</u>
EXPENDITURES:				
0035 Food Services	<u>13,143,019</u>	<u>13,753,019</u>	<u>12,172,748</u>	<u>1,580,271</u>
6030 Total Expenditures	<u>13,143,019</u>	<u>13,753,019</u>	<u>12,172,748</u>	<u>1,580,271</u>
1200 Net Change in Fund Balances	-	(610,000)	573,210	1,183,210
0100 Fund Balance - September 1 (Beginning)	<u>3,370,594</u>	<u>3,370,594</u>	<u>3,370,594</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 3,370,594</u>	<u>\$ 2,760,594</u>	<u>\$ 3,943,804</u>	<u>\$ 1,183,210</u>

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, 2018

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	\$ 40,610,680	\$ 40,898,550	\$ 41,233,317	\$ 334,767
5800	State Program Revenues	607,577	607,577	527,678	(79,899)
5020	Total Revenues	41,218,257	41,506,127	41,760,995	254,868
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	32,800,000	32,990,005	32,990,000	5
0072	Interest on Long Term Debt	8,403,257	8,213,252	8,211,545	1,707
0073	Bond Issuance Cost and Fees	15,000	280,600	274,780	5,820
6030	Total Expenditures	41,218,257	41,483,857	41,476,325	7,532
1100	Excess of Revenues Over Expenditures	-	22,270	284,670	262,400
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	13,800,000	13,800,000	-
7916	Premium or Discount on Issuance of Bonds	-	1,471,160	1,471,159	(1)
8949	Other (Uses)	-	(15,293,430)	(15,220,314)	73,116
7080	Total Other Financing Sources (Uses)	-	(22,270)	50,845	73,115
1200	Net Change in Fund Balances	-	-	335,515	335,515
0100	Fund Balance - September 1 (Beginning)	9,626,941	9,626,941	9,626,941	-
3000	Fund Balance - August 31 (Ending)	\$ 9,626,941	\$ 9,626,941	\$ 9,962,456	\$ 335,515

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.....	104
Revenue Capacity	
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax	119
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.....	124
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.....	131
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	133

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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING, UNAUDITED)
(AMOUNTS IN THOUSANDS)

	2018	(1) 2017	2016	2015
Governmental Activities				
Net Investment in Capital Assets	\$ 276,286	\$ 230,707	\$ 213,130	\$ 180,653
Restricted for				
Federal and State Programs	-	-	-	-
Food Service	3,944	3,370	2,217	1,854
Tax Increment Zone	84,037	65,868	49,326	50,365
Debt Service	10,189	10,051	9,079	8,305
Unrestricted	(100,448)	(113,494)	28,388	35,058
Total Governmental Activities Net Position	<u>274,008</u>	<u>196,502</u>	<u>302,140</u>	<u>276,235</u>
Business Type Activities - Unrestricted	7,607	6,923	6,186	5,451
Total Primary Government Net Position	<u>\$ 281,615</u>	<u>\$ 203,425</u>	<u>\$ 308,326</u>	<u>\$ 281,686</u>

Source: Carrollton-Farmers Branch ISD

(1) Net position for fiscal year 2017 was restated in 2018 for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

TABLE I

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 147,953	\$ 134,412	\$ 117,722	\$ 115,312	\$ 97,751	\$ 112,265
-	-	-	-	-	-
606	172	374	817	669	1,567
52,746	42,171	32,866	23,639	13,579	4,901
7,933	7,042	6,296	2,522.00	1,943	2,260
64,844	71,857	81,549	67,978	76,585	45,685
<u>274,082</u>	<u>255,654</u>	<u>238,807</u>	<u>210,268</u>	<u>190,527</u>	<u>166,678</u>
4,545	3,652	2,691	2,015	1,710	1,257
<u>\$ 278,627</u>	<u>\$ 259,306</u>	<u>\$ 241,498</u>	<u>\$ 212,283</u>	<u>\$ 192,237</u>	<u>\$ 167,935</u>

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

	2018	2017	2016	2015
Expenses				
Governmental Activities:				
Instruction	\$ 112,246,144	\$ 151,133,616	\$ 154,001,200	\$ 146,417,736
Instruction Resources and Media Services	3,814,417	4,776,539	4,799,069	4,985,743
Curriculum and Instructional Staff Development	6,877,999	7,517,763	7,629,342	6,914,130
Instructional Leadership	2,902,659	3,765,386	3,663,945	3,337,331
School Leadership	11,307,319	16,499,869	16,317,979	15,163,309
Guidance, Counseling, and Evaluation Services	7,806,231	10,973,460	10,831,434	10,147,756
Social Work Services	44,697	71,490	72,597	67,822
Health Services	1,978,967	2,918,559	2,961,040	2,644,044
Student (Pupil) Transportation	5,426,654	4,820,832	4,814,908	4,132,874
Food Service	13,554,516	12,455,369	12,983,764	12,626,501
Extracurricular Activities	7,067,118	6,612,848	6,718,153	6,282,594
General Administration	5,252,329	6,814,081	6,889,090	6,312,631
Facilities Maintenance and Operations	20,104,157	23,206,837	23,823,404	23,064,274
Security and Monitoring Services	1,272,381	1,720,154	1,624,672	1,492,686
Data Processing Services	5,426,200	6,694,892	5,984,160	5,266,587
Community Services	317,959	294,543	374,596	450,639
Debt Service - Interest on Long Term Debt	6,302,614	7,869,469	9,441,313	10,579,326
Debt Service - Bond Issuance Costs and Fees	274,780	342,306	229,630	303,266
Facilities Acquisition and Construction	-	-	-	-
Contracted Instructional Services Between Schools	8,397,096	5,945,227	-	-
Incremental Costs Associated with Chapter 41	-	-	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	35,640	5,166	39,869	31,486
Payments to Tax Increment Fund	28,885,201	25,873,965	22,623,080	17,974,812
Other Intergovernmental Charges	1,041,868	965,009	932,440	899,649
Total Government Activities Expenses	250,336,946	301,277,380	296,755,685	279,095,196
Business-Type Activities (After the Bell)				
Expenses	4,272,781	3,863,885	3,617,325	3,398,042
Total Business-Type Activities	4,272,781	3,863,885	3,617,325	3,398,042
Total Primary Government Expenses	254,609,727	305,141,265	300,373,010	282,493,238
Program Revenues				
Governmental Activities				
Charges for services				
Food Service	2,801,524	2,529,948	2,546,323	2,584,412
Extracurricular Activities	933,632	839,519	854,792	704,642
Other	1,749,489	1,599,290	1,628,486	1,623,576
Operating Grants and Contributions				
Instruction	(7,355,214)	22,912,340	25,137,292	20,215,153
Food Service	9,825,827	9,189,051	9,519,622	9,528,720
Other	(6,473,311)	7,668,400	8,520,222	7,292,316
Capital Grants and Contributions	19,016,842	17,061,745	14,978,161	11,980,349
Business-Type Activities (After the Bell)				
Charges for Services	4,865,133	4,563,194	4,331,493	4,292,661
Total Primary Government Program Revenues	25,363,922	66,363,487	67,516,391	58,221,829
Net (Expense) Revenue				
Governmental Activities	(229,838,157)	(239,477,087)	(233,570,787)	(225,166,028)
Business Type Activities	592,352	699,309	714,168	894,619
Total Primary Government	\$ (229,245,805)	\$ (238,777,778)	\$ (232,856,619)	\$ (224,271,409)

Source: Carrollton-Farmers Branch ISD

TABLE II

	2014	2013	2012	2011	2010	2009
\$	141,655,619	\$ 131,134,845	\$ 132,791,816	\$ 141,747,420	\$ 143,091,092	\$ 144,553,419
	4,467,237	4,571,102	4,379,728	4,530,587	4,470,228	4,405,821
	6,349,383	7,085,217	7,300,486	6,557,939	5,973,731	5,876,796
	3,306,762	2,935,380	2,533,099	2,602,799	2,849,542	2,823,228
	14,328,268	13,916,535	13,920,488	14,326,723	14,406,145	14,757,245
	9,804,021	8,947,154	9,261,322	9,634,002	9,935,686	9,424,596
	140,333	177,578	167,221	168,258	165,704	166,991
	2,621,635	2,468,811	2,549,034	2,562,615	2,665,025	2,473,339
	4,650,512	4,330,314	3,105,589	3,855,752	3,101,861	2,196,934
	12,121,742	12,267,870	11,961,743	12,365,226	12,263,601	12,212,817
	6,813,429	6,086,152	6,012,638	6,179,751	6,009,078	6,047,251
	6,028,276	6,155,795	6,179,859	7,061,920	7,135,378	7,112,644
	22,101,436	22,213,433	23,519,488	24,209,153	23,043,604	23,120,351
	1,533,648	1,446,443	1,372,730	1,548,610	1,545,532	1,737,888
	6,111,082	5,895,263	6,551,630	7,391,313	7,008,219	5,900,846
	430,814	518,660	505,980	651,173	1,148,422	1,072,788
	13,288,346	11,631,609	13,984,539	15,992,914	17,350,391	18,082,051
	7,800	628,270	195,034	212,351	79,532	74,485
	-	-	-	1,191,981	1,331,904	1,916,924
	-	-	75,536	-	-	17,898,472
	-	-	-	-	-	16,283
	8,639	28,386	57,484	143,124	159,550	136,225
	15,713,810	13,807,241	13,777,411	15,139,211	12,995,177	12,414,532
	889,432	886,812	898,662	937,593	963,230	1,159,125
	<u>272,372,224</u>	<u>257,132,870</u>	<u>261,101,517</u>	<u>279,010,415</u>	<u>277,692,632</u>	<u>295,581,051</u>
	<u>3,024,824</u>	<u>2,907,972</u>	<u>2,801,626</u>	<u>2,838,839</u>	<u>2,414,999</u>	<u>2,241,841</u>
	<u>3,024,824</u>	<u>2,907,972</u>	<u>2,801,626</u>	<u>2,838,839</u>	<u>2,414,999</u>	<u>2,241,841</u>
	<u>275,397,048</u>	<u>260,040,842</u>	<u>263,903,143</u>	<u>281,849,254</u>	<u>280,107,631</u>	<u>297,822,892</u>
	2,237,355	1,984,529	2,214,248	2,386,913	2,733,819	3,089,933
	873,427	786,106	834,249	913,649	854,839	913,801
	1,531,554	1,744,287	3,065,762	1,804,636	1,985,881	1,593,357
	19,004,336	16,208,269	17,369,723	21,343,507	23,522,054	18,446,999
	8,779,747	8,625,777	8,378,836	8,144,101	8,170,342	8,120,150
	6,058,357	6,829,275	11,151,226	15,368,331	14,295,414	7,003,487
	10,497,989	9,296,464	9,196,973	10,085,250	8,664,218	8,165,396
	<u>3,916,670</u>	<u>3,868,128</u>	<u>3,478,069</u>	<u>3,144,010</u>	<u>2,982,574</u>	<u>2,783,342</u>
	<u>52,899,435</u>	<u>49,342,835</u>	<u>55,689,086</u>	<u>63,190,397</u>	<u>63,209,141</u>	<u>50,116,465</u>
	(223,389,459)	(211,658,163)	(208,890,500)	(218,964,028)	(217,466,065)	(248,247,928)
	<u>891,846</u>	<u>960,156</u>	<u>676,443</u>	<u>305,171</u>	<u>567,575</u>	<u>541,501</u>
\$	<u>(222,497,613)</u>	<u>(210,698,007)</u>	<u>(208,214,057)</u>	<u>(218,658,857)</u>	<u>(216,898,490)</u>	<u>(247,706,427)</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net (Expense)/Revenue				
Governmental Activities	\$ (229,838,157)	\$ (239,477,087)	\$ (233,570,787)	\$ (225,166,028)
Business-Type Activities	592,352	699,309	714,168	894,619
Total Primary Government Net Expense	<u>(229,245,805)</u>	<u>(238,777,778)</u>	<u>(232,856,619)</u>	<u>(224,271,409)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for General Purposes	228,054,618	208,294,110	173,900,373	163,516,686
Property Taxes Levied for Capital Projects	40,861,895	39,525,673	40,416,054	41,367,838
State Aid - Formula Grants	27,143,302	30,744,891	44,808,454	46,810,897
Grants & Contributions -Not Restricted	8,512	42,997	18,852	14,570
Investment Earnings	3,533,975	1,426,840	644,069	364,601
Miscellaneous Local and Intermediate Revenues	317,922	407,144	311,742	564,194
Special Item:				
Assets Received-Dissolution of Dallas Co Schools	4,779,834	-	-	-
Transfers	-	-	-	-
Total Governmental Activities	<u>304,700,058</u>	<u>280,441,655</u>	<u>260,099,544</u>	<u>252,638,786</u>
Business-Type Activities:				
Investment Earnings	91,851	37,736	20,987	11,149
Transfers	-	-	-	-
Total Business-Type Activities	<u>91,851</u>	<u>37,736</u>	<u>20,987</u>	<u>11,149</u>
Total General Revenues - Primary Government	<u>\$ 304,791,909</u>	<u>\$ 280,479,391</u>	<u>\$ 260,120,531</u>	<u>\$ 252,649,935</u>
Change in Net Position				
Net Position- Beginning	\$ 351,867,284	\$ 308,325,650	\$ 281,685,131	\$ 278,626,921
Prior Period Adjustments	(145,797,857)	1,840,021	(623,393)	(25,320,316)
Governmental Activities	74,861,901	40,964,568	26,528,757	27,472,758
Business-Type Activities	684,203	737,045	735,155	905,768
Total Change in Net Position-Primary Government	<u>75,546,104</u>	<u>41,701,613</u>	<u>27,263,912</u>	<u>28,378,526</u>
Net Position- Ending	<u>\$ 281,615,531</u>	<u>\$ 351,867,284</u>	<u>\$ 308,325,650</u>	<u>\$ 281,685,131</u>

Source: Carrollton-Farmers Branch ISD

The Net Position - Beginning balance for 2013 includes a restated amount due to the implementation of GASB 65.

TABLE III

2014	2013	2012	2011	2010	2009
\$ (223,389,459)	\$ (211,658,163)	\$ (208,890,500)	\$ (218,964,028)	\$ (217,466,065)	\$ (248,247,928)
891,846	960,156	676,443	305,171	567,575	541,501
<u>(222,497,613)</u>	<u>(210,698,007)</u>	<u>(208,214,057)</u>	<u>(218,658,857)</u>	<u>(216,898,490)</u>	<u>(247,706,427)</u>
152,386,767	145,022,771	142,069,891	143,955,421	151,034,569	154,202,554
41,515,082	40,495,796	43,220,140	42,420,096	44,073,412	47,774,102
47,193,293	44,267,986	50,585,614	51,675,059	47,117,639	65,071,101
16,358	29,252	36,963	25,468	31,612	-
322,677	337,789	206,371	204,213	255,723	1,912,509
382,556	180,356	1,311,059	423,408	165,609	122,192
-	-	-	-	-	-
-	-	-	-	115,350	-
<u>241,816,733</u>	<u>230,333,950</u>	<u>237,430,038</u>	<u>238,703,665</u>	<u>242,793,914</u>	<u>269,082,458</u>
1,465	201	-	-	-	-
-	-	-	-	(115,350)	-
<u>1,465</u>	<u>201</u>	<u>-</u>	<u>-</u>	<u>(115,350)</u>	<u>-</u>
\$ 241,818,198	\$ 230,334,151	\$ 237,430,038	\$ 238,703,665	\$ 242,678,564	\$ 269,082,458
\$ 259,306,336	\$ 239,670,192	\$ 212,282,484	\$ 192,237,676	\$ 167,935,712	\$ 146,559,681
-	-	-	-	(1,478,110)	-
18,427,274	18,675,787	28,539,538	19,739,637	25,327,849	20,834,530
893,311	960,357	676,443	305,171	452,225	541,501
<u>19,320,585</u>	<u>19,636,144</u>	<u>29,215,981</u>	<u>20,044,808</u>	<u>25,780,074</u>	<u>21,376,031</u>
<u>\$ 278,626,921</u>	<u>\$ 259,306,336</u>	<u>\$ 241,498,465</u>	<u>\$ 212,282,484</u>	<u>\$ 192,237,676</u>	<u>\$ 167,935,712</u>

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

General Fund
 Reserved
 Unreserved
 Total General Fund

Other Governmental Funds
 Reserved, Reported In
 Federal Special Revenue Fund
 Debt Service Fund
 Capital Projects Fund
 Non-Major Funds
 Unreserved, Reported In
 Special Revenue Funds
 Total Other Governmental Funds

Total Governmental Funds

	2018	2017	2016	2015
General Fund				
Nonspendable Fund Balance	\$ 1,135,367.00	\$ 1,090,146.00	\$ 973,654	\$ 1,022,819
Committed Fund Balance	13,000,000	9,000,000	10,500,000	6,000,000
Assigned Fund Balance	-	-	-	6,947,034
Unassigned Fund Balance	<u>86,148,922</u>	<u>76,352,094</u>	<u>67,971,418</u>	<u>65,476,170</u>
Total General Fund	<u>100,284,289</u>	<u>86,442,240</u>	<u>79,445,072</u>	<u>79,446,023</u>
Other Governmental Funds				
Debt Service				
Restricted Fund Balance	9,962,456	9,626,941	8,954,478	8,300,109
Capital Projects				
Nonspendable Fund Balance	-	-	-	-
Restricted Fund Balance	11,347,960	13,391,128	23,683,192	34,626,622
City of Irving TIF #1				
Restricted Fund Balance	71,590,906	55,528,859	40,429,856	42,323,106
Special Revenue Funds				
Nonspendable Fund Balance	538,186	501,901	481,906	579,770
Restricted Fund Balance	15,852,195	13,208,090	11,112,881	9,315,804
Committed Fund Balance	1,147,326	1,258,532	1,252,236	1,399,383
Assigned Fund Balance	<u>4,058,697</u>	<u>4,000,111</u>	<u>85,914,549</u>	<u>96,544,794</u>
Total Other Governmental Funds	<u>114,497,726</u>	<u>97,515,562</u>	<u>85,914,549</u>	<u>96,544,794</u>
Total Governmental Funds	<u>\$ 214,782,015</u>	<u>\$ 183,957,802</u>	<u>\$ 165,359,621</u>	<u>\$ 175,990,817</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>2010</u>	<u>2009</u>
				\$ 2,120,977	\$ 2,823,462
				68,710,221	60,223,200
				<u>70,831,198</u>	<u>63,046,662</u>
				-	-
				2,118,869	2,233,800
				27,072,635	44,744,168
				14,994,769	6,468,410
				<u>1,263,598</u>	<u>1,217,257</u>
				<u>45,449,871</u>	<u>54,663,635</u>
				<u>\$ 116,281,069</u>	<u>\$ 117,710,297</u>
<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>		
\$ 1,007,591	\$ 979,474	\$ 898,744	\$ 982,936		
3,000,000	8,000,000	-	-		
10,622,493	7,667,451	10,098,666	9,728,966		
<u>63,617,529</u>	<u>65,505,268</u>	<u>71,563,413</u>	<u>62,238,430</u>		
<u>78,247,613</u>	<u>82,152,193</u>	<u>82,560,823</u>	<u>72,950,332</u>		
8,103,234	7,331,153	6,408,260	3,003,709		
-	-	121,386	121,386		
48,050,854	67,327,617	27,777,993	20,934,175		
45,233,015	35,128,911	26,276,644	17,470,353		
450,362	171,557	373,942	550,605		
7,668,598	7,042,533	6,589,672	6,434,812		
1,558,527	1,405,074	1,364,883	1,324,126		
<u>111,064,590</u>	<u>118,406,845</u>	<u>68,912,780</u>	<u>49,839,166</u>		
<u>\$ 189,312,203</u>	<u>\$ 200,559,038</u>	<u>\$ 151,473,603</u>	<u>\$ 122,789,498</u>		

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Federal Sources:				
Federal Grants	\$ 18,912,772	\$ 16,492,262	\$ 15,402,800	\$ 13,116,663
Food Services	9,825,827	9,189,051	9,519,622	9,412,284
Total Federal Sources	<u>28,738,599</u>	<u>25,681,313</u>	<u>24,922,422</u>	<u>22,528,947</u>
State Sources:				
State Education Finance Program	26,547,481	29,961,151	43,994,523	46,750,710
Food Services	68,143	69,308	71,048	68,521
State Grants and Other	13,362,609	12,706,912	12,524,233	14,489,330
Total State Sources	<u>39,978,233</u>	<u>42,737,371</u>	<u>56,589,804</u>	<u>61,308,561</u>
Local Sources:				
Property Taxes	268,737,321	247,573,892	214,219,204	204,562,735
Tax Increment fund	19,016,842	17,061,746	14,978,161	11,980,349
Investment Earnings	3,419,431	1,365,832	611,614	327,030
Food Sales	2,796,904	2,522,933	2,530,761	2,573,975
Other	3,463,093	2,896,220	2,839,250	2,926,997
Total Local Sources	<u>297,433,591</u>	<u>271,420,623</u>	<u>235,178,990</u>	<u>222,371,086</u>
Total Revenues	<u>\$ 366,150,423</u>	<u>\$ 339,839,307</u>	<u>\$ 316,691,216</u>	<u>\$ 306,208,594</u>

Source: Carrollton-Farmers Branch ISD

TABLE V

2014	2013	2012	2011	2010	2009
\$ 12,652,750	\$ 12,740,974	\$ 15,323,392	\$ 24,172,684	\$ 24,619,190	\$ 11,602,399
8,711,952	8,557,652	8,307,475	8,070,064	8,088,131	8,033,902
<u>21,364,702</u>	<u>21,298,626</u>	<u>23,630,867</u>	<u>32,242,748</u>	<u>32,707,321</u>	<u>19,636,301</u>
40,852,694	44,267,986	50,585,614	51,700,557	45,863,374	65,099,747
67,795	68,125	71,361	74,037	82,181	82,738
<u>18,431,176</u>	<u>10,265,524</u>	<u>13,169,326</u>	<u>12,913,357</u>	<u>12,704,390</u>	<u>13,095,873</u>
<u>59,351,665</u>	<u>54,601,635</u>	<u>63,826,301</u>	<u>64,687,951</u>	<u>58,649,945</u>	<u>78,278,358</u>
193,825,686	186,179,321	185,379,324	186,436,925	195,521,777	201,138,295
10,497,989	9,290,227	9,196,973	10,085,250	8,664,218	8,259,752
294,949	314,480	192,418	190,054	235,098	1,808,888
2,235,028	1,983,638	2,214,248	2,386,913	2,733,820	3,089,933
3,125,588	2,808,937	5,276,264	3,140,291	10,381,100	1,037,350
<u>209,979,240</u>	<u>200,576,603</u>	<u>202,259,227</u>	<u>202,239,433</u>	<u>217,536,013</u>	<u>215,334,218</u>
<u>\$ 290,695,607</u>	<u>\$ 276,476,864</u>	<u>\$ 289,716,395</u>	<u>\$ 299,170,132</u>	<u>\$ 308,893,279</u>	<u>\$ 313,248,877</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>2018</u>	<u>2017</u>	<u>2016</u>
Non Capital -Operational Expenditures			
Instruction	\$ 147,285,566	\$ 135,627,861	\$ 135,563,390
Instruction Resources and Media Services	4,091,602	3,770,256	3,783,233
Curriculum and Instructional Staff Development	7,649,611	7,185,298	7,110,229
Instructional Leadership	3,883,538	3,612,910	3,470,417
School Leadership	15,805,979	15,039,960	14,677,203
Guidance, Counseling, and Evaluation Services	11,224,596	10,421,695	10,160,081
Social Work Services	70,864	68,530	68,949
Health Services	2,954,675	2,743,186	2,755,728
Student (Pupil) Transportation	243,514	4,788,249	4,782,167
Food Services	11,920,647	10,926,917	11,289,326
Extracurricular Activities	5,386,229	5,043,976	5,146,104
General Administration	6,553,924	6,130,729	6,135,117
Facilities Maintenance and Operations	23,453,462	21,682,453	21,631,996
Security and Monitoring Services	1,641,230	1,680,685	1,573,084
Data Processing Services	4,922,572	5,146,521	5,025,831
Community Services	318,991	307,449	329,441
Facilities Acquisition and Construction	157,002	431,370	1,259,658
Total Non-Capital Operational Expenditures	<u>247,564,002</u>	<u>234,608,045</u>	<u>234,761,954</u>
Intergovernmental			
Contracted Instructional Services Between Schools	8,397,096	5,945,227	-
Incremental Costs Associated with Chapter 41	-	-	-
Payments to Juvenile Justice Alternative Ed. Prg.	35,640	5,166	39,869
Payments to Tax Increment Fund	28,885,201	25,873,965	22,623,080
Other Intergovernmental Charges	1,041,868	965,009	932,440
Total Intergovernmental	<u>38,359,805</u>	<u>32,789,367</u>	<u>23,595,389</u>
Capital Outlay			
Facilities Acquisition/Construction	4,045,137	11,118,309	25,492,075
Other Capital Outlay	6,576,240	5,206,510	2,434,200
Total Capital Outlay	<u>10,621,377</u>	<u>16,324,819</u>	<u>27,926,275</u>
Debt service			
Principal	32,990,000	30,310,000	29,525,000
Interest	8,211,545	9,141,542	10,887,351
Fiscal Charges	274,780	342,306	229,630
Total Debt Service Expenditures	<u>41,476,325</u>	<u>39,793,848</u>	<u>40,641,981</u>
Total Expenditures	<u>338,021,509</u>	<u>323,516,079</u>	<u>326,925,599</u>
Total Expenditures less Expenditures for Capital Outlay	<u>\$ 327,400,132</u>	<u>\$ 307,191,260</u>	<u>\$ 298,999,324</u>
Debt Service as a Percentage of Non-Capital Expenditures	12.6%	12.8%	13.5%

Source: Carrollton-Farmers Branch ISD.

TABLE VI

2015	2014	2013	2012	2011	2010	2009
\$ 134,360,814	\$ 131,182,934	\$ 121,032,451	\$ 123,399,140	\$ 132,258,151	\$ 134,293,425	\$ 136,193,647
3,977,022	3,691,566	3,792,431	3,643,675	3,800,545	3,801,974	3,784,040
6,771,313	6,110,563	6,842,750	7,077,709	6,342,801	5,746,605	5,648,031
3,308,978	3,260,714	2,885,915	2,491,049	2,564,724	2,806,506	2,779,530
14,245,536	13,561,867	13,138,204	13,221,260	13,653,148	13,765,565	14,145,284
10,007,775	9,640,823	8,776,199	9,123,532	9,513,995	9,806,918	9,297,327
68,002	140,089	177,134	167,352	168,735	165,773	166,968
2,564,509	2,560,099	2,405,032	2,493,562	2,512,408	2,615,065	2,427,488
4,100,690	4,604,813	4,284,614	3,059,904	3,809,657	3,055,499	2,150,573
10,888,917	10,709,563	10,823,054	10,653,874	11,130,552	11,058,241	11,096,529
4,745,706	4,974,562	4,739,800	4,626,211	4,810,349	4,634,702	4,599,543
5,838,704	5,523,801	5,662,062	5,699,552	6,590,978	6,652,399	6,350,194
21,425,814	21,219,761	21,179,495	21,869,694	23,826,841	22,176,196	22,205,857
1,477,345	1,450,385	1,425,974	1,362,871	1,544,788	1,516,063	1,706,477
4,697,539	5,206,568	4,988,480	5,288,192	5,725,371	5,319,490	4,495,388
425,451	413,811	486,474	524,261	698,199	1,150,079	1,074,251
1,086,756	710,847	269,254	1,148,085	1,192,293	1,331,987	1,916,961
<u>229,990,871</u>	<u>224,962,766</u>	<u>212,909,323</u>	<u>215,849,923</u>	<u>230,143,535</u>	<u>229,896,487</u>	<u>230,038,088</u>
-	-	-	75,536	-	-	17,898,472
-	-	-	-	-	-	16,283
31,486	8,639	28,386	5,484	143,124	159,550	136,225
17,974,812	15,713,810	13,807,241	13,777,411	15,139,211	12,995,177	12,414,532
899,649	889,432	886,812	898,662	937,593	963,230	1,159,125
<u>18,905,947</u>	<u>16,611,881</u>	<u>14,722,439</u>	<u>14,757,093</u>	<u>16,219,928</u>	<u>14,117,957</u>	<u>31,624,637</u>
27,010,807	18,206,883	5,671,720	15,206,940	4,289,341	16,161,616	33,334,206
2,551,438	926,011	252,377	336,487	968,979	333,338	1,837,829
<u>29,562,245</u>	<u>19,132,894</u>	<u>5,924,097</u>	<u>15,543,427</u>	<u>5,258,320</u>	<u>16,494,954</u>	<u>35,172,035</u>
28,295,000	26,755,000	25,770,000	25,555,000	27,415,000	27,060,000	28,648,711
12,446,881	14,472,101	13,361,108	13,681,847	14,543,756	17,265,964	19,586,494
303,266	7,800	628,270	785,110	261,369	3,825	3,498
<u>41,045,147</u>	<u>41,234,901</u>	<u>39,759,378</u>	<u>40,021,957</u>	<u>42,220,125</u>	<u>44,329,789</u>	<u>48,238,703</u>
<u>319,504,210</u>	<u>301,942,442</u>	<u>273,315,237</u>	<u>286,172,400</u>	<u>293,841,908</u>	<u>304,839,187</u>	<u>345,073,463</u>
<u>\$ 289,941,965</u>	<u>\$ 282,809,548</u>	<u>\$ 267,391,140</u>	<u>\$ 270,628,973</u>	<u>\$ 288,583,588</u>	<u>\$ 288,344,233</u>	<u>\$ 309,901,428</u>
14.1%	14.6%	14.6%	14.5%	14.5%	15.4%	15.6%

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 28,128,914	\$ 16,323,228	\$ (10,234,383)	\$ (13,295,616)
Other Financing Sources (Uses)				
Refunding Bonds Issued	13,800,000	48,420,000	23,495,000	34,725,000
Capital-Related Debt Issued (Regular Bonds)	-	-	-	-
Sale of Real or Personal Property	-	100,062	-	-
Transfers In	-	4,007,017	-	-
Premium or Discount on Issuance of Bonds	1,471,159	4,592,084	2,371,708	2,642,857
Transfers Out	-	(4,007,017)	-	-
Payment to Bond Refunding Escrow Agent (Use)	-	(52,677,214)	(25,640,128)	(37,393,627)
Other (Uses)	(15,220,314)	-	-	-
Total Other Financing Sources (Uses)	<u>50,845</u>	<u>434,932</u>	<u>226,580</u>	<u>(25,770)</u>
Special Item	-	-	-	-
Net Change in Fund Balances	28,179,759	16,758,160	(10,007,803)	(13,321,386)
Beginning Fund Balance -Sept 1	183,957,802	165,359,621	175,990,817	189,312,203
Prior Period Adjustment	2,644,454	1,840,021	(623,393)	-
Ending Fund Balance - Aug 31	<u>\$ 214,782,015</u>	<u>\$ 183,957,802</u>	<u>\$ 165,359,621</u>	<u>\$ 175,990,817</u>

Source: Carrollton-Farmers Branch ISD

TABLE VII

2014	2013	2012	2011	2010	2009
\$ (11,246,835)	\$ 3,161,627	\$ 3,491,995	\$ 5,328,224	\$ (2,827,084)	\$ (29,622,791)
-	28,700,000	33,085,000	63,565,000	-	-
-	41,250,000	21,880,000	-	-	-
-	-	-	363,964	-	76,043
539,647	-	-	911,452	354,755	25,059
-	8,779,939	8,425,470	6,914,124	-	-
(539,647)	-	-	(377,814)	(239,405)	(25,059)
-	(32,806,131)	(38,198,360)	(70,196,521)	-	-
-	-	-	-	1,282,506	-
-	45,923,808	25,192,110	1,180,205	1,397,856	76,043
-	-	-	-	-	-
(11,246,835)	49,085,435	28,684,105	6,508,429	(1,429,228)	(29,546,748)
200,559,038	151,473,603	122,789,498	116,281,069	117,710,297	147,257,045
<u>\$ 189,312,203</u>	<u>\$ 200,559,038</u>	<u>\$ 151,473,603</u>	<u>\$ 122,789,498</u>	<u>\$ 116,281,069</u>	<u>\$ 117,710,297</u>



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
	Residential Property	Commercial Property	Personal Property			
2009	6,521,152	7,758,422	3,513,982	2,548,147	15,245,409	1.3623
2010	6,620,262	7,326,022	3,500,299	2,536,797	14,909,786	1.3422
2011	6,414,043	6,901,685	3,161,463	2,344,176	14,133,014	1.3469
2012	6,367,741	6,759,663	2,958,073	2,196,004	13,889,472	1.3568
2013	6,357,922	7,083,532	2,979,138	2,219,860	14,200,732	1.3306
2014	6,532,761	7,544,528	3,120,305	2,233,483	14,964,111	1.3235
2015	7,022,124	8,158,376	3,227,722	2,328,368	16,079,854	1.3033
2016	7,629,074	8,742,363	3,565,744	2,853,252	17,083,930	1.2817
2017	8,331,271	9,438,717	3,693,247	3,030,311	18,432,924	1.3917
2018	9,157,196	10,049,265	3,783,916	3,103,499	19,886,878	1.3810

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					
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
2013	1.0400	0.2906	1.3306	0.580	0.618	0.670	0.797	0.530
2014	1.0400	0.2835	1.3235	0.572	0.618	0.638	0.797	0.553
2015	1.0400	0.2633	1.3033	0.562	0.615	0.606	0.797	0.602
2016	1.0400	0.2417	1.2817	0.579	0.613	0.584	0.797	0.602
2017	1.1700	0.2217	1.3917	0.560	0.604	0.580	0.782	0.602
2018	1.1700	0.2110	1.3810	0.550	0.600	0.580	0.780	0.602

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
0.541	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
0.599	0.277	0.243	0.271	0.100
0.599	0.283	0.243	0.271	0.119
0.599	0.285	0.243	0.276	0.125
0.594	0.272	0.243	0.286	0.125
0.594	0.262	0.243	0.286	0.124
0.594	0.248	0.243	0.279	0.123
0.594	0.238	0.243	0.279	0.124

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	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	202,093,926	200,374,994	99.1%	1,542,325	201,917,319	99.91%
2009	195,089,302	193,396,978	99.1%	1,653,823	195,050,801	99.98%
2010	186,476,139	184,834,361	99.1%	1,594,010	186,428,371	99.97%
2011	185,082,381	183,761,421	99.3%	1,258,184	185,019,605	99.97%
2012	185,400,956	184,316,782	99.4%	1,008,817	185,325,599	99.96%
2013	193,864,815	192,936,357	99.5%	829,176	193,765,533	99.95%
2014	204,847,553	203,696,301	99.4%	784,467	204,480,768	99.82%
2015	213,856,595	212,722,883	99.5%	727,945	213,450,828	99.81%
2016	247,866,509	246,661,547	99.5%	622,655	247,284,202	99.77%
2017	268,409,092	266,988,878	99.5%	-	266,988,878	99.47%

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	2018			2009		
		TAXABLE ASSESSED VALUATION	Percent of Total Assessed Taxable Value	Rank	Taxable Value	Percent of Total Assessed Taxable Value	Rank
Piedmont Operating Partners	Rental Property	\$ 192,446,000	0.97%	1	\$ -		
AT&T/Southwestern Bell	Telephone Utility	116,139,840	0.58%	2	131,770,420	0.86%	2
Southern Glazers Distributors	Wholesale Distributors	116,085,178	0.58%	3			
Citicorp Credit Services	Rental Property-Commercial	110,491,680	0.56%	4			
Texas Utilities/TXU/Oncor	Power Utility	108,176,752	0.54%	5	110,872,044	0.73%	4
Walmart/Sam's	Retail	103,100,455	0.52%	6	98,171,783	0.64%	6
Texas Proton Therapy Center	Medical Offices	84,542,030	0.43%	7			
Waters Edge Apt PHI & II	Rental Property-Apartments	84,501,740	0.42%	8			
Exxon/Mobil Corp.	Industrial/Petroleum	84,593,918	0.43%	9	100,874,505	0.66%	5
Halliburton Company Inc.	Oil Services	82,912,137	0.42%	10			
Wells Operating PS LTD	Real Estate				189,423,120	1.24%	1
TCI Park West	Rental Property				122,338,140	0.80%	3
Nokia/ISTAR	Electronics				95,910,590	0.63%	7
Verizon/GTE	Telephone Utility				85,959,296	0.56%	8
Triden Village	Residential Apartments				84,186,746	0.55%	9
Cobalt Industrial/REIT	Rental Property				81,067,890	0.53%	10
TOTAL		<u>\$ 1,082,989,730</u>	<u>5.45%</u>		<u>\$ 1,100,574,534</u>	<u>7.20%</u>	
Total Taxable Assessed Value		<u>\$ 19,886,877,660</u>			<u>\$ 15,245,409,459</u>		

Source: District Tax Office

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 LEGAL DEBT MARGIN
 LAST TEN FISCAL YEARS
 AUGUST 31, 2018 (UNAUDITED)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Debt limit	\$ 1,988,687,766	\$ 1,843,292,362	\$ 1,708,392,953	\$ 1,607,985,333
Total net debt applicable to limit	188,474,050	223,688,036	261,209,994	286,807,047
Legal debt margin	1,800,213,716	1,619,604,326	1,447,182,959	1,321,178,286
Total net debt applicable to the limit as a percentage of debt limit	9%	12%	15%	18%

Source: Carrollton-Farmers Branch ISD

Total Bonded Debt equals GO Bonds Payable plus Bond Premium plus Accreted Interest less Loss on Advanced Refunding

Legal Debt Margin Calculation for Fiscal Year 2018

	<u>2018</u>
Total Appraised Valuation	\$ 22,990,376,889
Less - Exemptions and Reductions in Value	<u>3,103,499,229</u>
Total Appraised Valuation for School Tax Purposes	\$ 19,886,877,660
Debt Limit Percentage	<u>10%</u>
Legal Debt Limit	<u>\$ 1,988,687,766</u>
Total Bonded Debt	\$ 198,436,506
Less - Reserve for Retirement of Bonded Debt	<u>9,962,456</u>
Net Bonded Debt Applicable to Debt Limit	<u>\$ 188,474,050</u>
Legal Debt Margin	<u>\$ 1,800,213,716</u>

TABLE XII

2014	2013	2012	2011	2010	2009
\$ 1,496,411,085	\$ 1,420,073,218	\$ 1,388,947,226	\$ 1,413,301,365	\$ 1,490,978,560	\$ 1,524,540,946
317,118,411	323,958,847	310,771,740	320,156,291	353,476,131	380,421,200
1,179,292,674	1,096,114,371	1,078,175,486	1,093,145,074	1,137,502,429	1,144,119,746
21%	23%	22%	23%	24%	25%



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		Percentage of disposable personal Income	Per Capita	Per Student Enrolled
	Unlimited Tax Bonds	Total Primary Government			
2009	387,872	387,872	7.21%	2,251	14,573
2010	360,666	360,666	6.43%	2,048	13,719
2011	335,057	335,057	6.06%	1,829	12,354
2012	334,700	334,700	6.06%	1,856	12,004
2013	359,064	359,064	6.01%	1,869	12,556
2014	330,728	330,728	5.32%	1,681	11,559
2015	301,039	301,039	4.65%	1,518	10,485
2016	270,164	270,164	3.95%	1,319	9,483
2017	233,315	233,315	3.27%	1,123	8,379
2018	198,437	198,437	2.49%	933	7,067

NOTE: See TABLES XVI and XX for population and enrollment data used to calculate per capita and per student enrolled information. Unlimited Tax Bond GO Bonds Payable plus Bond Premium plus Accreted Interest less loss on Advanced Refunding.

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
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
2013	177,286	14,200,732,177	331,290,000	7,331,153
2014	181,182	14,964,110,805	325,221,645	8,103,234
2015	181,013	16,079,853,331	295,139,156	8,300,109
2016	185,438	17,083,929,532	270,164,472	8,954,478
2017	188,612	18,432,923,622	233,314,977	9,626,941
2018	191,639	19,886,877,660	198,436,506	9,962,456

Source: Carrollton-Farmers Branch ISD. Population is for Cities of Carrollton and Farmers Branch. See Table XVI for population source information.
 Gross Bonded Debt equals GO Bonds Payable plus Bond Premium plus Accreted Interest less Loss on Advanced Refunding

TABLE XIV

NET BONDED DEBT	RATIO OF NET BONDED DEBT TO TAXABLE ASSESSED VALUE	NET BONDED DEBT PER CAPITA
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
323,958,847	2.28	1,827
317,118,411	2.12	1,750
286,839,047	1.78	1,585
261,209,994	1.53	1,409
223,688,036	1.21	1,186
188,474,050	0.95	983

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 DIRECT AND OVERLAPPING GOVERNMENT DEBT
 AS OF AUGUST 31, 2018 (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	\$ 84,840,000	5.85%	\$ 4,963,140
City of Carrollton	174,275,000	36.29%	63,244,398
City of Coppell	100,075,000	6.29%	6,294,718
City of Dallas	1,822,867,437	1.07%	19,504,682
Dallas County	172,265,000	7.09%	12,213,589
Dallas County Community College District	228,350,000	7.09%	16,190,015
Dallas County Hospital District	687,775,000	7.09%	48,763,248
Dallas County Utility & Reclamation District	196,675,000	50.84%	99,989,570
Dallas County Schools	36,600,000	7.09%	2,594,940
Denton County	612,630,000	5.19%	31,795,497
City of Farmers Branch	56,460,000	58.05%	32,775,030
City of Irving	445,430,000	26.08%	116,168,144
Irving Flood Control District III	215,000	69.32%	149,038
NW Dallas County Flood Control District	15,460,000	64.28%	9,937,688
Valwood Improvement Authority	13,247,994	100.00%	13,247,994
Subtotal, overlapping debt			\$ 477,831,689
Carrollton-Farmers Branch ISD - Direct Debt	\$ 198,436,506	100.00%	198,436,506
Total Direct and Overlapping Tax Supported Debt			\$ 676,268,195
Total Assessed Taxable Valuation			\$ 19,886,877,660
Total Population			191,639
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation			3.40%
Per Capita Total Direct and Overlapping Tax Supported Debt			\$ 3,529

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. Carrollton-Farmers Branch ISD - Direct Debt equals GO Bonds Payable plus Bond Premium less Loss.

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)
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%
2013	177,286	5,510,758,024	31,084	5.41%
2014	181,182	5,722,089,922	31,582	5.16%
2015	181,013	5,908,807,359	32,643	3.42%
2016	185,438	6,190,105,878	33,381	3.70%
2017	188,612	6,484,103,336	34,378	3.62%
2018	191,639	7,190,201,377	37,520	3.31%

Notes:

- A** Population data is for Cities of Carrollton and Farmer's Branch combined.
 Source of population data was the following:
- | | |
|-----------|------------------------------|
| 2009-2018 | Claritas Market Place Survey |
|-----------|------------------------------|
- B** 2009-2018 Claritas Market Place Survey-Entire School District Included.
- C** 2009-2018 Claritas Market Place Survey-Entire School District Included.
- D** From US Department of Labor, Bureau of Labor Statistics
 2009-2018 Texas Workforce Commission

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

TABLE XVII

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Approx. # Employees</u>	<u>Rank</u>	<u>Workforce Percentage</u>	<u>Approx. # Employees</u>	<u>Rank</u>	<u>Workforce Percentage</u>
Carrollton-Farmers Branch ISD	3,137	1	2.89%	3,371	1	3.39%
JP Morgan Investment Services	2,390	2	2.20%	2,390	3	2.40%
Maxim Ingetrated Products	1,352	3	1.24%	1,352	4	1.36%
Halliburton Energy Services	1,300	4	1.20%	1,302	5	1.31%
GEICO	1,200	5	1.10%	1,200	7	1.21%
McKesson Corp	1,000	6	0.92%			
Tuesday Morning	1,000	7	0.92%	1,000	9	1.00%
Telvista	950	8	0.87%	950	10	0.95%
AT&T	830	9	0.76%			
TD Industries	811	10	0.75%			
International Business Machines				3,200	2	3.22%
Federal Government-IRS				1,200	6	1.21%
Essilor Labs of America				1,200	8	1.21%

Total employed 2018 workforce - 108,711

Total employed 2009 workforce - 99,517

Source: Oncor Economic Development Department
 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 '09 - '18
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
Teachers											
Pre-K & Kindergarten	166	157	157	162	167	163	164	177	173	193	-14%
Elementary	629	645	643	625	626	722	720	722	712	714	-12%
Secondary	856	837	828	819	776	662	665	677	712	747	15%
All Level	27	35	35	54	70	81	85	126	130	166	-84%
Miscellaneous	-	-	-	-	-	-	-	-	-	1	-100%
Total Teachers	1,679	1,674	1,664	1,660	1,639	1,628	1,634	1,702	1,727	1,821	-8%
Support Staff											
Supervisors	-	-	-	-	-	-	-	-	-	-	0%
Counselors	56	56	56	57	56	56	57	59	52	50	12%
Ed Diagnostics	34	34	33	33	32	32	32	32	33	30	13%
Librarians	40	40	40	40	39	40	39	40	41	41	-2%
Nurse/Physicians	36	33	33	33	33	34	36	35	36	33	9%
Therapists	47	46	44	43	42	42	42	43	41	36	29%
Psychologists/Assoc Psych.	11	7	6	6	5	5	5	6	6	7	51%
Other Support Staff	180	160	162	160	150	143	137	140	149	150	20%
Total Support Staff	403	376	375	372	357	352	348	355	358	347	16%
Administrators											
Admin/Instructional Officers	42	43	42	39	42	40	44	42	50	61	-31%
Principals	37	37	37	37	37	36	38	40	39	38	-3%
Assistant Principals	54	52	49	49	47	47	47	46	46	52	4%
Superintendents	1	1	1	1	1	1	1	1	1	1	0%
Assistant Superintendents	4	4	4	4	4	4	2	2	3	4	0%
Total Administrators	138	137	134	130	131	128	132	131	139	156	-12%
Total Professionals	2,220	2,187	2,172	2,162	2,127	2,108	2,114	2,188	2,224	2,324	-4%
Educational Aides	238	215	196	186	188	186	193	220	200	262	-9%
Auxiliary Staff	680	710	729	723	718	732	756	725	777	785	-13%
Total	3,137	3,112	3,097	3,071	3,033	3,026	3,063	3,133	3,201	3,371	-7%

Source: Texas Education Agency (Standard Reports)



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
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	46,340
2013	46,340	62,198	51,863	48,821
2014	47,143	63,255	52,407	49,692
2015	48,300	65,153	53,428	50,715
2016	49,400	66,252	54,375	51,892
2017	50,750	67,909	55,746	52,525
2018	52,425	69,585	57,521	53,334

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
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
2013	26,385	212,909,323	8,069	-1.2%	230,150,552	8,723
2014	26,347	224,962,766	8,538	5.8%	242,464,197	9,203
2015	26,210	229,990,871	8,775	2.8%	249,306,657	9,512
2016	25,796	234,761,954	9,101	3.7%	263,489,353	10,214
2017	25,276	234,608,045	9,282	2.0%	260,276,238	10,297
2018	25,297	247,564,002	9,786	5.4%	205,399,747	8,120

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
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%
-0.7%	1,628	16.2	16,452	62%
5.5%	1,639	16.1	16,401	62%
3.4%	1,660	15.8	16,920	65%
7.4%	1,664	15.5	16,676	65%
0.8%	1,674	15.1	16,271	64%
-21.1%	1,679	15.1	16,186	64%

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

Elementary Schools	Year of	2018	2017	2016	2015
	Orginal Construction				
1 Blair	2002				
Square feet		97,228	97,228	97,228	97,228
Capacity		994	994	994	994
Enrollment		554	588	672	691
2 Blanton	2007				
Square feet		75,160	75,160	75,160	75,160
Capacity		654	654	654	654
Enrollment		419	447	512	555
3 Carrollton	1951				
Square feet		83,180	83,180	83,180	83,180
Capacity		680	680	680	680
Enrollment		587	627	647	640
4 Central	1965				
Square feet		93,690	93,690	93,690	93,690
Capacity		848	848	848	848
Enrollment		581	620	622	668
5 Country Place	1982				
Square feet		64,801	64,801	64,801	64,801
Capacity		492	492	492	492
Enrollment		411	411	362	327
6 Davis	1975				
Square feet		76,485	76,485	76,485	76,485
Capacity		635	635	635	635
Enrollment		535	592	579	586
7 Farmers Branch	1968				
Square feet		72,005	72,005	72,005	72,005
Capacity		749	749	749	749
Enrollment		550	556	557	566
8 Fumeaux	1982				
Square feet		59,406	59,406	59,406	59,406
Capacity		559	559	559	559
Enrollment		450	420	346	375
9 Good	2012				
Square feet		82,146	82,146	82,146	82,146
Capacity		892	892	892	892
Enrollment		527	557	545	592

Sources: Carrollton-Farmers Branch ISD

*,** - Campuses consolidated in 2013 for operating and PEIMS purposes but housed in two facilities.

TABLE XXI
CONTINUED

2014	2013	2012	2011	2010	2009
97,228	97,228	97,228	97,228	77,631	77,631
994	994	994	994	605	605
691	732	760	776	405	419
75,160	75,160	75,160	75,160	75,160	75,160
654	654	654	654	654	654
578	594	603	555	563	539
83,180	83,180	83,180	83,180	83,180	83,180
680	680	680	680	680	680
656	654	676	650	640	684
93,690	93,690	93,690	93,690	93,690	93,690
848	848	848	848	848	848
745	748	734	726	600	645
64,801	64,801	64,801	64,801	64,801	58,675
492	492	492	492	492	388
339	357	370	362	374	363
76,485	76,485	76,485	76,485	76,485	76,485
635	635	635	635	635	635
555	568	571	535	552	575
72,005	72,005	72,005	72,005	72,005	63,000
749	749	749	749	749	585
540	504	497	506	493	493
59,406	59,406	59,406	59,406	59,406	59,406
559	559	559	559	559	559
371	358	363	365	395	407
82,146	82,146	66,944	66,944	66,944	66,944
892	892	526	526	526	526
615	595	499	503	498	497

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

	Year of Orginal Construction	2018	2017	2016	2015
10 Stark	2006				
Square feet		83,400	83,400	83,400	83,400
Capacity		892	892	892	892
Enrollment		745	732	719	692
11 Kent	1989				
Square feet		89,742	89,742	89,742	89,742
Capacity		729	729	729	729
Enrollment		377	386	397	398
12 Landry	1996				
Square feet		73,500	73,500	73,500	73,500
Capacity		698	698	698	698
Enrollment		335	396	457	466
13 Las Colinas	1986				
Square feet		89,000	89,000	89,000	89,000
Capacity		760	760	760	760
Enrollment		549	506	542	592
14 McCoy	1979				
Square feet		65,849	65,849	65,849	65,849
Capacity		619	619	619	619
Enrollment		441	436	435	422
15 McKamy	1992				
Square feet		79,577	79,577	79,577	79,577
Capacity		673	673	673	673
Enrollment		474	483	497	513
16 McLaughlin**	1960				
Square feet		73,300	73,300	73,300	73,300
Capacity		589	589	589	589
Enrollment		-	-	-	-
17 McWhorter	2001				
Square feet		88,418	88,418	88,418	88,418
Capacity		802	802	802	802
Enrollment		589	647	676	717
18 Montgomery	1955				
Square feet		-	-	-	-
Capacity		-	-	-	-
Enrollment		-	-	-	-
19 Rainwater	1994				
Square feet		80,000	80,000	80,000	80,000
Capacity		557	557	557	557
Enrollment		331	347	392	419

Sources: Carrollton-Farmers Branch ISD

*, ** - Campuses consolidated in 2013 for operating and PEIMS purposes but housed in two facilities.

TABLE XXI
CONTINUED

2014	2013	2012	2011	2010	2009
83,400	83,400	83,400	83,400	83,400	83,400
892	892	892	892	892	892
693	611	537	533	417	388
89,742	89,742	89,742	89,742	89,742	89,742
729	729	729	729	729	729
397	398	449	472	445	513
73,500	73,500	73,500	73,500	73,500	73,500
698	698	698	698	698	698
435	453	443	462	462	472
75,099	75,099	75,099	75,099	75,099	75,099
559	559	559	559	559	559
526	519	504	505	503	493
65,849	65,849	65,849	65,849	65,849	55,668
619	619	619	619	619	440
400	406	413	411	452	425
79,577	79,577	79,577	79,577	79,577	79,577
673	673	673	673	673	673
513	577	558	575	450	477
73,300	73,300	73,300	73,300	73,300	73,300
589	589	589	589	589	589
-	-	392	396	393	389
88,418	88,418	88,418	88,418	88,418	88,418
802	802	802	802	802	802
770	730	653	626	697	673
-	-	-	-	67,600	67,600
-	-	-	-	463	463
-	-	-	-	414	463
80,000	80,000	80,000	80,000	80,000	80,000
557	557	557	557	557	557
408	444	454	451	469	457

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

	Year of Original Construction	2018	2017	2016	2015
20 Riverchase	2000				
Square feet		75,160	75,160	75,160	75,160
Capacity		587	587	587	587
Enrollment		358	384	407	365
21 Rosemeade	1984				
Square feet		61,396	61,396	61,396	61,396
Capacity		622	622	622	622
Enrollment		445	423	441	444
22 Sheffield*	1989				
Square feet		66,767	66,767	66,767	66,767
Capacity		532	532	532	532
Enrollment		755	815	896	958
23 Sheffield Primary*	1985				
Square feet		59,406	59,406	59,406	59,406
Capacity		536	536	536	536
Enrollment		-	-	-	-
24 Thompson	2006				
Square feet		75,160	75,160	75,160	75,160
Capacity		712	712	712	712
Enrollment		540	530	547	604
25 Freeman	2004				
Square feet		85,426	85,426	85,426	85,426
Capacity		783	783	783	783
Enrollment		628	551	490	541
26 Kelly Pre-K Ctr	2007				
Square feet		-	-	-	-
Capacity		-	-	-	-
Enrollment		-	-	-	-
27 Pre-K Ctr (CLC)	2005				
Square feet		-	-	-	-
Capacity		-	-	-	-
Enrollment		-	-	-	-
28 La Villita	2008				
Square feet		102,308	102,308	102,308	87,787
Capacity		932	932	932	650
Enrollment		755	635	585	584
29 McLaughlin Strickland**	2008				
Square feet		77,631	77,631	77,631	77,631
Capacity		618	618	618	618
Enrollment		614	658	736	719
Total Elementary School					
Square feet		2,030,141	2,030,141	2,030,141	2,015,620
Capacity		18,144	18,144	15,468	17,862
Enrollment		12,550	12,747	13,059	13,434

Sources: Carrollton-Farmers Branch ISD

*,** - Campuses consolidated in 2013 for operating and PEIMS purposes but housed in two facilities.

TABLE XXI
CONCLUDED

2014	2013	2012	2011	2010	2009
75,160	75,160	75,160	75,160	75,160	75,160
587	587	587	587	587	587
428	296	313	362	369	388
61,396	61,396	61,396	61,396	55,668	55,668
622	622	622	622	376	376
444	429	360	338	336	365
66,767	66,767	66,767	66,767	66,767	66,767
532	532	532	532	532	532
927	927	348	339	354	383
59,406	59,406	59,406	59,406	59,406	59,406
536	536	536	536	536	536
-	-	544	498	446	419
75,160	75,160	75,160	75,160	75,160	75,160
712	712	712	712	712	712
590	589	503	515	480	490
75,160	75,160	75,160	75,160	75,160	75,160
573	573	573	573	573	573
614	634	582	560	510	503
-	-	47,513	47,513	47,513	47,513
-	-	400	400	400	400
-	-	316	313	293	366
-	-	-	-	42,906	42,906
-	-	-	-	272	272
-	-	-	-	192	204
87,787	87,787	87,787	87,787	87,787	87,787
650	650	650	650	650	650
571	623	497	459	325	296
77,631	77,631	77,631	77,631	77,631	77,631
618	618	618	618	618	618
791	786	399	372	368	368
1,991,453	1,991,453	2,023,764	2,023,764	2,108,945	2,083,633
17,451	17,451	17,485	17,485	17,585	17,138
13,597	13,532	13,338	13,165	12,895	13,154

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

	Year of Original Construction	2018	2017	2016	2015
<u>Middle Schools</u>					
1 Blalack	1986				
Square feet		171,150	171,150	171,150	171,150
Capacity		1,426	1,426	1,426	1,426
Enrollment		969	934	918	942
2 Bush	1998				
Square feet		160,155	160,155	160,155	142,000
Capacity		1,128	1,128	1,128	931
Enrollment		689	663	696	672
3 Long	1981				
Square feet		164,500	164,500	164,500	164,500
Capacity		1,038	1,038	1,038	1,038
Enrollment		623	641	686	718
4 Perry	1936				
Square feet		195,067	195,067	195,067	195,067
Capacity		1,367	1,367	1,367	1,367
Enrollment		1,030	1,074	1,017	1,049
5 Polk	1997				
Square feet		159,578	159,578	159,578	159,578
Capacity		1,343	1,343	1,343	1,343
Enrollment		1,061	1,041	1,060	1,100
6 Field	1959				
Square feet		182,525	182,525	182,525	182,525
Capacity		1,427	1,427	1,427	1,427
Enrollment		1,006	1,003	1,007	971
Total Middle School					
Square feet		1,032,975	1,032,975	1,032,975	1,014,820
Capacity		7,729	7,729	7,729	7,532
Enrollment		5,378	5,356	5,384	5,452

Sources: Carrollton-Farmers Branch ISD

TABLE XXII

2014	2013	2012	2011	2010	2009
171,150	171,150	171,150	171,150	171,150	170,150
1,426	1,426	1,426	1,426	1,426	1,426
953	950	982	972	1,064	1,120
142,000	142,000	142,000	142,000	142,000	142,000
931	931	931	931	931	931
685	699	720	767	703	654
164,500	164,500	164,500	164,500	164,500	164,500
1,038	1,038	1,038	1,038	1,038	1,038
756	760	796	796	784	850
195,067	195,067	195,067	195,067	179,467	179,467
1,367	1,367	1,367	1,367	843	843
999	962	942	933	999	968
140,000	140,000	140,000	140,000	140,000	140,000
1,040	1,040	1,040	1,040	1,040	1,040
1,082	1,065	1,090	1,042	1,057	1,029
182,525	182,525	182,525	182,525	170,789	170,789
1,427	1,427	1,427	1,427	1,156	1,156
930	907	911	930	963	999
995,242	995,242	995,242	995,242	967,906	966,906
7,229	7,229	7,229	7,229	6,434	6,434
5,405	5,343	5,441	5,440	5,570	5,620

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

	Year of Original Construction	2018	2017	2016	2015
High Schools					
1 Creekview	1998				
Square feet		368,182	368,182	368,182	368,182
Capacity		2,578	2,578	2,578	2,578
Enrollment		1,926	1,900	1,974	1,964
2 Ranchview	2002				
Square feet		371,632	371,632	371,632	282,445
Capacity		1,680	1,680	1,680	1,160
Enrollment		878	887	864	843
3 Smith	1973				
Square feet		496,782	496,782	496,782	496,782
Capacity		3,379	3,379	3,379	3,379
Enrollment		1,955	1,935	1,909	1,973
4 Turner	1960				
Square feet		414,288	414,288	414,288	564,006
Capacity		2,967	2,967	2,967	2,315
Enrollment		2,048	2,044	2,096	2,072
5 Grimes Learning Ctr	1989				
Square feet		32,700	32,700	32,700	32,700
Capacity		255	255	255	255
Enrollment		62	53	88	70
Total High School					
Square feet		1,683,584	1,683,584	1,683,584	1,744,115
Capacity		10,859	10,859	10,859	9,687
Enrollment		6,869	6,819	6,931	6,922

Sources: Carrollton-Farmers Branch ISD

TABLE XXIII

2014	2013	2012	2011	2010	2009
368,182	368,182	368,182	368,182	368,182	368,182
2,578	2,578	2,578	2,578	2,578	2,578
1,917	1,981	2,034	2,082	2,055	2,052
250,000	250,000	250,000	250,000	250,000	250,000
1,027	1,027	1,027	1,027	1,027	1,027
801	810	831	807	833	779
496,782	496,782	496,782	496,782	496,782	496,782
3,379	3,379	3,379	3,379	3,379	3,379
1,980	2,041	2,058	2,030	1,991	2,093
564,006	564,006	564,006	564,006	564,006	564,006
2,315	2,315	2,315	2,315	2,315	2,315
2,140	2,134	2,124	2,019	1,972	1,975
32,700	32,700	32,700	32,700	32,700	32,700
255	255	255	255	255	255
80	142	212	251	263	218
1,711,670	1,711,670	1,711,670	1,711,670	1,711,670	1,711,670
9,554	9,554	9,554	9,554	9,554	9,554
6,918	7,108	7,259	7,189	7,114	7,117

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

Other Facilities	Year of Original Construction	Square Footage			
		2018	2017	2016	2015
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	27,210	27,210	27,210	67,600
Pre-K Center (CLC)	2005	42,906	42,906	42,906	42,906
Kelly Pre-K Ctr	2007	47,513	47,513	47,513	47,513

Sources: Carrollton-Farmers Branch ISD

TABLE XXIV

Square Footage					
2014	2013	2012	2011	2010	2009
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
67,600	67,600	67,600	67,600	-	-
42,906	42,906	42,906	42,906	-	-
47,513	47,513	-	-	-	-



FEDERAL AWARDS SECTION



Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

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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*

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

We have audited, 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, 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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

December 19, 2018

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM
GUIDANCE

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

Report on Compliance for Each Major Federal Program

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) 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, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of 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, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. *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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

December 19, 2018

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FISCAL YEAR ENDED AUGUST 31, 2018

I. Summary of the Auditors' Results:

Financial Statements

- a. An unmodified 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

Federal Awards

- d. Internal control over major federal programs:
- Material weakness(es) identified? Yes X No
 - Significant deficiency(ies) identified that are not considered a material weakness? Yes X None reported
- e. An unmodified opinion was issued on compliance for major federal programs.
- f. Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a)? Yes X No
- g. Identification of major programs:
- | | |
|--------------|---|
| CFDA 84.010A | ESEA, Title I, Part A-Improving Basic Programs |
| CFDA 84.010A | ESEA, Title I, Part A-Sec 1003 School Improvement |
| CFDA 84.365A | ESEA, Title III, Part A-English Language Acquisition |
| CFDA 84.365A | ESEA, Title III, Part A-Immigrant |
| CFDA 84.968C | Temporary Emergency Impact Aid for Displaced Students |
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$750,000
- i. Auditee qualified as a low-risk auditee. X Yes No

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED AUGUST 31, 2018

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

None



CARROLLTON-FARMERS BRANCH ISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018

(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	18610101057903	\$ 5,017,210
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101057903	263,445
ESEA, Title I, Part A - Sec 1003-School Imprvmnt	84.010A	18610123057903	171,496
Total CFDA Number 84.010A			5,452,151
*IDEA - Part B, Formula	84.027A	186600010579036600	6,232,351
*IDEA - Part B, Formula	84.027A	196600010579036600	316,820
Total CFDA Number 84.027A			6,549,171
*IDEA - Part B, Preschool	84.173A	186610010579036610	64,493
*IDEA - Part B, Preschool	84.173A	196610010579036610	5,264
Total CFDA Number 84.173A			69,757
Total Special Education Cluster (IDEA)			6,618,928
Career and Technical - Basic Grant	84.048A	18420006057903	221,235
Career and Technical - Basic Grant	84.048A	19420006057903	16,337
Total CFDA Number 84.048A			237,572
ESEA, Title III, Part A - English Lang Acquisition	84.365A	18671001057903	590,722
ESEA, Title III, Part A - English Lang Acquisition	84.365A	19671001057903	74,965
ESEA, Title III, Part A - Immigrant	84.365A	18671003057903	177,571
ESEA, Title III, Part A - Immigrant	84.365A	19671003057903	9,514
Total CFDA Number 84.365A			852,772
ESEA, Title IV, Part A, Stud Support-Acad Enchrmnt	84.424A	18680101057903	95,010
	84.424A	19680101057903	23,871
Total CFDA Number 84.424A			118,881
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	18694501057903	612,572
Total CFDA Number 84.367A			646,084
Temp Emergency Impact Aid for Displaced Students	84.938C	51271901	414,710
Total Passed Through State Department of Education			14,362,467
TOTAL U.S. DEPARTMENT OF EDUCATION			14,362,467
 U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Direct Programs</u>			
Work Source Child Care and Development Fund	93.575	057903	8,158
Total Direct Programs			8,158
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			8,158

CARROLLTON-FARMERS BRANCH ISD
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2018

(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	71401701	1,454,630
*National School Lunch Program - Cash Assistance	10.555	71301701	7,388,430
*National School Lunch Prog - Non-Cash Assistance	10.555	71301701	982,767
Total CFDA Number 10.555			<u>8,371,197</u>
Total Child Nutrition Cluster			<u>9,825,827</u>
Total Passed Through the State Department of Agriculture			<u>9,825,827</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>9,825,827</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 24,196,452</u>

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2018

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 Uniform Guidance.

NOTE 4. School Health and Related Services-NHIC reimbursements of \$4,542,147, which are recorded as federal revenue in the General Fund, are not considered federal awards for purposes of this schedule. This schedule includes \$241,512 of indirect cost recorded in the General Fund.