CARROLLTON-FARMERS BRANCH
INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
AUGUST 31, 2010

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

1445 North Perry Road
Carrollton, Texas 75011-6186
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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 were reviewed and (check one)  
☑ approved  
☐ disapproved for the year ended
August 31, 2010 at a meeting of the Board of Trustees of such school district on the 13th day of January, 2011.

[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 15, 2010

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, 2010, is hereby submitted. The report includes the unqualified opinion of our independent auditors, Hankins, Eastup, Deaton, Tonn & Seay, P.C. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included. This report includes all funds of the District. The CAFR for the year ended August 31, 2010, is presented in conformance with the reporting model adopted by the Governmental Accounting Standards Board (“GASB”) in their Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, issued in June 1999. The CAFR also adheres to guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and the Association of School Business Officials International (ASBO).

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

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

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

Profile of the District

GENERAL EDUCATION

As its mission states, together with families and community we commit all district resources to guide the learning of each student to graduate as: a responsible individual; a passionate life-long learner; a complex thinker; and effective communicator. Based on the philosophy that every child can learn, the District provides educational opportunities for students regardless of their needs and their abilities.
Towards that end, the District provides a fully comprehensive instructional program in grades K-12 with a pre-kindergarten program. The District is committed to quality learning environments for all students offering a diversified curriculum that advocates the tailoring of instruction to individual student needs.

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

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

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

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

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

DESCRIPTION OF THE ENTITY

The Carrollton-Farmers Branch ISD is an independent public educational agency operating under applicable laws and regulations of the State of Texas. A seven-member Board of Trustees elected to staggered three-year terms by the District’s residents autonomously governs the District. The Carrollton-Farmers Branch ISD Board of Education (“Board”) is the level of government, which has oversight responsibility and control over all activities related to public school education within the District. The District receives funding from local, state and federal government sources and must comply with all the requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in generally accepted accounting principles. The public elects board members who have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

The Texas Education Agency and Southern Association of Colleges and Schools provide the District’s K-12 education accreditation. Enrollment in the District’s 4 high, 6 middle, and 27 elementary, and alternative or special program centers is estimated to be 25,920 for the 2009-2010 budget year.
The District encompasses 53.42 square miles in northwest Dallas County with a smaller portion in southeast Denton County. The District provides instructional services to children who live in portions of Carrollton, Farmers Branch, Addison, Coppell, Dallas and Irving. Demographic information for the largest of these cities is included below.

**City of Carrollton**
Population 119,123; Male 50.4%, Female 49.6%
Population by Race:
- White 74%
- Black 7.6%
- Hispanic or Latino Origin 27.7% (of any race)
- American Indian 0.6%
- Asian or Pacific Islander 12.3%
- Other Race 4.0%
- Two or more races 1.5%
Median age 32.2
- Persons under 5 years old 7.8%
- Persons over 18 years old 72.8%
- Persons 65 and over 6.7%
Economic Characteristics:
- Median household income $70,960
- Median family income $78,165
- Per capita income $31,481
Housing Characteristics:
- Owner-occupied housing units 68.4%
- Renter-occupied housing units 31.6%
- Vacant housing units 5.2%
Area 36.6 square miles

Source: U.S. Census Bureau, 2006-2008 American Community Survey

**City of Dallas**
Population 1,214,287; Male 51.2%, Female 48.8%
Population by Race:
- White 56.6%
- Black 23.2%
- Hispanic or Latino Origin 43.1% (of any race)
- American Indian 0.4%
- Asian or Pacific Islander 2.6%
- Other Race 15.9%
- Two or more races 1.3%
Median age 32.2
- Persons under 5 years old 9.2%
- Persons over 18 years old 73.0%
- Persons 65 and over 8.4%
Economic Characteristics:
- Median household income $52,175
- Median family income $63,211
- Per capita income $27,466
Housing Characteristics:
- Owner-occupied housing units 47.1%
- Renter-occupied housing units 52.9%
- Vacant housing units 13.0%
Area 384.7 square miles

Source: U.S. Census Bureau, 2006-2008 American Community Survey
**City of Farmers Branch**
Population 28,447; Male 52.4%, Female 47.6%
Population by Race:
- White 79.8%
- Black 2.7%
- Hispanic or Latino Origin 48.2% (of any race)
- American Indian 0.4%
- Asian or Pacific Islander 3.5%
- Other Race 12.2%
- Two or more races 1.4%
Median age 38.2
- Persons under 5 years old 5.4%
- Persons over 18 years old 73.6%
- Persons 65 and over 13.8%
Economic Characteristics:
- Median household income $56,086
- Median family income $64,369
- Per capita income $27,153
Housing Characteristics:
- Owner-occupied housing units 70.8%
- Renter-occupied housing units 29.2%
- Vacant housing units 5.2%
Area 12.1 square miles
Source: U.S. Census Bureau, 2006-2008 American Community Survey

**City of Irving**
Population 207,776; Male 51.4%, Female 48.6%
Population by Race:
- White 61.8%
- Black 10.7%
- Hispanic or Latino Origin 41.8% (of any race)
- American Indian 0.6%
- Asian or Pacific Islander 11.2%
- Other Race 14.1%
- Two or more races 1.5%
Median age 31.8
- Persons under 5 years old 9.5%
- Persons over 18 years old 72.6%
- Persons 65 and over 6.8%
Economic Characteristics:
- Median household income $47,007
- Median family income $50,907
- Per capita income $25,964
Housing Characteristics:
- Owner-occupied housing units 41.7%
- Renter-occupied housing units 58.3%
- Vacant housing units 10.2%
Area 67.6 square miles
Source: U.S. Census Bureau, 2006-2008 American Community Survey
The District offers a comprehensive instructional program from pre-kindergarten through grade 12. The Texas Education Agency accredits all schools in the District. Along with the regular curriculum, the District offers programs for gifted and talented students, advanced placement courses, career and technology education, services for children with disabilities from birth through 22 years of age, and bilingual education programs. The District has one of the leading technology programs in the state. All campuses are connected to a wide-area network and have direct Internet access. The broad range of elective courses and extracurricular activities includes athletics, fine arts, internship work experience, and special-interest activities. Other programs include drug awareness, research skills, environmental topics, and advanced technology and after-school enrichment. During the summer, students participate in a variety of summer recreation programs and summer school academic and enrichment courses. A large community education program provides academic and enrichment opportunities of adults and youngsters.

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

FINANCIAL POLICIES

**Internal Controls** The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management. Management believes the District’s internal controls provide reasonable assurance errors or irregularities that could be material to the financial statements would be detected within a timely period by employees in the normal course of performing their assigned functions.
Budgetary Controls  In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Board of Trustees. Activities in the General Fund, Food Service Special Revenue Fund and Debt Service Fund are included in the District’s formally adopted budget. Budgets for Special Revenue Fund (other than Food Service Fund) and Capital Projects Fund are prepared on a project basis, based on grant regulations or applicable bond ordinances. Budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is maintained at the fund-function level as required by the Texas Education Agency. The Board of Trustees has delegated authority for functional changes to the Accounting Department. Budget transfers from one functional category to another functional category are reviewed and approved/disapproved by Accounting Department personnel. However, budget changes that would increase/decrease the overall fund are taken to the Board of Trustees for their approval before any action regarding the proposed change is made.

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

Risk Management  The objectives of the risk management program are to safeguard the assets of the District to minimize the financial effect of potential losses. The District’s property and casualty insurance is provided by national commercial carriers on a fully insured basis. In addition, workers’ compensation risks are self-insured, a third party administrator discharges the claims function of this program. The District also purchases excess workers’ compensation coverage through a commercial insurer in order to protect the District’s fund from catastrophic losses.

Cash Management  Cash temporarily idle during the year was invested in fully insured or secured certificates of deposit, agencies, and in the State Treasury Investment Pools (Tex-Pool and TexStar). The District recognizes that it forgoes a certain amount of yield by operating with such a conservative investment philosophy. Although changes in Texas law allow investments in a broader range of investment vehicles, the District has determined that safety and simplicity outweigh the benefits of alternative investments. Collateral on secured investments is held by third parties with most being held by the Federal Reserve Bank of Dallas. The District’s investment earnings decreased significantly during the current fiscal year but management did not feel a more aggressive investment strategy would produce a considerably better yield while exposing the District to more risk.

INDEPENDENT AUDIT

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

ORGANIZATION OF THE DISTRICT

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

MAJOR INIATIVES

Capital Projects  Since 1990, in four separate elections, the voters of the Carrollton-Farmers Branch Independent School District have authorized over $600 million in general obligation bonds. The most recent election in 2003 was for $300.165 million alone and passed by more than 78 percent of the votes.
The District has already sold $229.3 million of the bonds. The remaining bonds will be sold and the projects completed over the next two to four years.

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

In addition to renovations and new construction, there are major renovation projects ongoing within the District. The technology initiatives include improvements to the network infrastructure, computer hardware and software. The District maintains a fiber optic network to provide connectivity for over 15,000 computers. The focus this year is on integrating wireless, mobile handheld devices into the classroom. The focus on this initiative is to enable students and staff flexible, wireless access to online instructional applications.

**Curriculum and Instruction**

The Curriculum and Instruction division of C-FB ISD has two anchors that guide the instructional work for the district: the six components of a Standards Based Instructional System and the Principles of Learning, Teaching, and Curriculum. The six components of a Standards Based Instructional System include the following: clear, high standards; fair assessments; curriculum framework; instructional materials, aligned instruction, and safety nets.

The principles of learning include the following.

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

The principles of teaching include the following.

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

The principles of curriculum include the following.

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

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

The work with Content Literacy emphasizes strategies to assist students in becoming independent learners. The Community of Learners’ work continues to be spearheaded by curriculum coordinators working with cadres of master teachers to assist teachers in interpreting and teaching the Texas Essential Knowledge and Skills, the state's educational standards.
ECONOMIC CONDITIONS AND OUTLOOK

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

MONEY magazine has named Carrollton, Texas as one of the Best Place’s to Live in America (August 2008). Carrollton was ranked #15. Forbes Magazine also listed Carrollton as 12th best on their list of “America’s 25 Best Places to Move” (July, 2009). The local economy remains vibrant and strong, despite recent downturns. The diversity of the businesses located here and the range of housing available combined with the transportation grid and proximity to Dallas-Fort Worth and Alliance airports provide a degree of protection from the economic cycles that is not available to most school districts.

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

The District’s largest taxpayer is only 1.12% of the taxable value of the District. This lack of dependence on a single employer or business segment means that the loss of even a large business will not have a significant negative impact on the education of children, or imperil the future payment of obligations.

The location of the District along Interstate 35, Interstate 635, Bush Tollway and the Dallas North Tollway together with its proximity to the Dallas-Fort Worth International Airport (approximately eight miles from the District), has provided a major impetus for growth in the northwest quadrant of Dallas County and the school district. The upgrading of the road system within the metroplex continues to be a plus for the District. A combination of interstate highways, state highways, and toll roads insures that residents can easily commute to jobs anywhere in the metroplex and serves as a magnet for the location of new businesses coming into the area. In addition, the Dallas Area Rapid Transit, (DART) system is scheduled to open the Green Line extension of their light rail system in 2010. This extension will have major stops in the District and make connections into central Dallas. The Cities of Carrollton and Farmers Branch have initiated plans for private investment and development in two of these transit areas, creating a lifestyle renaissance of high-density housing, retail, restaurants and offices.

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

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

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

La Villita, a unique community in Las Colinas, has moved off the drawing board and into the early stages of construction. Construction has begun on the first phase of the 200 acre site. The project will contain multifamily, small office buildings, single-family and town home development. The project will include
300 single-family homes and up to 2,000 apartments, town homes and live/work units. Retail, restaurants and service-oriented businesses will follow the residential growth. La Villita’s master plan also calls for office development, which is envisioned as professional offices and small build-to-suites. The District opened an elementary school in La Villita in 2008 and has secured a site for a middle school. La Villita’s site is rich in water features, particularly the 30 acre Lake Royal and its two canals. Small parks and plazas will be scattered throughout the community, giving residents places to gather. There will also be a system of hiking and biking trails, both paved and natural-surface along the Elm Fork of the Trinity River.

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

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

- If the future follows recent trends, our taxable values will increase. We are projecting a slow incremental increase since the District has a taxable value decline for the 2009-10 and 2010-11 budget years.
- Unless current law changes, we will be held to a General Fund tax rate cap of $1.17/$100 assessed value (HB 1 compressed rate of 66.67% times the 2005-06 rate of $1.50 + $0.17). Amounts over $1.04 will require a tax authorization election.
- Based on past history, our collection percentages will remain 98% or more.
- Federal revenue sources are not expected to increase significantly over current levels.
- Unless current law changes, State sources of revenue will not increase over 2006-07 levels.

Future budget projections predict deficit General Fund budgets through 2011-2013. If projections are accurate, the District will consider program/operation reductions or additional pennies on the tax rate to balance the budget. Any additional pennies on the tax rate will require an election and voter approval.

**HIGHER EDUCATION**

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

<table>
<thead>
<tr>
<th>Institution</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin College</td>
<td>Sherman, Texas</td>
</tr>
<tr>
<td>Collin County Community College District (2 campuses)</td>
<td>Collin County, Texas</td>
</tr>
<tr>
<td>Dallas Baptist University</td>
<td>Dallas, Texas</td>
</tr>
<tr>
<td>Dallas County Community College District (8 campuses)</td>
<td>Dallas County, Texas</td>
</tr>
<tr>
<td>Texas A&amp;M at Commerce</td>
<td>Commerce, Texas</td>
</tr>
<tr>
<td>Southern Methodist University</td>
<td>Dallas, Texas</td>
</tr>
<tr>
<td>Texas Christian University</td>
<td>Fort Worth, Texas</td>
</tr>
<tr>
<td>Texas Wesleyan College</td>
<td>Fort Worth, Texas</td>
</tr>
<tr>
<td>Texas Woman's University</td>
<td>Denton, Texas</td>
</tr>
<tr>
<td>University of North Texas</td>
<td>Denton, Texas</td>
</tr>
<tr>
<td>University of Texas at Arlington</td>
<td>Arlington, Texas</td>
</tr>
<tr>
<td>University of Texas at Dallas</td>
<td>Richardson, Texas</td>
</tr>
</tbody>
</table>
Awards and Acknowledgements

SERVICE EFFORTS AND ACCOMPLISHMENTS

Accountability Ratings
In August, 2010, the Texas Education Agency announced individual school ratings based on student performance on the most recent Texas Assessment of Knowledge and Skills (TAKS) tests, and the previous year’s dropout and attendance rates. The state’s accountability ratings for schools and districts are based on scores of all students and each student group of qualified size (African-American, Hispanic, White and Economically Disadvantaged) with the following indicators:

Requirements for Each Ratings Category

<table>
<thead>
<tr>
<th>Base Indicators</th>
<th>Academically Acceptable</th>
<th>Recognized</th>
<th>Exemplary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Spring 2010 TAKS</strong></td>
<td>Meet passing standard for each subject</td>
<td>Meet 80% passing standard for each subject</td>
<td>Meet 90% passing standard for each subject</td>
</tr>
<tr>
<td>All students and each student group that meets minimum size criteria: African American</td>
<td>* Reading/ELA 70%</td>
<td>OR</td>
<td></td>
</tr>
<tr>
<td>Hispanic</td>
<td>* Writing 70%</td>
<td>OR</td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>* Social Studies 70%</td>
<td>OR</td>
<td></td>
</tr>
<tr>
<td>Econ Disadvantaged</td>
<td>* Mathematics 60%</td>
<td>OR</td>
<td></td>
</tr>
<tr>
<td></td>
<td>* Science 55%</td>
<td>OR</td>
<td>Meet required improvement</td>
</tr>
<tr>
<td></td>
<td>OR</td>
<td>Meet required improvement</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Completion Rate Class of 2009</th>
<th>Meet 75% completion rate standard</th>
<th>Meets 85% completion rate standard</th>
<th>Meet 95% completion rate standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>All students and each student group that meets minimum size criteria: African American</td>
<td>OR</td>
<td>OR</td>
<td></td>
</tr>
<tr>
<td>Hispanic</td>
<td>Meet 80% completion rate standard</td>
<td>OR</td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>Meet required improvement</td>
<td>Meets 80% and required improvement</td>
<td></td>
</tr>
<tr>
<td>Econ Disadvantaged</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual Dropout Rate 2008-09</th>
<th>Meet 1.8% dropout rate standard</th>
<th>Meet 1.8% dropout rate standard</th>
<th>Meet 1.8% dropout rate standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>All students and each student group that meets minimum size criteria: African American</td>
<td>OR</td>
<td>OR</td>
<td>OR</td>
</tr>
<tr>
<td>Hispanic</td>
<td>Meet 1.8% dropout rate standard</td>
<td>OR</td>
<td>OR</td>
</tr>
<tr>
<td>White</td>
<td>Meet required improvement</td>
<td>Meets Required Improvement</td>
<td>Meets Required Improvement</td>
</tr>
<tr>
<td>Econ Disadvantaged</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Additional Provisions

<table>
<thead>
<tr>
<th>Exceptions</th>
<th>Academically Acceptable</th>
<th>Recognized</th>
<th>Exemplary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceptions</td>
<td>Applied if the district or campus would be Academically Unacceptable solely due to not meeting the Academically Acceptable TAKS criteria. Other criteria provisions must be met.</td>
<td>Applied if the district or campus would be Academically Acceptable due to not meeting Recognized TAKS criteria. Other criteria provisions must be met.</td>
<td>Applied if the district or campus would be Academically Acceptable due to not meeting Recognized TAKS criteria. Other criteria provisions must be met.</td>
</tr>
</tbody>
</table>

| Check for Academically Unacceptable Campuses (District only) | Does not apply to Academically Acceptable districts. | A district with a campus rated Academically Unacceptable cannot be Recognized. | A district with a campus rated Academically Unacceptable cannot be Exemplary. |

| Check for Underreported Students (District Only) | Does not apply to Academically Acceptable districts. | A district that underreports more than 150 students or more than 4.0% of its prior year students cannot be rated Recognized. | A district that underreports more than 150 students or more than 4.0% of its prior year students cannot be rated Exemplary. |

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

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

<table>
<thead>
<tr>
<th>Exemplary Campuses</th>
<th>Recognized Campuses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blanton Elementary</td>
<td>Blalack Middle School</td>
</tr>
<tr>
<td>Carrollton Elementary</td>
<td>Central Elementary</td>
</tr>
<tr>
<td>Country Place Elementary</td>
<td>Creekview High School</td>
</tr>
<tr>
<td>Davis Elementary</td>
<td>Farmers Branch Elementary</td>
</tr>
<tr>
<td>Early College High School</td>
<td>Field Middle School</td>
</tr>
<tr>
<td>Good Elementary</td>
<td>Freeman Elementary</td>
</tr>
<tr>
<td>Kent Elementary</td>
<td>Landry Elementary</td>
</tr>
<tr>
<td>Las Colinas Elementary</td>
<td>Long Middle School</td>
</tr>
<tr>
<td>LaVillita Elementary</td>
<td>McKamy Elementary</td>
</tr>
<tr>
<td>McCoy Elementary</td>
<td>McWhorter Elementary</td>
</tr>
<tr>
<td>McLaughlin Elementary</td>
<td>Perry Middle School</td>
</tr>
<tr>
<td>Rainwater Elementary</td>
<td>Polk Middle School</td>
</tr>
<tr>
<td>Rosemeade Elementary</td>
<td>Ranchview High School</td>
</tr>
<tr>
<td>Stark Elementary</td>
<td>Riverchase Elementary</td>
</tr>
<tr>
<td>Strickland Intermediate</td>
<td>Sheffield Intermediate</td>
</tr>
<tr>
<td>Thompson Elementary</td>
<td>Sheffield Primary</td>
</tr>
<tr>
<td>Smith High School</td>
<td>Turner High School</td>
</tr>
</tbody>
</table>

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

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

**Texas Assessment of Knowledge and Skills (TAKS)**

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

<table>
<thead>
<tr>
<th>Subject Area</th>
<th>Group</th>
<th>2009 Expectation</th>
<th>2009 Commended</th>
<th>2010 Expectation</th>
<th>2010 Commended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reading/ELA</td>
<td>All Students</td>
<td>89%</td>
<td>34%</td>
<td>91%</td>
<td>34%</td>
</tr>
<tr>
<td>Math</td>
<td>All Students</td>
<td>83%</td>
<td>33%</td>
<td>86%</td>
<td>31%</td>
</tr>
<tr>
<td>Writing</td>
<td>All Students</td>
<td>94%</td>
<td>37%</td>
<td>95%</td>
<td>35%</td>
</tr>
<tr>
<td>Science</td>
<td>All Students</td>
<td>83%</td>
<td>32%</td>
<td>88%</td>
<td>33%</td>
</tr>
<tr>
<td>Social Studies</td>
<td>All Students</td>
<td>96%</td>
<td>54%</td>
<td>97%</td>
<td>55%</td>
</tr>
<tr>
<td>Reading/ELA</td>
<td>African Am.</td>
<td>87%</td>
<td>28%</td>
<td>90%</td>
<td>28%</td>
</tr>
<tr>
<td>Math</td>
<td>African Am.</td>
<td>74%</td>
<td>21%</td>
<td>78%</td>
<td>18%</td>
</tr>
<tr>
<td>Writing</td>
<td>African Am.</td>
<td>95%</td>
<td>31%</td>
<td>93%</td>
<td>31%</td>
</tr>
<tr>
<td>Science</td>
<td>African Am.</td>
<td>76%</td>
<td>20%</td>
<td>83%</td>
<td>22%</td>
</tr>
<tr>
<td>Social Studies</td>
<td>African Am.</td>
<td>95%</td>
<td>44%</td>
<td>96%</td>
<td>44%</td>
</tr>
<tr>
<td>Reading/ELA</td>
<td>Hispanics</td>
<td>85%</td>
<td>25%</td>
<td>89%</td>
<td>24%</td>
</tr>
<tr>
<td>Math</td>
<td>Hispanics</td>
<td>79%</td>
<td>25%</td>
<td>83%</td>
<td>23%</td>
</tr>
<tr>
<td>Writing</td>
<td>Hispanics</td>
<td>92%</td>
<td>30%</td>
<td>94%</td>
<td>26%</td>
</tr>
<tr>
<td>Science</td>
<td>Hispanics</td>
<td>77%</td>
<td>22%</td>
<td>83%</td>
<td>25%</td>
</tr>
<tr>
<td>Social Studies</td>
<td>Hispanics</td>
<td>94%</td>
<td>41%</td>
<td>95%</td>
<td>43%</td>
</tr>
<tr>
<td>Reading/ELA</td>
<td>White</td>
<td>96%</td>
<td>50%</td>
<td>97%</td>
<td>50%</td>
</tr>
<tr>
<td>Math</td>
<td>White</td>
<td>92%</td>
<td>46%</td>
<td>94%</td>
<td>44%</td>
</tr>
<tr>
<td>Writing</td>
<td>White</td>
<td>96%</td>
<td>49%</td>
<td>97%</td>
<td>52%</td>
</tr>
<tr>
<td>Science</td>
<td>White</td>
<td>94%</td>
<td>50%</td>
<td>96%</td>
<td>49%</td>
</tr>
<tr>
<td>Social Studies</td>
<td>White</td>
<td>99%</td>
<td>74%</td>
<td>99%</td>
<td>73%</td>
</tr>
<tr>
<td>Reading/ELA</td>
<td>Econ. Disadv.</td>
<td>85%</td>
<td>25%</td>
<td>83%</td>
<td>25%</td>
</tr>
<tr>
<td>Math</td>
<td>Econ. Disadv.</td>
<td>78%</td>
<td>26%</td>
<td>90%</td>
<td>24%</td>
</tr>
<tr>
<td>Writing</td>
<td>Econ. Disadv.</td>
<td>92%</td>
<td>29%</td>
<td>94%</td>
<td>26%</td>
</tr>
<tr>
<td>Science</td>
<td>Econ. Disadv.</td>
<td>77%</td>
<td>23%</td>
<td>83%</td>
<td>25%</td>
</tr>
<tr>
<td>Social Studies</td>
<td>Econ. Disadv.</td>
<td>94%</td>
<td>42%</td>
<td>95%</td>
<td>42%</td>
</tr>
</tbody>
</table>

The Results are Summed Across all Grades
Scholastic Achievement Test (SAT)
The SAT is administered by the College Board and is designed to measure the verbal and math aptitudes of high school students. The SAT takers are self-selected; that is, any student may opt to take the exam. The Campus Mean Scores for 2010 are listed in the chart below.

<table>
<thead>
<tr>
<th>Campus</th>
<th>Count</th>
<th>Critical Reading</th>
<th>Math</th>
<th>Writing</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turner</td>
<td>174</td>
<td>477</td>
<td>516</td>
<td>473</td>
<td>1,466</td>
</tr>
<tr>
<td>Smith</td>
<td>222</td>
<td>506</td>
<td>527</td>
<td>502</td>
<td>1,535</td>
</tr>
<tr>
<td>Creekview</td>
<td>282</td>
<td>501</td>
<td>533</td>
<td>488</td>
<td>1,522</td>
</tr>
<tr>
<td>Ranchview</td>
<td>98</td>
<td>449</td>
<td>483</td>
<td>457</td>
<td>1,389</td>
</tr>
<tr>
<td>Early College</td>
<td>34</td>
<td>422</td>
<td>471</td>
<td>420</td>
<td>1,313</td>
</tr>
<tr>
<td>District</td>
<td>810</td>
<td>488</td>
<td>519</td>
<td>482</td>
<td>1,489</td>
</tr>
<tr>
<td>National</td>
<td>1,547,990</td>
<td>501</td>
<td>505</td>
<td>473</td>
<td>1,479</td>
</tr>
<tr>
<td>Texas</td>
<td>148,102</td>
<td>484</td>
<td>506</td>
<td>475</td>
<td>1,465</td>
</tr>
</tbody>
</table>

American College Test (ACT)
The American College Test (ACT) is a standardized college examination, similar to the SAT. Nearly all four-year colleges and universities in the United States accept the ACT. Results for 2010 are listed in the chart below.

<table>
<thead>
<tr>
<th>Campus</th>
<th>Count</th>
<th>English</th>
<th>Math</th>
<th>Reading</th>
<th>Science</th>
<th>Composite</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turner</td>
<td>103</td>
<td>18.9</td>
<td>22.1</td>
<td>20.1</td>
<td>21.3</td>
<td>20.7</td>
</tr>
<tr>
<td>Smith</td>
<td>126</td>
<td>20.9</td>
<td>22.1</td>
<td>21.5</td>
<td>21.8</td>
<td>21.7</td>
</tr>
<tr>
<td>Creekview</td>
<td>137</td>
<td>20.7</td>
<td>22.6</td>
<td>22.3</td>
<td>22.1</td>
<td>22.0</td>
</tr>
<tr>
<td>Ranchview</td>
<td>63</td>
<td>19.7</td>
<td>21.7</td>
<td>20.4</td>
<td>20.6</td>
<td>20.7</td>
</tr>
<tr>
<td>District</td>
<td>429</td>
<td>20.2</td>
<td>22.2</td>
<td>21.2</td>
<td>21.6</td>
<td>21.4</td>
</tr>
<tr>
<td>National</td>
<td>1,568,835</td>
<td>20.5</td>
<td>21.0</td>
<td>21.3</td>
<td>20.9</td>
<td>21.0</td>
</tr>
<tr>
<td>Texas</td>
<td>92,615</td>
<td>19.7</td>
<td>21.4</td>
<td>20.8</td>
<td>20.9</td>
<td>20.8</td>
</tr>
</tbody>
</table>

- For the ninth consecutive year, the District received funds from the Texas Workforce Commission to enhance tutoring at 9 elementary schools in Dallas County. The District was awarded $444,233 to provide additional learning opportunities for its students.
- The 2009-10 Budget Document, produced by the Finance Department, received two awards: the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) of the United States and Canada and the Meritorious Budget Award for excellence from the Association of School Business Officials (ASBO) International.
OTHER INFORMATION

Awards  The District has been awarded the Certificate of Excellence in Financial Reporting by the
Association of School Business Officials (ASBO) for thirty-three 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, 2009. The District has achieved this prestigious
award thirty-two consecutive years. In order to be awarded a Certificate of Achievement, a government
must publish an easily readable and efficiently organized comprehensive annual financial report. This
report must satisfy generally accepted accounting principles and applicable legal requirements.

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

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

Carrollton-Farmers Branch Independent School District has one goal: “high achievement for all students.”
For the 2009-10 school year, C-FB ISD received a TEA Recognized Rating. Almost 90 percent of C-FB
ISD’s schools were rated Exemplary or Recognized while 69 percent of Texas campuses earned the same
distinctions.

The District’s student performance on state achievement accountability measures improved in all five of
the subject areas tested – math (86% increased by 3%), science (88% increased by 3%), social studies (97%
increased by 1%) and reading/language arts (91% increased by 3%) and writing (95% increased by 1%).

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

The graduating class of 2010 received more than $21,600,000 in college scholarship awards.

Acknowledgments  The preparation of this report on a timely basis could not be accomplished without the
efficient and dedicated services of the entire staff of the business office and tax office. Special thanks to
Sara Gambrell, CTSBO-Director of Accounting; Stephanie Murphy, RTSBA-Accountant; Vicki Pippin,
CPA-Accountant; Marcia Harbour, CTSBO-Special Revenue Funds Accountant; and Scott Roderick, CPA-
Director of Financial Reporting; for their assistance in the preparation of this document. In addition, thanks
to the Board of Trustees for their continued commitment to the students and staff of the District and for
their excellent leadership.
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, 2009

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

President

Executive Director
This Certificate of Excellence in Financial Reporting is presented to

CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended August 31, 2009

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

Sincerely,

Erie Green  
President

John D. Martinez  
Executive Director

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### Board of Trustees

<table>
<thead>
<tr>
<th>Board Member</th>
<th>Service Began</th>
<th>Service Expires</th>
<th>Position</th>
<th>Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lynn Chaffin</td>
<td>1998</td>
<td>2013</td>
<td>President</td>
<td>Senior IT Project Manager, City of Dallas</td>
</tr>
<tr>
<td>Nancy Cline</td>
<td>2005</td>
<td>2011</td>
<td>Vice President</td>
<td>Director of Public Works, Town of Addison</td>
</tr>
<tr>
<td>Frank Shor</td>
<td>2007</td>
<td>2013</td>
<td>Secretary</td>
<td>Attorney</td>
</tr>
<tr>
<td>Nancy Watten</td>
<td>2007</td>
<td>2013</td>
<td>Assistant Secretary</td>
<td>Retired School Teacher</td>
</tr>
<tr>
<td>James Goode</td>
<td>1999</td>
<td>2011</td>
<td>Member</td>
<td>Vice President, Applied Data Sciences</td>
</tr>
<tr>
<td>Karin Webb</td>
<td>2009</td>
<td>2012</td>
<td>Member</td>
<td></td>
</tr>
<tr>
<td>Richard Fleming</td>
<td>2009</td>
<td>2012</td>
<td>Member</td>
<td>State Tax Consultant</td>
</tr>
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## Appointed Officials

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Years Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bobby Burns, Ed.D.</td>
<td>Superintendent of Schools</td>
<td>22 years *</td>
</tr>
<tr>
<td></td>
<td>* Total School district experience 30 years</td>
<td></td>
</tr>
<tr>
<td>Mark Hyatt, CPA</td>
<td>Associate Superintendent for Administrative &amp; Support Services</td>
<td>25 years *</td>
</tr>
<tr>
<td></td>
<td>* Total School district experience 29 years</td>
<td></td>
</tr>
<tr>
<td>Sheila Maher, Ed.D.</td>
<td>Associate Superintendent for Educational Services</td>
<td>30 years *</td>
</tr>
<tr>
<td></td>
<td>* Total School district experience 36 years</td>
<td></td>
</tr>
</tbody>
</table>

## Officials Issuing Report

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Years Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Hyatt, CPA</td>
<td>Associate Superintendent for Administrative &amp; Support Services</td>
<td>25 years *</td>
</tr>
<tr>
<td></td>
<td>* Total School district experience 29 years</td>
<td></td>
</tr>
<tr>
<td>Bonnie Halsey, CPA/RTSBA</td>
<td>Executive Director of Finance</td>
<td>8 years *</td>
</tr>
<tr>
<td></td>
<td>* Total School district experience 24 years</td>
<td></td>
</tr>
<tr>
<td>Sara Gambrell, CTSBO</td>
<td>Accounting Director</td>
<td>39 years *</td>
</tr>
<tr>
<td></td>
<td>* Total School district experience 39 years</td>
<td></td>
</tr>
<tr>
<td>Stephanie Murphy, RTSBA</td>
<td>Accountant</td>
<td>11 years *</td>
</tr>
<tr>
<td></td>
<td>* Total School district experience 11 years</td>
<td></td>
</tr>
<tr>
<td>Marcia Harbour, CTSBO</td>
<td>Special Revenue Accountant</td>
<td>11 years *</td>
</tr>
<tr>
<td></td>
<td>* Total School district experience 24 years</td>
<td></td>
</tr>
<tr>
<td>Vicki Pippin, CPA</td>
<td>Accountant</td>
<td>7 years *</td>
</tr>
<tr>
<td></td>
<td>* Total School district experience 7 years</td>
<td></td>
</tr>
<tr>
<td>Scott Roderick, CPA</td>
<td>Director of Financial Reporting</td>
<td>3 year *</td>
</tr>
<tr>
<td></td>
<td>* Total School district experience 6 years</td>
<td></td>
</tr>
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## Carrollton-Farmers Branch
### Independent School District

### Consultants and Advisors

<table>
<thead>
<tr>
<th>Role</th>
<th>Name/Contact Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architects</td>
<td>SHW Group</td>
</tr>
<tr>
<td></td>
<td>7517 Legacy Drive, Suite 250</td>
</tr>
<tr>
<td></td>
<td>Plano, Texas 75024</td>
</tr>
<tr>
<td>Corgan Associates</td>
<td>401 North Houston Street</td>
</tr>
<tr>
<td></td>
<td>Dallas, Texas 75202</td>
</tr>
<tr>
<td>Auditors</td>
<td>Hankins, Eastup, Deaton, Tonn &amp; Seay, P.C.</td>
</tr>
<tr>
<td></td>
<td>902 North Locust</td>
</tr>
<tr>
<td></td>
<td>Denton, Texas 76201</td>
</tr>
<tr>
<td>Bond Counsel</td>
<td>Fulbright &amp; Jaworski, LLP</td>
</tr>
<tr>
<td></td>
<td>2200 Ross Avenue, Suite 2800</td>
</tr>
<tr>
<td></td>
<td>Dallas, Texas 75201</td>
</tr>
<tr>
<td>Financial Advisor</td>
<td>First Southwest Company</td>
</tr>
<tr>
<td></td>
<td>777 Main Street, Suite 1200</td>
</tr>
<tr>
<td></td>
<td>Ft. Worth, Texas 76102</td>
</tr>
<tr>
<td>General Counsel</td>
<td>Robert Luna, Attorney at Law</td>
</tr>
<tr>
<td></td>
<td>4411 North Central Expressway</td>
</tr>
<tr>
<td></td>
<td>Dallas, Texas 75205</td>
</tr>
<tr>
<td>Depository Bank</td>
<td>Bank of America</td>
</tr>
<tr>
<td></td>
<td>901 Main Street</td>
</tr>
<tr>
<td></td>
<td>Dallas, Texas 75202-3714</td>
</tr>
<tr>
<td>Fiscal Agents</td>
<td>The Bank of New York Melon</td>
</tr>
<tr>
<td></td>
<td>2001 Bryan Street 10th Floor</td>
</tr>
<tr>
<td></td>
<td>Dallas, Texas 75201</td>
</tr>
</tbody>
</table>
FINANCIAL SECTION
INDEPENDENT AUDITOR'S REPORT

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

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carrollton-Farmers Branch Independent School District (the District), as of and for the year ended August 31, 2010, which collectively comprise the District’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District’s management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carrollton-Farmers Branch Independent School District as of August 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2010, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.
Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 5 through 16 and 59 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, statistical section and the required TEA schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, the required TEA schedules, excluding the Fund Balance and Cash Flow Calculation Worksheet (Exhibit J-3) which is marked unaudited and on which we express no opinion, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

December 15, 2010
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, 2010. Please read it in conjunction with the District’s transmittal letter at the front of this report and the financial statements, which follow this section beginning on page 19.

FINANCIAL HIGHLIGHTS

- The District’s total combined net assets as presented on the government-wide Statement of Net Assets exceeded liabilities by $192.2 million. The net assets of the District increased by $24.3 million during the year ended August 31, 2010.

- The District’s governmental funds financial statements reported combined ending fund balance of $116.3 million. Of this amount, $2.1 million is reserved in the General Fund and $68.7 million is unreserved in the General Fund and is available for spending at the District’s discretion. Fund balance of $45.4 million is for use by the Debt Service Fund, Capital Projects Funds and Non-Major Funds.

- The District held a successful bond election to authorize $300.165 million in general obligation bonds on October 25, 2003. The District did not issue any additional debt or initiate any refunding transactions during the 2010 fiscal year. $70.9 million of authorized debt remains unissued.

- Three major construction projects were essentially completed this year and one new major project was started. Construction related to this bond program will continue through 2012. Technology projects will continue throughout the program.

- The general fund reported a fund balance this year of $70.8 million, which is an increase of $7.8 million from the prior year fund balance of $63.0 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

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

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

- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.
  - The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
  - Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as workers’ compensation insurance.
  - Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources shown belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The federal 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**

<table>
<thead>
<tr>
<th>Type of Statement</th>
<th>Fund Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government-wide</strong></td>
<td><strong>Governmental Funds</strong></td>
</tr>
<tr>
<td>Scope</td>
<td>Entire Agency's government (except fiduciary funds) and the Agency's component units</td>
</tr>
<tr>
<td>Required financial statements</td>
<td>* Statement of net assets</td>
</tr>
<tr>
<td></td>
<td>* Statement of activities</td>
</tr>
<tr>
<td>Accounting basis and measurement focus</td>
<td>Accrual accounting and economic resources focus</td>
</tr>
<tr>
<td>Type of asset/liability information</td>
<td>All assets and liabilities, both financial and capital, short-term and long-term</td>
</tr>
<tr>
<td></td>
<td>All revenues and expenses during year, regardless of when cash is received or paid</td>
</tr>
</tbody>
</table>

**Government-wide Statements**

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

The two government-wide statements report the District's net assets and how they have changed. Net assets (the difference between the District's assets and liabilities) are one-way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's tax base.
The government-wide financial statements of the District include the category: Governmental activities—Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities. Also included are business-type activities which include the District’s after-school program.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has three kinds of funds:

- **Governmental funds**—Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information (reconciliations), that explain the relationship (or differences) between them.

- **Proprietary funds**—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
  - We use internal service funds to report activities that provide supplies and services for the District’s other programs and activities—such as the District’s Workers’ Compensation Insurance Fund.

- **Fiduciary funds**—The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net assets.** As noted earlier, net assets may serve over time as a useful indicator of the District’s financial position. The District's combined net assets increased between fiscal years 2009 and 2010—increasing by $24.3 million or 14.5% to $192.2 million at August 31, 2010 (see Table A-1, Page 9).
Table A-1
The District’s Net Assets
(in millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current &amp; Other Assets</td>
<td>$146.4</td>
<td>$149.4</td>
<td>$1.7</td>
</tr>
<tr>
<td>Capital &amp; Non-Current Assets</td>
<td>$424.5</td>
<td>$424.3</td>
<td>$0.0</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>$570.9</td>
<td>$573.7</td>
<td>$1.7</td>
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<tr>
<td>Current Liabilities</td>
<td>$16.0</td>
<td>$17.1</td>
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</tr>
<tr>
<td>Long Term Liabilities</td>
<td>$364.4</td>
<td>$389.9</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td>$380.4</td>
<td>$407.0</td>
<td>$0.0</td>
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<tr>
<td>Net Assets</td>
<td>$190.5</td>
<td>$166.7</td>
<td>$1.7</td>
</tr>
<tr>
<td>Invested in Capital Assets</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>net of related debt</td>
<td>$16.2</td>
<td>$8.7</td>
<td>$0.0</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$76.5</td>
<td>$45.7</td>
<td>$1.7</td>
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<tr>
<td><strong>Total Net Assets</strong></td>
<td>$190.5</td>
<td>$166.7</td>
<td>$1.7</td>
</tr>
</tbody>
</table>

A portion of the net assets are either restricted as to the purposes for which they can be used or they are invested in capital assets. Unrestricted net assets increased by $31.3 million. Unrestricted net assets may be used to fund District programs in the next fiscal year. However, this does not mean that the District has significant surplus resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are less than currently available resources.

**Changes in net assets.** The District’s total revenues were $306.0 million representing a decrease of $13.3 million or 4.17%. The majority of this decrease is attributed to State aid formula grants that are not restricted. General Fund and Debt Service Property Tax revenues decreased due to the lower property values in the District. The District was able to reduce the Debt Service tax rate due to the reduction of current requirements for principal and interest. Interest income decreased $1.6 million due to lower interest rates during the year. A significant portion, 63.76%, of the District’s revenue comes from taxes. (See Figure A-3, page 10.) Operating grants and contributions represent 15.03% while only 2.81% relates to charges for services.

The total cost of all programs and services was $280.2 million; a decrease over the previous year of $17.7 million or 5.94%. Instructional and student services represent 73.20% of these costs. The decrease in the Chapter 41 recapture payment from 2009 to 2010 represents a decrease of $17.9 million, which is directly related to the legislatively initiated State funding formula changes.
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 $0.0201 per $100 assessed valuation. Property values decreased 2.20%. Due to the tax roll’s loss in value from the time of certification to the end of the year (shrinkage), the District experienced a loss of $1.6 million in tax revenue. This “shrinkage” factor is discussed further under the caption, General Fund Budgetary Highlights, page 13.
### Table A-2

Changes in the District's Net Assets

*(in millions of dollars)*

<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Program Revenues</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Charges for Services</td>
<td>$5.6</td>
<td>$5.6</td>
<td>$3.0</td>
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<tr>
<td>Operating Grants &amp; Contributions</td>
<td>$46.0</td>
<td>$33.6</td>
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<tr>
<td>Capital Contributions &amp; Grants</td>
<td>$8.7</td>
<td>$8.2</td>
<td>$0.0</td>
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<tr>
<td><strong>General Revenues</strong></td>
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<tr>
<td>Property Taxes</td>
<td>$195.1</td>
<td>$202.0</td>
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<tr>
<td>State aid - Formula Grants</td>
<td>$47.1</td>
<td>$65.1</td>
<td>$0.0</td>
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<tr>
<td>Grants &amp; Contributions</td>
<td>$0.0</td>
<td>$0.1</td>
<td>$0.0</td>
</tr>
<tr>
<td>Investment Earnings</td>
<td>$0.3</td>
<td>$1.9</td>
<td>$0.0</td>
</tr>
<tr>
<td>Miscellaneous Local &amp; Intermediate Revenue</td>
<td>$0.2</td>
<td>$0.1</td>
<td>$0.0</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$303.0</td>
<td>$316.6</td>
<td>$3.0</td>
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<tr>
<td><strong>Expenses</strong></td>
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<tr>
<td>Instruction &amp; Instructional related</td>
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<td>$154.8</td>
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<tr>
<td>Instructional leadership &amp; school leadership</td>
<td>$17.3</td>
<td>$17.6</td>
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</tr>
<tr>
<td>Guidance, social work, health &amp; transportation</td>
<td>$15.9</td>
<td>$14.3</td>
<td>$0.0</td>
</tr>
<tr>
<td>Food services</td>
<td>$123.2</td>
<td>$12.2</td>
<td>$0.0</td>
</tr>
<tr>
<td>Extracurricular</td>
<td>$6.1</td>
<td>$6.1</td>
<td>$0.0</td>
</tr>
<tr>
<td>General administration</td>
<td>$7.1</td>
<td>$7.1</td>
<td>$0.0</td>
</tr>
<tr>
<td>Plant maintenance &amp; security</td>
<td>$24.6</td>
<td>$24.9</td>
<td>$0.0</td>
</tr>
<tr>
<td>Data processing services</td>
<td>$7.0</td>
<td>$5.9</td>
<td>$0.0</td>
</tr>
<tr>
<td>Community services</td>
<td>$1.1</td>
<td>$1.1</td>
<td>$0.0</td>
</tr>
<tr>
<td>Debt services</td>
<td>$17.4</td>
<td>$18.2</td>
<td>$0.0</td>
</tr>
<tr>
<td>Facilities acquisition &amp; construction</td>
<td>$1.3</td>
<td>$1.9</td>
<td>$0.0</td>
</tr>
<tr>
<td>Contracted instructional services between public schools &amp; related costs</td>
<td>$0.0</td>
<td>$17.9</td>
<td>$0.0</td>
</tr>
<tr>
<td>Payments to juvenile justice</td>
<td>$0.2</td>
<td>$0.1</td>
<td>$0.0</td>
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<tr>
<td>Payments to tax increment fund</td>
<td>$13.0</td>
<td>$12.4</td>
<td>$0.0</td>
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<tr>
<td>Other Intergovernmental Charges</td>
<td>$1.0</td>
<td>$1.2</td>
<td>$0.0</td>
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<tr>
<td>After the Bell Child Care</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$2.4</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td>$277.8</td>
<td>$295.7</td>
<td>$2.4</td>
</tr>
<tr>
<td><strong>Increase Before Transfers &amp; Other Items</strong></td>
<td>$25.2</td>
<td>$20.9</td>
<td>$0.6</td>
</tr>
<tr>
<td>Transfers</td>
<td>$0.1</td>
<td>$0.0</td>
<td>($0.1)</td>
</tr>
<tr>
<td><strong>Total Transfers &amp; Other Items</strong></td>
<td>$0.1</td>
<td>$0.0</td>
<td>($0.1)</td>
</tr>
<tr>
<td><strong>Increase in net assets</strong></td>
<td>$25.3</td>
<td>$20.9</td>
<td>$0.5</td>
</tr>
<tr>
<td>Prior Period Adjustment</td>
<td>($1.5)</td>
<td>$0.0</td>
<td>$0.0</td>
</tr>
<tr>
<td><strong>Beginning net assets</strong></td>
<td>$166.7</td>
<td>$145.8</td>
<td>$1.2</td>
</tr>
<tr>
<td><strong>Ending net assets</strong></td>
<td>$190.5</td>
<td>$166.7</td>
<td>$1.7</td>
</tr>
</tbody>
</table>
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 $280.2 million, a decrease of $17.7 million or 5.94% over the prior year. Some functional categories increased. Most notable, the functional category attributed to Guidance, Social Work, Health and Transportation increased $1.6 million due to the increase of student transportation costs and the implementation of additional testing and evaluation tools for special education students. Payments to the Tax Increment Fund increased $0.6 million due to the rising property values within the tax increment zones. Other functional categories decreased.

- The functional category attributed to the wealth equalization (Chapter 41 payment) decreased $17.9 million (due to the legislative initiated State funding formula changes). Instructional and Instructional related decreased $1.3 million due to the District’s effort to reduce costs in all areas of operations. Instructional leadership and school leadership decreased $0.3 million due to realignment and consolidation of personnel. Debt service decreased $0.8 million due to no additional bonds were issued.

- The amount that our taxpayers paid for these activities through property taxes was $195.1 million.

- $8.6 million or 2.81% of the cost was paid by those who directly benefited from the programs.

- Operating grants and contributions totaled $46.0 million.

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

<table>
<thead>
<tr>
<th>Services</th>
<th>Total Cost of</th>
<th>% Change</th>
<th>Net Cost of</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Instruction</td>
<td>$143.1</td>
<td>$144.6</td>
<td>$118.5</td>
<td>$125.0</td>
</tr>
<tr>
<td>Instructional Resources &amp; Media Services</td>
<td>$4.5</td>
<td>$4.4</td>
<td>$3.7</td>
<td>$4.2</td>
</tr>
<tr>
<td>Curriculum &amp; Staff Development</td>
<td>$6.0</td>
<td>$5.9</td>
<td>$3.6</td>
<td>$3.5</td>
</tr>
<tr>
<td>School Leadership</td>
<td>$14.4</td>
<td>$14.8</td>
<td>$13.5</td>
<td>$13.9</td>
</tr>
<tr>
<td>Food Service</td>
<td>$12.3</td>
<td>$12.2</td>
<td>$1.4</td>
<td>$1.0</td>
</tr>
<tr>
<td>Plant maintenance and Operations</td>
<td>$23.0</td>
<td>$23.1</td>
<td>$15.7</td>
<td>$22.3</td>
</tr>
</tbody>
</table>

Financial Analysis of the District’s Funds

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

- Revenues from general governmental functions totaled $302.0 million, a decrease of $13.4 million from the preceding year. Property taxes were the largest source of revenue received by the District. The District’s total taxable values decreased $335.6 million or 2.20% which resulted in a decrease of property tax revenue of $6.9 million or 3.42%. The reduction of current Debt Service requirements for principal and interest allowed the District to decrease the Debt Service tax rate by $.0201. Due to legislative directed State funding formula changes State aid formula grants decreased $18.0 million or 27.65%. Investment earnings decreased $1.6 million or 84.21%.
MANAGEMENT’S DISCUSSION AND ANALYSIS

- Expenditures for general governmental operations totaled $304.8 million during fiscal year 2010. The total decrease for expenditures was $40.2 million. Increases are seen in various functional areas. The largest increases were in the following functional categories: Student Transportation, $0.9 million; Tax Increment Fund, $0.6 million; Guidance and Counseling, $0.5 million. Student Transportation increased due to increased operating cost for transportation. Appreciation of property values in the Irving Tax Increment Finance Zone resulted in increased payments into the Tax Increment Fund. The District invested in testing and evaluation tools for special education tools which increased expenditures in Guidance and Counseling. The largest decreases were in the following functional categories: Chapter 41 (Wealth equalization) decreased $17.9 million due to legislatively changed state funding formulas; Facilities Acquisition and Construction decreased $17.8 million due to the completion of several major projects in the previous year and the delay of other scheduled projects; Debt Service decreased $3.9 million due to reduction in the requirements for principal and interest; and Instruction decreased $2.0 million due to the continued consolidation of personnel.

- In fiscal year 2004 voters approved a bond authorization of $300.165 million. Bonds totaling $229.3 million have been issued during the 2004-2010 fiscal years. The District did not issue any additional debt during the current fiscal year.

- The governmental funds reported a combined fund balance of $116.3 million, a decrease of $1.4 million. The combined fund balance was comprised of a fund balance increase in the General Fund of $7.8 million and a fund balance decrease in the Debt Service Fund of $0.1 million. The District implemented cost reduction measures in order to help control expenditures such as energy savings programs and realignment of secondary programs to reduce the need for additional personnel. Also the downturn in the economy led to a significant decrease in investment earnings that negatively affected fund balances of both the General Fund and Debt Service Fund. The Capital Projects Fund balance also decreased $17.7 million. The Capital Projects Fund completed several major projects during the 2009-2010 fiscal year while choosing not to issue any additional debt. The combination of completed major projects and the initiation of smaller projects contributed to the decrease in the Capital Projects Fund balance. Out of the combined fund balances, $62.7 million constitutes unreserved and undesignated fund balance and $6.0 million constitutes unreserved designated for fund balance, with a total of $68.7 of unreserved fund balance available for the general operations of the District. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to bond projects, debt service and other obligations of the district.

- State aid decreased $19.6 million due to new legislation that changed state funding formulas.

General Fund Budgetary Highlights

- Over the course of the year, the District revised its budget several times. Actual expenditures were $13.2 million below final budget amounts. During 2009-10, the State of Texas supplanted a portion of state revenue with federal dollars. Therefore certain expenditures budgeted in the General Fund will be expensed in special revenue funds. The shifting of these funds has created variances in numerous functional areas. The most significant positive variance resulted from Instruction. In an effort to reduce positions, the District returned pre-kindergarten to half-day (state only funds a half day program) and increased secondary class size and/or teaching load to 28. These measures were implemented to reduce positions through attrition.

- Function 12, Instructional Resources and Media Services, experienced a large positive variance attributed to the change in state funding sources.

- Function 41, General Administration, experienced a large positive variance attributed to realignment of personnel and an initiative to further control costs.
MANAGEMENT’S DISCUSSION AND ANALYSIS

- Revenues available were $4.8 million above the final budget amount. The District received a larger than anticipated reimbursement from School Health and Related Services. Even though the District has a positive revenue variance, it has been experiencing “shrinkage” in the tax roll during the collection year as more property owners were protesting their taxes resulting in a lower net tax roll that tax could be collected. In addition to this loss of taxable value, other taxable values were lost due to a small number of corporations declaring bankruptcy or moving from the district. The district budgeted shrinkage at 2.0% based on prior history. The actual shrinkage was lower, 1.07%. Investment earnings also were down during the fiscal year, the slowing economy contributed to a decreasing rate of return for the District’s deposits and investments.

- Plant Maintenance actual expenditures were $1.2 million below final budget amounts. The District reduced the amount of outside maintenance services and reduced personnel costs.

Capital Assets and Debt Administration

Capital Assets

At the end of 2010, the District had invested $678.7 million in a broad range of capital assets, including land, equipment, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of $16.2 million or 2.45% over last year. Most of this increase was related to an increase in buildings, building improvements or land improvements related to construction and remodeling of district facilities. Additional information regarding Capital Assets is available in the Notes to the Basic Financial Statements, page 47.

<table>
<thead>
<tr>
<th>Table A-4</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>District's Capital Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in millions of dollars)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>2010</th>
<th>2009</th>
<th>Total % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$62.1</td>
<td>$62.0</td>
<td>0.16%</td>
</tr>
<tr>
<td>Buildings, building improvements &amp; land improvements</td>
<td>$573.2</td>
<td>$547.5</td>
<td>4.69%</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>$22.3</td>
<td>$32.1</td>
<td>-30.53%</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>$21.1</td>
<td>$20.9</td>
<td>0.96%</td>
</tr>
<tr>
<td>Totals at historical costs</td>
<td>$678.7</td>
<td>$662.5</td>
<td>2.45%</td>
</tr>
</tbody>
</table>

| Total accumulated depreciation | ($254.2) | ($238.3) | 6.67% |
| Net capital assets             | $424.5   | $424.2   | 0.07% |
At year-end the District had $336.8 million in bonds and notes outstanding. (See Table A-5.) During 2010, the District did not issue any additional debt. More detailed information about the District’s debt is presented in the Notes to the Basic Financial Statements, pages 49-50.

In the State of Texas, Non-Chapter 41 school district bond sales are guaranteed by the Permanent School Fund (PSF). Chapter 41 school districts must purchase bond insurance independently if the state’s permanent bond guarantee fund does not have the capacity to cover all issues. 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. The ratings are Aaa for Moody’s Investors Service and AAA for Standard & Poor’s Corporation.

**Bond Ratings-Underlying**

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

**Economic Factors and Next Year’s Budgets and Rates**

- Assessed values used for the 2011 budget preparation decreased $776.8 million or 5.21% from 2010.

- General operating fund spending per student in the 2011 budget increases from $7,967 to $8,032 (excluding the Chapter 41 and Tax Increment Financing payments). This is a .01% increase.

- The District’s refined average daily attendance is 24,068, a decrease of 277.0 or 1.14% over 2009.

- The District’s attendance rate decreased .20% from 96.0% for 2009 to 95.8% for 2010.

These indicators were taken into account when adopting the general fund budget for 2011. Legislation passed in special session by the Legislature in 2006 is effective for fiscal year 2007 forward. House Bill 1 provided a reduction to 88.67% of the 2004-05 Maintenance & Operations tax rate for 2006-07 and a reduction to 66.67% for 2007-08 and forward. The legislation reduces local maintenance and operating property tax rates from $1.50 to $1.00 per taxable $100 of values. Districts have local enrichment options up to $.17 with the first four cents requiring only school board approval, the remaining $.13 requiring voter approval. The District made the decision to exercise $.04 of the available local enrichment cents in previous fiscal years. The decrease in property values caused General Fund tax revenues budgeted to decrease $8.3 million less than actual collections for fiscal year 2010. The state funding formulas have
changed significantly with the passage of House bill 1 (80th Legislature) and the target revenue concept. Although the 81st Legislature altered some of the state funding formulas, the target revenue system remains in place. Basically, the only way to generate additional revenue is to ask local taxpayers for a tax increase absent the increase of the student population. In a period of decreasing property values, the state target revenue system offsets decreasing tax revenue resulting in an increase of $7.3 million for budgeted state revenue for fiscal year 2011.

General Fund expenditures are budgeted to increase 0.52% to $221.8 million over the original 2010 budgeted amounts of $220.7 million. All returning employees are to receive at least a 2.5% raise. The District’s plan for staff reductions implemented in 2009-10 will be more fully realized in 2010-11 and beyond due to the reducing positions through attrition rather than layoffs. Additional budget staffing changes will include closing an elementary school and a pre-kindergarten center. The students will be absorbed by other District campuses. The District intends to reduce summer school activities as well continued administration reorganization.

If these estimates are realized, the District’s budgetary general fund balance is expected to decease by $6.0 million by the close of the 2011 fiscal year.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District’s Executive Director for Finance, Bonnie Halsey, at 1445 N. Perry Road, Carrollton, Texas 75011-5186, (972) 968-6112, e-mail halseyb@cfbisd.edu or the District’s Director of Financial Reporting, Scott Roderick, (972) 968- 6116, rodericks@cfbisd.edu.
CARROLLTON-FARMERS BRANCH ISD  
STATEMENT OF NET ASSETS  
AUGUST 31, 2010

<table>
<thead>
<tr>
<th>Data Codes</th>
<th>Primary Government</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Governmental Activities</td>
</tr>
</tbody>
</table>

**ASSETS**

<table>
<thead>
<tr>
<th>Control Code</th>
<th>Description</th>
<th>Governmental</th>
<th>Business Type</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1110</td>
<td>Cash and Cash Equivalents</td>
<td>$115,011,400</td>
<td>$1,479,148</td>
<td>$116,490,548</td>
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<tr>
<td>1120</td>
<td>Current Investments</td>
<td>1,184,688</td>
<td>-</td>
<td>1,184,688</td>
</tr>
<tr>
<td>1220</td>
<td>Property Taxes Receivable (Delinquent)</td>
<td>5,296,785</td>
<td>-</td>
<td>5,296,785</td>
</tr>
<tr>
<td>1230</td>
<td>Allowance for Uncollectible Taxes</td>
<td>(2,343,631)</td>
<td>-</td>
<td>(2,343,631)</td>
</tr>
<tr>
<td>1240</td>
<td>Due from Other Governments</td>
<td>24,137,233</td>
<td>-</td>
<td>24,137,233</td>
</tr>
<tr>
<td>1250</td>
<td>Accrued Interest</td>
<td>16,166</td>
<td>-</td>
<td>16,166</td>
</tr>
<tr>
<td>1260</td>
<td>Internal Balances</td>
<td>(234,495)</td>
<td>234,495</td>
<td>-</td>
</tr>
<tr>
<td>1290</td>
<td>Other Receivables, net</td>
<td>315,774</td>
<td>9,417</td>
<td>325,191</td>
</tr>
<tr>
<td>1300</td>
<td>Inventories</td>
<td>1,241,976</td>
<td>-</td>
<td>1,241,976</td>
</tr>
<tr>
<td>1410</td>
<td>Deferred Expenses</td>
<td>1,497,066</td>
<td>-</td>
<td>1,497,066</td>
</tr>
<tr>
<td>1420</td>
<td>Capitalized Bond and Other Debt Issuance Costs</td>
<td>327,106</td>
<td>(132)</td>
<td>326,974</td>
</tr>
</tbody>
</table>

**Capital Assets:**

<table>
<thead>
<tr>
<th>Control Code</th>
<th>Description</th>
<th>Governmental</th>
<th>Business Type</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1510</td>
<td>Land</td>
<td>62,090,463</td>
<td>-</td>
<td>62,090,463</td>
</tr>
<tr>
<td>1520</td>
<td>Buildings</td>
<td>573,245,073</td>
<td>-</td>
<td>573,245,073</td>
</tr>
<tr>
<td>1530</td>
<td>Furniture and Equipment</td>
<td>21,112,973</td>
<td>-</td>
<td>21,112,973</td>
</tr>
<tr>
<td>1570</td>
<td>Accumulated Depreciation</td>
<td>(254,234,674)</td>
<td>-</td>
<td>(254,234,674)</td>
</tr>
<tr>
<td>1580</td>
<td>Construction in Progress</td>
<td>22,283,853</td>
<td>-</td>
<td>22,283,853</td>
</tr>
<tr>
<td>3000</td>
<td>Total Assets</td>
<td>570,947,756</td>
<td>1,722,928</td>
<td>572,670,684</td>
</tr>
</tbody>
</table>

**LIABILITIES**

<table>
<thead>
<tr>
<th>Control Code</th>
<th>Description</th>
<th>Governmental</th>
<th>Business Type</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2110</td>
<td>Accounts Payable</td>
<td>4,343,516</td>
<td>1,510</td>
<td>4,345,026</td>
</tr>
<tr>
<td>2140</td>
<td>Interest Payable</td>
<td>691,095</td>
<td>-</td>
<td>691,095</td>
</tr>
<tr>
<td>2150</td>
<td>Payroll Deductions &amp; Withholdings</td>
<td>2,063,948</td>
<td>4,724</td>
<td>2,068,672</td>
</tr>
<tr>
<td>2160</td>
<td>Accrued Wages Payable</td>
<td>8,568,452</td>
<td>7,061</td>
<td>8,575,513</td>
</tr>
<tr>
<td>2180</td>
<td>Due to Other Governments</td>
<td>11,523</td>
<td>-</td>
<td>11,523</td>
</tr>
<tr>
<td>2300</td>
<td>Unearned Revenues</td>
<td>327,683</td>
<td>-</td>
<td>327,683</td>
</tr>
<tr>
<td>2501</td>
<td>Due Within One Year</td>
<td>27,620,159</td>
<td>-</td>
<td>27,620,159</td>
</tr>
<tr>
<td>2502</td>
<td>Due in More Than One Year</td>
<td>336,793,337</td>
<td>-</td>
<td>336,793,337</td>
</tr>
<tr>
<td>3000</td>
<td>Total Liabilities</td>
<td>380,419,713</td>
<td>13,295</td>
<td>380,433,008</td>
</tr>
</tbody>
</table>

**NET ASSETS**

<table>
<thead>
<tr>
<th>Control Code</th>
<th>Description</th>
<th>Governmental</th>
<th>Business Type</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>3200</td>
<td>Invested in Capital Assets, Net of Related Debt</td>
<td>97,751,463</td>
<td>-</td>
<td>97,751,463</td>
</tr>
<tr>
<td>3840</td>
<td>Restricted for Food Service</td>
<td>668,833</td>
<td>-</td>
<td>668,833</td>
</tr>
<tr>
<td>3850</td>
<td>Restricted for Debt Service</td>
<td>1,943,173</td>
<td>-</td>
<td>1,943,173</td>
</tr>
<tr>
<td>3890</td>
<td>Restricted for Tax Increment Zone</td>
<td>13,579,308</td>
<td>-</td>
<td>13,579,308</td>
</tr>
<tr>
<td>3900</td>
<td>Unrestricted Net Assets</td>
<td>76,585,266</td>
<td>1,709,633</td>
<td>78,294,899</td>
</tr>
<tr>
<td>3000</td>
<td>Total Net Assets</td>
<td>$190,528,043</td>
<td>$1,709,633</td>
<td>$192,237,676</td>
</tr>
</tbody>
</table>

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, 2010

<table>
<thead>
<tr>
<th>Data Codes</th>
<th>Operating Contributions</th>
<th>Capital Grants and Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>Expenses</td>
<td>Charges for Services</td>
</tr>
<tr>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

**Primary Government:**

**GOVERNMENTAL ACTIVITIES:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Expenses</th>
<th>Charges for Services</th>
<th>Operating Contributions</th>
<th>Capital Grants and Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$143,091,092</td>
<td>$1,040,135</td>
<td>$23,522,054</td>
<td>$-</td>
</tr>
<tr>
<td>Instructional Resources and Media Services</td>
<td>$4,470,228</td>
<td>$20,796</td>
<td>$750,890</td>
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<td>$11,000</td>
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<tr>
<td>Instructional Leadership</td>
<td>$2,849,542</td>
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<td>$595,597</td>
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<td>$14,406,145</td>
<td>$40,656</td>
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<td>$177</td>
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<td>Student (Pupil) Transportation</td>
<td>$3,101,861</td>
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<td>-</td>
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<td>Plant Maintenance and Operations</td>
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<td>$733,374</td>
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<td>Security and Monitoring Services</td>
<td>$1,545,532</td>
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<td>Data Processing Services</td>
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<td>Community Services</td>
<td>$1,148,422</td>
<td>-</td>
<td>$520,838</td>
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<tr>
<td>Debt Service - Interest on Long Term Debt</td>
<td>$17,350,391</td>
<td>-</td>
<td>-</td>
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<td>Debt Service - Bond Issuance Cost and Fees</td>
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<td>-</td>
<td>-</td>
<td>$-</td>
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<tr>
<td>Capital Outlay</td>
<td>$1,331,904</td>
<td>-</td>
<td>$4,906</td>
<td>$8,664,218</td>
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<td>Payments to Juvenile Justice Alternative Ed. Prg.</td>
<td>$159,550</td>
<td>-</td>
<td>-</td>
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<td>Payments to Tax Increment Fund</td>
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<td>-</td>
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<tr>
<td>Other Intergovernmental Charges</td>
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<td>-</td>
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<tr>
<td>[TG] Total Governmental Activities:</td>
<td>$277,692,632</td>
<td>$5,574,539</td>
<td>$45,987,810</td>
<td>$8,664,218</td>
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**BUSINESS-TYPE ACTIVITIES:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Expenses</th>
<th>Charges for Services</th>
<th>Operating Contributions</th>
<th>Capital Grants and Contributions</th>
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<tbody>
<tr>
<td>After the Bell</td>
<td>$2,414,999</td>
<td>$2,982,574</td>
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<td>[TB] Total Business-Type Activities:</td>
<td>$2,414,999</td>
<td>$2,982,574</td>
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**[TP] TOTAL PRIMARY GOVERNMENT:**

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<tr>
<th>Description</th>
<th>Expenses</th>
<th>Charges for Services</th>
<th>Operating Contributions</th>
<th>Capital Grants and Contributions</th>
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<tbody>
<tr>
<td>General Revenues:</td>
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<td>$8,557,113</td>
<td>$45,987,810</td>
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The notes to the financial statements are an integral part of this statement.
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<th>Activities</th>
<th>Business Type</th>
<th>Total</th>
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<td>$ (118,528,903)</td>
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<td>(3,698,542)</td>
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<td>(3,698,542)</td>
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<td>(3,603,196)</td>
<td>-</td>
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<td>(2,253,945)</td>
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<tr>
<td>(13,481,773)</td>
<td>-</td>
<td>(13,481,773)</td>
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<tr>
<td>(8,762,356)</td>
<td>-</td>
<td>(8,762,356)</td>
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<tr>
<td>(155,967)</td>
<td>-</td>
<td>(155,967)</td>
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<tr>
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<td>(2,402,029)</td>
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<tr>
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<td>(216,898,490)</td>
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<td>167,935,712</td>
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<td>$ 1,709,633</td>
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<td>-------</td>
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<td>---------------------</td>
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<tr>
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<td>Cash and Cash Equivalents</td>
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<td>Other Receivables</td>
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<td>Inventories</td>
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<td>Accrued Wages Payable</td>
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<td><strong>Fund Balances:</strong></td>
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<td><strong>Reserved For:</strong></td>
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<td>Investments in Inventory</td>
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<td>Retirement of Long Term Debt</td>
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<td>Prepaid Items</td>
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<td>Outstanding Encumbrances</td>
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<td>Capital Acquisition Program</td>
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<td>Tax Increment Zone</td>
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<td><strong>Unreserved Designated For:</strong></td>
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<td>Other Purposes</td>
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<td><strong>Unreserved and Undesignated:</strong></td>
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<td>Reported in the General Fund</td>
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<tr>
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<td>Reported in Special Revenue Funds</td>
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<td>Total Fund Balances</td>
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<th>Codes</th>
<th>10 General Fund</th>
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<th>60 Capital Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>4000</td>
<td>Total Liabilities and Fund Balances</td>
<td>$84,383,911</td>
<td>$2,672,689</td>
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</table>

The notes to the financial statements are an integral part of this statement.
<table>
<thead>
<tr>
<th>Other Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>$16,456,332</td>
<td>$104,591,832</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
</tr>
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<td>-</td>
<td>-</td>
</tr>
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<td>4,932,318</td>
<td>24,137,233</td>
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<td>16,166</td>
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<td>4,152,417</td>
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<td>8,109</td>
<td>84,542</td>
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<td>478,313</td>
<td>1,241,976</td>
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<tr>
<td>33,422</td>
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<tr>
<td></td>
<td>$22,095,597</td>
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<tr>
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<td>$138,689,114</td>
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</table>

<table>
<thead>
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<th>Other Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
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<td>$4,343,516</td>
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<td>3,979,989</td>
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<td>11,523</td>
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<td>266,612</td>
<td>3,036,320</td>
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<td>5,837,230</td>
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<td>22,408,045</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>478,313</td>
<td>1,241,976</td>
</tr>
<tr>
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<td>2,118,869</td>
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<tr>
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<td>293,684</td>
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<td>268,315</td>
<td>6,113,337</td>
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<td>668,833</td>
<td>668,833</td>
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<td>-</td>
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<td>13,579,308</td>
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<tr>
<td>-</td>
<td>6,006,312</td>
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<tr>
<td>-</td>
<td>62,703,909</td>
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<tr>
<td>1,263,598</td>
<td>1,263,598</td>
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<tr>
<td></td>
<td>16,258,367</td>
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<tr>
<td></td>
<td>116,281,069</td>
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</table>

|             | $22,095,597 |
|             | $138,689,114 |
### Total Fund Balances - Governmental Funds

<table>
<thead>
<tr>
<th>1</th>
<th>The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.</td>
</tr>
<tr>
<td>3</td>
<td>Accumulated depreciation has not been included in the governmental fund financial statements.</td>
</tr>
<tr>
<td>4</td>
<td>Bonds payable and contractual obligations have not been included in the governmental fund financial statements.</td>
</tr>
<tr>
<td>5</td>
<td>Bond issuance costs reported as an expenditure in the governmental fund financial statements are capitalized in the government-wide financial statements.</td>
</tr>
<tr>
<td>6</td>
<td>Premium on issuance of debt were not recongized on the balance sheet for governmental funds.</td>
</tr>
<tr>
<td>7</td>
<td>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.</td>
</tr>
<tr>
<td>8</td>
<td>Revenue reported as unearned revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.</td>
</tr>
<tr>
<td>9</td>
<td>Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an interest expenditure is reported when due.</td>
</tr>
<tr>
<td>10</td>
<td>Compensated absences are accrued in the government-wide financial statements but not in the governmental funds.</td>
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</tbody>
</table>

#### Net Assets of Governmental Activities

<table>
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<tr>
<th>19</th>
<th>Net Assets of Governmental Activities</th>
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</thead>
<tbody>
<tr>
<td>19</td>
<td>$ 190,528,043</td>
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</table>

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, 2010

<table>
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<tr>
<th>Data Control Codes</th>
<th>10 Fund</th>
<th>50 Fund</th>
<th>60 Projects</th>
</tr>
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<tr>
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<td>81,361</td>
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<table>
<thead>
<tr>
<th>EXPENDITURES:</th>
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</thead>
<tbody>
<tr>
<td>Current:</td>
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<tr>
<td>0011 Instruction</td>
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<tr>
<td>0012 Instructional Resources and Media Services</td>
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<td>0013 Curriculum and Instructional Staff Development</td>
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<tr>
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<td>13,564,180</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>0031 Guidance, Counseling and Evaluation Services</td>
<td>9,186,273</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>0032 Social Work Services</td>
<td>165,773</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>0033 Health Services</td>
<td>2,495,402</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>0034 Student (Pupil) Transportation</td>
<td>3,055,499</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>0035 Food Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>0036 Extracurricular Activities</td>
<td>4,271,711</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>0041 General Administration</td>
<td>6,504,660</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>0051 Facilities Maintenance and Operations</td>
<td>16,212,712</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>0052 Security and Monitoring Services</td>
<td>1,507,175</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>0053 Data Processing Services</td>
<td>4,713,646</td>
<td>-</td>
<td>100,245</td>
</tr>
<tr>
<td>0061 Community Services</td>
<td>662,312</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt Service:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0071 Debt Service - Principal on Long Term Debt</td>
<td>-</td>
<td>27,060,000</td>
<td>-</td>
</tr>
<tr>
<td>0072 Debt Service - Interest on Long Term Debt</td>
<td>-</td>
<td>17,265,964</td>
<td>-</td>
</tr>
<tr>
<td>0073 Debt Service - Bond Issuance Cost and Fees</td>
<td>-</td>
<td>3,825</td>
<td>-</td>
</tr>
<tr>
<td>Capital Outlay:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0081 Facilities Acquisition and Construction</td>
<td>90,654</td>
<td>-</td>
<td>17,394,600</td>
</tr>
<tr>
<td>Intergovernmental:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0095 Payments to Juvenile Justice Alternative Ed. Prg.</td>
<td>159,550</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>0097 Payments to Tax Increment Fund</td>
<td>12,995,177</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>0099 Other Intergovernmental Charges</td>
<td>963,230</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6030 Total Expenditures</td>
<td>203,817,589</td>
<td>44,329,789</td>
<td>17,532,057</td>
</tr>
<tr>
<td>1100 Excess (Deficiency) of Revenues Over (Under) Expenditures</td>
<td>6,372,152</td>
<td>(335,768)</td>
<td>(17,450,696)</td>
</tr>
</tbody>
</table>

### OTHER FINANCING SOURCES (USES):

| Transfers In | 131,898 | 220,837 | - |
| Other Resources | 1,282,506 | - | - |
| Transfers Out (Use) | (2,020) | - | (220,837) |

| 7080 Total Other Financing Sources (Uses) | 1,412,384 | 220,837 | (220,837) |
| 1200 Net Change in Fund Balances | 7,784,536 | (114,931) | (17,671,533) |
| 0100 Fund Balance - September 1 (Beginning) | 63,046,662 | 2,233,800 | 44,744,168 |

| 3000 Fund Balance - August 31 (Ending) | $70,831,198 | $2,118,869 | $27,072,635 |

The notes to the financial statements are an integral part of this statement.
<table>
<thead>
<tr>
<th></th>
<th>Other Funds</th>
<th>Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>$13,188,461</td>
<td>$210,654,837</td>
</tr>
<tr>
<td><strong>Funds</strong></td>
<td>3,139,803</td>
<td>58,649,945</td>
</tr>
<tr>
<td></td>
<td>31,418,716</td>
<td>32,707,321</td>
</tr>
<tr>
<td></td>
<td>47,746,980</td>
<td>302,012,103</td>
</tr>
</tbody>
</table>

|                | 16,121,758  | 134,414,337        |
|                | 601,640     | 3,801,974          |
|                | 2,232,957   | 5,746,605          |
|                | 506,220     | 2,806,506          |
|                | 201,385     | 13,765,565         |
|                | 629,443     | 9,815,716          |
|                | -           | 165,773            |
|                | 119,663     | 2,615,065          |
|                | -           | 3,055,499          |
|                | 11,058,241  | 11,058,241         |
|                | 464,365     | 4,736,076          |
|                | 147,739     | 6,652,399          |
|                | 6,002,965   | 22,215,677         |
|                | 8,888       | 1,516,063          |
|                | 574,971     | 5,388,862          |
|                | 487,767     | 1,150,079          |
|                | -           | 27,060,000         |
|                | -           | 17,265,964         |
|                | -           | 3,825              |
|                | 1,750       | 17,487,004         |
|                | -           | 159,550            |
|                | -           | 12,995,177         |
|                | -           | 963,230            |
| **Total**      | 39,159,752  | 304,839,187        |
| **Funds**      | 8,587,228   | (2,827,084)        |

|                | 2,020       | 354,755            |
|                | -           | 1,282,506          |
|                | (16,548)    | (239,405)          |
|                | (14,528)    | 1,397,856          |
| **Total**      | 8,572,700   | (1,429,228)        |
| **Funds**      | 7,685,667   | 117,710,297        |

| **Total**      | $16,258,367 | $116,281,069        |
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, 2010

Total Net Change in Fund Balances - Governmental Funds $ (1,429,228)

The District uses internal service funds to charge the costs of self-insurance to appropriate functions in other funds. The net effect of this consolidation is to increase net assets.

Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2010 capital asset addition is to increase net assets.

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.

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.

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures is reported when due.

The liability for accrued compensated absences is not recognized in the governmental funds. The effect of recording current year's liability is to decrease net assets.

Bond issuance costs are expenditures in the fund financial statements when debt is issued, but it is amortized over the term of the bond in the government-wide financial statements.

Premium and discounts are recognized in the financial statements as other financing sources or uses, but they are amortized over the term of the bonds in the government-wide financial statements.

Amortization of deferred refunding amount is not recognized in the governmental funds. The effect of recording current year's amortization is to decrease net assets.

Revenue from property taxes is deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed net of allowance for uncollectible accounts in the government-wide statements.

The notes to the financial statements are an integral part of this statement.
In the statement of activities, only the loss on the asset disposals are reported, whereas in the governmental funds, the proceeds from the sale, increase financial resources. The change in net assets differs from the change in fund balances by the cost of the assets disposed.

Change in Net Assets of Governmental Activities

<table>
<thead>
<tr>
<th></th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25,327,849</td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this statement.
CARROLLTON-FARMERS BRANCH ISD  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AUGUST 31, 2010  

<table>
<thead>
<tr>
<th></th>
<th>Business-Type Activities</th>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Enterprise Funds</td>
<td>Total Internal Service Funds</td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$1,479,148</td>
<td>$10,419,568</td>
</tr>
<tr>
<td>Due from Other Funds</td>
<td>234,828</td>
<td>156</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>9,417</td>
<td>231,232</td>
</tr>
<tr>
<td>Deferred Expenses</td>
<td>(132)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,723,261</td>
<td>10,650,956</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>1,510</td>
<td></td>
</tr>
<tr>
<td>Payroll Deductions and Withholdings Payable</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Accrued Wages Payable</td>
<td>7,061</td>
<td>2,704</td>
</tr>
<tr>
<td>Due to Other Funds</td>
<td>333</td>
<td>78</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>-</td>
<td>2,067,828</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>13,628</td>
<td>2,070,610</td>
</tr>
<tr>
<td>NET ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted Net Assets</td>
<td>1,709,633</td>
<td>8,580,346</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>$1,709,633</td>
<td>$8,580,346</td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this statement.
CARROLLTON-FARMERS BRANCH ISD  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2010

<table>
<thead>
<tr>
<th></th>
<th>Business-Type Activities -</th>
<th>Governmental Activities -</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Enterprise Funds</td>
<td>Total Internal Service Funds</td>
</tr>
<tr>
<td><strong>OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local and Intermediate Sources</td>
<td>$2,982,574</td>
<td>$1,517,533</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>2,982,574</td>
<td>1,517,533</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll Costs</td>
<td>2,188,290</td>
<td>126,796</td>
</tr>
<tr>
<td>Professional and Contracted Services</td>
<td>13,044</td>
<td>52,664</td>
</tr>
<tr>
<td>Supplies and Materials</td>
<td>47,453</td>
<td>248</td>
</tr>
<tr>
<td>Other Operating Costs</td>
<td>166,212</td>
<td>1,131,716</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>2,414,999</td>
<td>1,311,424</td>
</tr>
<tr>
<td>Operating Income</td>
<td>567,575</td>
<td>206,109</td>
</tr>
<tr>
<td><strong>NONOPERATING REVENUES (EXPENSES):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings from Temporary Deposits &amp; Investments</td>
<td>-</td>
<td>20,625</td>
</tr>
<tr>
<td>Total Nonoperating Revenues (Expenses)</td>
<td>-</td>
<td>20,625</td>
</tr>
<tr>
<td>Income Before Transfers</td>
<td>567,575</td>
<td>226,734</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>(115,350)</td>
<td>-</td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>452,225</td>
<td>226,734</td>
</tr>
<tr>
<td>Total Net Assets - September 1 (Beginning)</td>
<td>1,257,408</td>
<td>8,353,612</td>
</tr>
<tr>
<td><strong>Total Net Assets - August 31 (Ending)</strong></td>
<td>$1,709,633</td>
<td>$8,580,346</td>
</tr>
</tbody>
</table>

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, 2010

<table>
<thead>
<tr>
<th>Business-Type Activities</th>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td>Enterprise Funds</td>
<td>Internal Service Funds</td>
</tr>
</tbody>
</table>

Cash Flows from Operating Activities:
- Cash Received from User Charges: $2,764,535
- Cash Payments to Employees for Services: (2,266,920)
- Cash Payments for Insurance Claims: -
- Cash Payments for Suppliers: (50,854)
- Cash Payments for Other Operating Expenses: (179,256)
Net Cash Provided by Operating Activities: $267,505

Cash Flows from Non-Capital Financing Activities:
- Transfer Out: (115,350)

Cash Flows from Investing Activities:
- Interest and Dividends on Investments: -
- Net Increase in Cash and Cash Equivalents: $152,155
- Cash and Cash Equivalents at Beginning of the Year: 1,326,993
- Cash and Cash Equivalents at the End of the Year: $1,479,148

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:
- Operating Income: $567,575
- Effect of Increases and Decreases in Current Assets and Liabilities:
  - Decrease (increase) in Receivables: (218,039)
  - Decrease (increase) in Prepaid Expenses: 132
  - Increase (decrease) in Accounts Payable: 3,533
  - Increase (decrease) in Payroll Deductions: 78,630
  - Increase (decrease) in Accrued Wages Payable: -
  - Increase (decrease) in Accrued Expenses: -
Net Cash Provided by Operating Activities: $267,505

The notes to the financial statements are an integral part of this statement.
### CARROLLTON-FARMERS BRANCH ISD
### STATEMENT OF FIDUCIARY NET ASSETS
### FIDUCIARY FUNDS
### AUGUST 31, 2010

<table>
<thead>
<tr>
<th>Agency Fund</th>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ASSETS</td>
<td>LIABILITIES</td>
</tr>
<tr>
<td></td>
<td>Cash and Cash Equivalents</td>
<td>Accounts Payable</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Due to Student Groups</td>
</tr>
<tr>
<td></td>
<td>Investments - Current</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Accrued Interest</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Assets</td>
<td>Total Liabilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 341,563</td>
<td>$ 80,773</td>
</tr>
<tr>
<td></td>
<td>$ 225,000</td>
<td>$ 485,923</td>
</tr>
<tr>
<td></td>
<td>133</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 566,696</td>
<td>$ 566,696</td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this statement.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund balance sheet and proprietary fund statement of net assets. All interfund transactions between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental and fiduciary funds are included in the statement of net assets as receivable or payable to external parties (consistent with the nature of the fiduciary fund).
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-Wide and Fund Financial Statements - continued

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

Grants funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Fund Accounting

The District reports the following major governmental funds:

1. **The General Fund** – The General fund is the District’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

2. **Debt Service Fund** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

3. **Capital Projects Fund** – The proceeds from long-term financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

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

**Governmental Funds:**

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

**Proprietary Funds:**

2. **Enterprise Funds** – Are utilized by the District to account for activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities. The District’s sole enterprise fund accounts for the After the Bell program.

3. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District’s Internal Service Funds are the Health Insurance and Workers’ Compensation Funds.

**Fiduciary Funds:**

4. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District’s Agency Fund is the Student Activity Fund.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents

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

Interfund Receivables and Payables

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

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which they are imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year. The assessed value of the certified roll, upon which the levy for the 2010 fiscal year was based upon, was $14,909,785,600.

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, 2010 were 99.13% of the tax levy.

The tax rates assessed for the year ended August 31, 2010 to finance general fund operations and the payment of principal and interest on general obligation long-term debt were $1.04 and $0.3022 per $100 valuation, respectively, for a total of $1.3422 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 reservation fund balance indicates that inventories are unavailable as current expendable financial resources.

Capital Assets

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

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

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

<table>
<thead>
<tr>
<th>Assets</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Improvements</td>
<td>20</td>
</tr>
<tr>
<td>Buildings</td>
<td>50</td>
</tr>
<tr>
<td>Buildings Improvements</td>
<td>20</td>
</tr>
<tr>
<td>Portable Classrooms</td>
<td>20</td>
</tr>
<tr>
<td>Vehicles</td>
<td>10</td>
</tr>
<tr>
<td>Furniture</td>
<td>10</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>5</td>
</tr>
<tr>
<td>Computer Equipment</td>
<td>5</td>
</tr>
<tr>
<td>Music Equipment</td>
<td>10</td>
</tr>
<tr>
<td>Other Equipment</td>
<td>10</td>
</tr>
</tbody>
</table>

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 $1,679,659 for accumulated sick leave that is reflected in the government-wide financial statements.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Liability for Compensated Absences - Continued

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

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

Long-Term Debt

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

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

Net Assets and Fund Balance

Government-Wide Financial Statements

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

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

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

Restricted for Food Service – The component of net assets that reports the difference between assets and liabilities of the Food Service Activities that consists of assets with constraints placed on their use by the Department of Agriculture.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-Wide Financial Statements - Continued

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

Unrestricted – The difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, Net of Related Debt, Net Assets Restricted for Federal and State Programs, Net Assets Restricted for Food Service or Net Assets Restricted for Tax Increment Zone.

Governmental Fund Financial Statements

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

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

Designated Fund Balance – That portion of fund balance which has been designated by the Board of Trustees for a specific purpose. As of August 31, 2010, $6,006,312 has been designated to pay operating costs included in the District’s 2010-2011 fiscal year deficit budget.

Unreserved and Undesignated Fund Balance – Composed of unreserved and undesignated portions of fund balance. The undesignated portion of the unreserved fund balance represents that portion of fund balance that is available for budgeting in future periods.

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas Law, appropriations lapse at August 31, and encumbrances outstanding at that time are to either canceled or appropriately provided for in the subsequent year’s budget. Encumbrances are reported as a reservation of fund balances in the governmental fund financial statements. Encumbrances outstanding at August 31, 2010 that were in the subsequent year’s budget are:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$1,254,388</td>
</tr>
<tr>
<td>Special Revenue Fund-Food Service</td>
<td>268,315</td>
</tr>
<tr>
<td>Capital Projects Fund</td>
<td>4,590,634</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,113,337</strong></td>
</tr>
</tbody>
</table>

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.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2010 will change.

NOTE 2. CASH AND INVESTMENTS

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District’s agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

At August 31, 2010, the carrying amount of the District’s deposits (cash, certificates of deposit, and interest-bearing saving accounts included in temporary investments) was $6,443,244 and the bank balance was $8,319,871. The District’s cash deposits at August 31, 2010 and during the year ended August 31, 2010 were entirely covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name.

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


b. The market value of securities pledged as of the date of the highest combined balance on deposit was $39,907,182.

c. The highest combined balances of cash, savings, and time deposit accounts amounted to $35,526,419 and occurred during the month of February, 2010.

d. Total amount of FDIC coverage at the time of the highest combined balance was $750,000.

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.
NOTE 2. CASH AND INVESTMENTS - CONTINUED

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

<table>
<thead>
<tr>
<th>Authorized Investment Type</th>
<th>Maximum Maturity</th>
<th>Maximum Percentage of Portfolio</th>
<th>Maximum Investment In One Issuer</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury Obligations</td>
<td>10 years</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>U.S. Agencies Securities</td>
<td>10 years</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Letters of Credit</td>
<td>10 years</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>90 days</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>1 year</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Securities Lending Program</td>
<td>270 days</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Banker's Acceptance</td>
<td>270 days</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>270 days</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>No-Load Money Market Mutual Funds</td>
<td>90 days</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>No-Load Mutual Funds</td>
<td>2 years</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Guaranteed Investment Contracts</td>
<td>5 years</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Investment Pools</td>
<td>-</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

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, 2010 are classified in the accompanying financial statements as follows:

Statement of Net Assets:
Cash and Investments $117,675,236

Fiduciary Funds:
Cash and Investments $566,563

Total Cash and Investments $118,241,799

Cash and investments as August 31, 2010 consist of the following:

Cash on Hand $23,675
Savings and Checking Accounts 5,033,556
Certificates of Deposit 1,409,688
Texpool 91,758,558
TexStar 20,016,322

Total Cash and Investments $118,241,799
NOTE 2. 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 has no specific maturity restrictions for certificates of deposit or public funds investment pools, however, the District manages its exposure to interest rate risk by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The District has no specific limitations with respect to this metric.

As of August 31, 2010, the District had the following investments:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Amount</th>
<th>Weighted Average Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of Deposit</td>
<td>$1,409,688</td>
<td>176 days</td>
</tr>
<tr>
<td>Texpool</td>
<td>$91,758,558</td>
<td>29 days</td>
</tr>
<tr>
<td>TexStar</td>
<td>$20,016,322</td>
<td>49 days</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$113,184,568</td>
<td></td>
</tr>
</tbody>
</table>

As of August 31, 2010 the District did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosure relating to credit risk

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

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Amount</th>
<th>Minimum Legal Rating</th>
<th>Rating of Year</th>
<th>End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texpool</td>
<td>$91,758,558</td>
<td>N/A</td>
<td>AAAm</td>
<td></td>
</tr>
<tr>
<td>TexStar</td>
<td>$20,016,322</td>
<td>N/A</td>
<td>AAAm</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$111,774,880</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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, 2010, other than external investment pools, the District did not have 5% or more of its investments with one issuer.
NOTE 2. CASH AND INVESTMENTS – CONTINUED

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, 2010, the District deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The District is a voluntary participant in Texpool and TexStar.

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

NOTE 3. DELINQUENT TAXES RECEIVABLE

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

At August 31, 2010 the components of delinquent taxes receivables are as follows:

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Debt Service Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delinquent Taxes</td>
<td>$ 3,040,691</td>
<td>$ 786,591</td>
<td>$ 3,827,282</td>
</tr>
<tr>
<td>Related Penalty and Interest</td>
<td>1,207,754</td>
<td>261,749</td>
<td>1,469,503</td>
</tr>
<tr>
<td></td>
<td>$ 4,248,445</td>
<td>$ 1,048,340</td>
<td>$ 5,296,785</td>
</tr>
</tbody>
</table>
NOTE 3. DELINQUENT TAXES RECEIVABLE – CONTINUED

At August 31, 2010 an allowance for uncollectible taxes is provided for the following:

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Debt Service Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Property</td>
<td>$ 1,774,965</td>
<td>$ 515,765</td>
<td>$ 2,290,730</td>
</tr>
<tr>
<td>Real Property</td>
<td>$ 41,099</td>
<td>$ 11,802</td>
<td>$ 52,901</td>
</tr>
<tr>
<td></td>
<td>$ 1,816,064</td>
<td>$ 527,567</td>
<td>$ 2,343,631</td>
</tr>
</tbody>
</table>

NOTE 4. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2010, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments. Furthermore, there are times whenever overpayment is received from a State Agency and money may be due to other governments.

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Entitlement</td>
<td>$ 18,276,780</td>
<td>$ 152,999</td>
<td>$ 18,429,779</td>
</tr>
<tr>
<td>Federal Grants</td>
<td>$ 777,185</td>
<td>$ 4,776,320</td>
<td>$ 5,553,505</td>
</tr>
<tr>
<td>Farmers Branch</td>
<td>$ 2,359</td>
<td>-</td>
<td>$ 2,359</td>
</tr>
<tr>
<td>City of Irving</td>
<td>$ 8,591</td>
<td>-</td>
<td>$ 8,591</td>
</tr>
<tr>
<td>Dallas County Schools</td>
<td>$ 140,000</td>
<td>-</td>
<td>$ 140,000</td>
</tr>
<tr>
<td>Coppell Technology Grant</td>
<td>-</td>
<td>$ 2,999</td>
<td>$ 2,999</td>
</tr>
<tr>
<td></td>
<td>$ 19,204,915</td>
<td>$ 4,932,318</td>
<td>$ 24,137,233</td>
</tr>
</tbody>
</table>

NOTE 5. OTHER RECEIVABLES

Other receivables as of August 31, 2010, for the District’s individual major funds and nonmajor, and internal service in the aggregate are as follows:

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Capital Project Funds</th>
<th>Non Major Funds</th>
<th>Internal Service Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSF Checks</td>
<td>$ 6,766</td>
<td>-</td>
<td>$ 6,450</td>
<td>-</td>
<td>$ 13,216</td>
</tr>
<tr>
<td>Health Insurance Receivable</td>
<td>$ 10,000</td>
<td>-</td>
<td>-</td>
<td>$ 231,232</td>
<td>$ 241,232</td>
</tr>
<tr>
<td>Due from Employees</td>
<td>$ 59,667</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$ 59,667</td>
</tr>
<tr>
<td>Other Receivable</td>
<td>-</td>
<td>-</td>
<td>1,659</td>
<td>-</td>
<td>$ 1,659</td>
</tr>
<tr>
<td></td>
<td>$ 76,433</td>
<td>$ -</td>
<td>$ 8,109</td>
<td>$ 231,232</td>
<td>$ 315,774</td>
</tr>
</tbody>
</table>

Due from employees represents payroll advances paid to instructional staff at the beginning of the school year. Amounts are expected to be collected through payroll deductions within four months after the District’s fiscal year end.
### NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at August 31, 2010 consisted of the following individual fund receivables and payables:

<table>
<thead>
<tr>
<th>Major Funds:</th>
<th>Receivables</th>
<th>Payables</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$3,925,606</td>
<td>$338,584</td>
<td>To cover cash shortage and payroll transfers</td>
</tr>
<tr>
<td>Debt Service Fund</td>
<td>38,421</td>
<td></td>
<td>Tax refunds and corrections</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>39,708</td>
<td>29,996</td>
<td>Correction</td>
</tr>
<tr>
<td>Non-Major Funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Funds</td>
<td>179,075</td>
<td>3,953,357</td>
<td>Shortage and payroll transfers</td>
</tr>
<tr>
<td>State Funds</td>
<td>6,022</td>
<td>24,302</td>
<td>Corrections and close fund</td>
</tr>
<tr>
<td>Local Funds</td>
<td>2,006</td>
<td>2,330</td>
<td>Close fund</td>
</tr>
<tr>
<td>Internal Service Funds</td>
<td>156</td>
<td>78</td>
<td>Benefits correction</td>
</tr>
<tr>
<td>Enterprise Fund</td>
<td>234,828</td>
<td>333</td>
<td>Credit card sales and revenue receivable</td>
</tr>
</tbody>
</table>

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

Interfund transfers for the year ended August 31, 2010 were as follows:

<table>
<thead>
<tr>
<th>Transfer In</th>
<th>Transfer Out</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>Enterprise Fund</td>
<td>$115,350</td>
</tr>
<tr>
<td>General Fund</td>
<td>Campus Activity Fund</td>
<td>16,548</td>
</tr>
<tr>
<td>Debt Service Fund</td>
<td>Capital Projects Fund</td>
<td>220,837</td>
</tr>
<tr>
<td>Ralph Ellis Donation Fund</td>
<td>General Fund</td>
<td>2,020</td>
</tr>
</tbody>
</table>

$354,755
**NOTE 7. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended August 31, 2010, was as follows:

<table>
<thead>
<tr>
<th>Govermental Activities:</th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Retirements</th>
<th>Transfers</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-depreciable assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$61,980,018</td>
<td>$110,445</td>
<td>-</td>
<td>-</td>
<td>$62,090,463</td>
</tr>
<tr>
<td>Construction In Progress</td>
<td>32,090,423</td>
<td>14,805,199</td>
<td>-</td>
<td>(24,611,769)</td>
<td>22,283,853</td>
</tr>
<tr>
<td>Total Non-depreciable assets</td>
<td>94,070,441</td>
<td>14,915,644</td>
<td>-</td>
<td>(24,611,769)</td>
<td>84,374,316</td>
</tr>
<tr>
<td>Depreciable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Improvements</td>
<td>1,108,138</td>
<td>341,729</td>
<td>-</td>
<td>-</td>
<td>1,449,867</td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>546,436,810</td>
<td>746,627</td>
<td>-</td>
<td>24,611,769</td>
<td>571,795,206</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>20,936,233</td>
<td>490,954</td>
<td>(314,214)</td>
<td>-</td>
<td>21,112,973</td>
</tr>
<tr>
<td>Total depreciable assets</td>
<td>568,481,181</td>
<td>1,579,310</td>
<td>(314,214)</td>
<td>-</td>
<td>594,358,046</td>
</tr>
<tr>
<td>Less Accumulated Depreciation for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Improvements</td>
<td>301,699</td>
<td>72,493</td>
<td>-</td>
<td>-</td>
<td>374,192</td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>224,378,699</td>
<td>13,809,758</td>
<td>-</td>
<td>-</td>
<td>238,188,457</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>13,619,358</td>
<td>2,363,974</td>
<td>(311,307)</td>
<td>-</td>
<td>15,672,025</td>
</tr>
<tr>
<td>Total Accumulated Depreciation</td>
<td>238,299,756</td>
<td>16,246,225</td>
<td>(311,307)</td>
<td>-</td>
<td>254,234,674</td>
</tr>
<tr>
<td>Total Capital Assets, Net</td>
<td>$424,251,866</td>
<td>$248,729</td>
<td>(2,907)</td>
<td>-</td>
<td>$424,497,688</td>
</tr>
</tbody>
</table>

Depreciation expense was charged to governmental functions as follows:

<table>
<thead>
<tr>
<th>Governmental Function</th>
<th>Depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$8,726,669</td>
</tr>
<tr>
<td>Instructional Resources and Media Services</td>
<td>670,816</td>
</tr>
<tr>
<td>Curriculum and Instructional Staff Development</td>
<td>230,476</td>
</tr>
<tr>
<td>Instructional Leadership</td>
<td>44,579</td>
</tr>
<tr>
<td>School Leadership</td>
<td>652,626</td>
</tr>
<tr>
<td>Guidance, Counseling and Evaluation Services</td>
<td>137,015</td>
</tr>
<tr>
<td>Social Work Services</td>
<td>84</td>
</tr>
<tr>
<td>Health Services</td>
<td>52,396</td>
</tr>
<tr>
<td>Student (Pupil) Transportation</td>
<td>46,362</td>
</tr>
<tr>
<td>Food Services</td>
<td>1,217,073</td>
</tr>
<tr>
<td>Extracurricular Activities</td>
<td>1,368,164</td>
</tr>
<tr>
<td>General Administration</td>
<td>487,377</td>
</tr>
<tr>
<td>Facilities Maintenance and Operations</td>
<td>890,656</td>
</tr>
<tr>
<td>Security and Monitoring Service</td>
<td>30,907</td>
</tr>
<tr>
<td>Data Processing Services</td>
<td>1,691,025</td>
</tr>
</tbody>
</table>

Total Depreciation Expense                  | $16,246,225  |
NOTE 8. DEFERRED REVENUE

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

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Debt Service Fund</th>
<th>Other Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Revenue</td>
<td>$ 2,233,889</td>
<td>$ 474,748</td>
<td>$ -</td>
<td>$ 2,708,637</td>
</tr>
<tr>
<td>Other Receipts</td>
<td>20,420</td>
<td>40,651</td>
<td>151,438</td>
<td>212,509</td>
</tr>
<tr>
<td>Advanced Placement Incentives</td>
<td>-</td>
<td>-</td>
<td>43,197</td>
<td>43,197</td>
</tr>
<tr>
<td>Technology Allotment</td>
<td>-</td>
<td>-</td>
<td>21,282</td>
<td>21,282</td>
</tr>
<tr>
<td>Communities Foundation</td>
<td>-</td>
<td>-</td>
<td>50,274</td>
<td>50,274</td>
</tr>
<tr>
<td>Adult Education Local Donations</td>
<td>-</td>
<td>-</td>
<td>275</td>
<td>275</td>
</tr>
<tr>
<td>State Supplement Visually Impair.</td>
<td>-</td>
<td>-</td>
<td>146</td>
<td>146</td>
</tr>
<tr>
<td></td>
<td>$ 2,254,309</td>
<td>$ 515,399</td>
<td>$ 266,612</td>
<td>$ 3,036,320</td>
</tr>
</tbody>
</table>

Governmental funds report deferred in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Government funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Tax revenue reported as deferred revenue in the governmental funds is recorded as revenue in the government-wide financial statements. Accordingly, unearned tax revenue is excluded in the government-wide financial statements.
### NOTE 9. LONG-TERM DEBT

#### Unlimited Tax Bonds

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

Unlimited tax bonds outstanding as of August 31, 2010 are as follows:

<table>
<thead>
<tr>
<th>Purpose and Lawful Authority</th>
<th>Interest Rate</th>
<th>Amount</th>
<th>Amount Outstanding</th>
<th>Issued</th>
<th>Retired</th>
<th>Amount Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlimited Tax School Building Bonds, Series 1999</td>
<td>5.00% to 6.00%</td>
<td>60,000,000</td>
<td>2,605,000</td>
<td>-</td>
<td>2,605,000</td>
<td>-</td>
</tr>
<tr>
<td>Unlimited Tax School Building Bonds, Series 2000</td>
<td>4.63% to 5.50%</td>
<td>74,600,000</td>
<td>13,600,000</td>
<td>-</td>
<td>3,115,000</td>
<td>10,485,000</td>
</tr>
<tr>
<td>Unlimited Tax Refunding Bonds, Series 2001</td>
<td>0.00% to 5.25%</td>
<td>83,899,962</td>
<td>68,600,000</td>
<td>-</td>
<td>3,720,000</td>
<td>64,880,000</td>
</tr>
<tr>
<td>Unlimited Tax Refunding Bonds, Series 2003</td>
<td>3.00% to 4.00%</td>
<td>10,230,000</td>
<td>905,000</td>
<td>-</td>
<td>-</td>
<td>905,000</td>
</tr>
<tr>
<td>Unlimited Tax Refunding Bonds, Series 2004</td>
<td>2.00% to 5.00%</td>
<td>23,740,000</td>
<td>21,450,000</td>
<td>-</td>
<td>945,000</td>
<td>20,505,000</td>
</tr>
<tr>
<td>Unlimited Tax Refunding Bonds, Series 2004</td>
<td>2.00% to 5.00%</td>
<td>54,350,000</td>
<td>41,520,000</td>
<td>-</td>
<td>1,315,000</td>
<td>40,205,000</td>
</tr>
<tr>
<td>Unlimited Tax Refunding Bonds, Series 2005</td>
<td>3.00% to 5.00%</td>
<td>54,810,000</td>
<td>44,050,000</td>
<td>-</td>
<td>3,345,000</td>
<td>40,705,000</td>
</tr>
<tr>
<td>Unlimited Tax Refunding Bonds, Series 2006</td>
<td>4.125% to 5.00%</td>
<td>41,220,000</td>
<td>35,230,000</td>
<td>-</td>
<td>2,370,000</td>
<td>32,860,000</td>
</tr>
<tr>
<td>Unlimited Tax School Building and Refunding Bonds, Series 2007</td>
<td>4.00% to 5.00%</td>
<td>105,775,000</td>
<td>102,315,000</td>
<td>-</td>
<td>2,375,000</td>
<td>99,940,000</td>
</tr>
<tr>
<td>Unlimited Tax School Building and Refunding Bonds, Series 2008</td>
<td>3.50% to 5.00%</td>
<td>57,435,000</td>
<td>52,380,000</td>
<td>-</td>
<td>7,270,000</td>
<td>45,110,000</td>
</tr>
</tbody>
</table>

Total: 382,655,000  -  27,060,000  =  355,595,000
NOTE 9. LONG-TERM DEBT - CONTINUED

Debt service requirement are as follows:

<table>
<thead>
<tr>
<th>Year Ending</th>
<th>General Obligation Principal</th>
<th>Interest</th>
<th>Total Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>26,135,000</td>
<td>15,959,147</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>25,990,000</td>
<td>14,769,963</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>25,570,000</td>
<td>13,618,053</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>25,685,000</td>
<td>12,434,044</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>26,520,000</td>
<td>11,212,203</td>
</tr>
<tr>
<td></td>
<td>2016-2020</td>
<td>120,085,000</td>
<td>37,752,563</td>
</tr>
<tr>
<td></td>
<td>2021-2025</td>
<td>55,350,000</td>
<td>18,076,918</td>
</tr>
<tr>
<td></td>
<td>2026-2030</td>
<td>38,400,000</td>
<td>7,170,750</td>
</tr>
<tr>
<td></td>
<td>2031-2033</td>
<td>11,860,000</td>
<td>621,138</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>355,595,000</strong></td>
<td><strong>131,614,779</strong></td>
</tr>
</tbody>
</table>

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, 2010.

Changes in Long-Term Liabilities:

<table>
<thead>
<tr>
<th></th>
<th>Beginning Balance</th>
<th>Additions</th>
<th>Reductions</th>
<th>Ending Balance</th>
<th>Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Obligation Bonds</td>
<td>$382,655,000</td>
<td>$ -</td>
<td>$27,060,000</td>
<td>$355,595,000</td>
<td>$26,135,000</td>
</tr>
<tr>
<td>Premium on Bonds</td>
<td>9,554,312</td>
<td>-</td>
<td>495,899</td>
<td>9,058,413</td>
<td>-</td>
</tr>
<tr>
<td>Deferred Loss on Refunding</td>
<td>(4,337,211)</td>
<td>-</td>
<td>(349,807)</td>
<td>(3,987,404)</td>
<td>-</td>
</tr>
<tr>
<td>Workers' Compensation</td>
<td>2,021,634</td>
<td>46,194</td>
<td>-</td>
<td>2,067,828</td>
<td>1,304,626</td>
</tr>
<tr>
<td>Accrued Compensated Absences</td>
<td>1,478,110</td>
<td>201,549</td>
<td>-</td>
<td>1,679,659</td>
<td>180,533</td>
</tr>
<tr>
<td>Long-term Liabilities</td>
<td>$391,371,845</td>
<td>$247,743</td>
<td>$27,206,092</td>
<td>$364,413,496</td>
<td>$27,620,159</td>
</tr>
</tbody>
</table>
NOTE 10. GENERAL FUND FEDERAL SOURCE REVENUES

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

<table>
<thead>
<tr>
<th>Program or Source</th>
<th>CFDA Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Health and Related Services</td>
<td>N/A</td>
<td>$1,038,852</td>
</tr>
<tr>
<td>Indirect Cost Reimbursement</td>
<td>84.186A</td>
<td>$996</td>
</tr>
<tr>
<td>Indirect Cost Reimbursement</td>
<td>84.010A</td>
<td>$63,069</td>
</tr>
<tr>
<td>Indirect Cost Reimbursement</td>
<td>84.027</td>
<td>$76,151</td>
</tr>
<tr>
<td>Indirect Cost Reimbursement</td>
<td>84.173</td>
<td>$381</td>
</tr>
<tr>
<td>Indirect Cost Reimbursement</td>
<td>84.367A</td>
<td>$10,697</td>
</tr>
<tr>
<td>Indirect Cost Reimbursement</td>
<td>84.318</td>
<td>$640</td>
</tr>
<tr>
<td>Indirect Cost Reimbursement</td>
<td>84.365A</td>
<td>$12,180</td>
</tr>
<tr>
<td>Indirect Cost Reimbursement</td>
<td>84.391</td>
<td>$42,581</td>
</tr>
<tr>
<td>Indirect Cost Reimbursement</td>
<td>84.392</td>
<td>$426</td>
</tr>
<tr>
<td>Indirect Cost Reimbursement</td>
<td>84.389</td>
<td>$39,292</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$1,288,605</td>
</tr>
</tbody>
</table>

NOTE 11. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Debt Service Fund</th>
<th>Capital Projects Fund</th>
<th>Non Major Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>$150,635,428</td>
<td>$43,704,772</td>
<td>$-</td>
<td>$-</td>
<td>$194,340,200</td>
</tr>
<tr>
<td>Penalties and Interest</td>
<td>909,786</td>
<td>271,791</td>
<td>$-</td>
<td>$-</td>
<td>1,181,577</td>
</tr>
<tr>
<td>Tax Increment Fund</td>
<td>114,149</td>
<td>17,458</td>
<td>81,361</td>
<td>22,130</td>
<td>235,098</td>
</tr>
<tr>
<td>Investment Earnings</td>
<td>376,099</td>
<td>-</td>
<td>1,175,462</td>
<td>1,551,561</td>
<td>2,733,820</td>
</tr>
<tr>
<td>Food Sales</td>
<td>390,799</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>390,799</td>
</tr>
<tr>
<td>Tuition from Patrons</td>
<td>376,099</td>
<td>-</td>
<td>1,175,462</td>
<td>1,551,561</td>
<td>2,733,820</td>
</tr>
<tr>
<td>Co-Curricular</td>
<td>733,373</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>733,373</td>
</tr>
<tr>
<td>Gifts and Bequest</td>
<td>31,612</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>31,612</td>
</tr>
<tr>
<td>Enterprising</td>
<td>199,748</td>
<td>-</td>
<td>-</td>
<td>30</td>
<td>199,778</td>
</tr>
<tr>
<td></td>
<td>$153,390,994</td>
<td>$43,994,021</td>
<td>$81,361</td>
<td>$13,188,461</td>
<td>$210,654,837</td>
</tr>
</tbody>
</table>
NOTE 12. DEFINED BENEFIT PENSION PLAN

Plan Description

The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. It is a cost-sharing public employee retirement system (PERS), with one exception: all risk and costs are not shared by the employer. By statute, the State of Texas contributes to the retirement system an amount equal to the current authorized rate times the aggregate annual compensation of all members of the retirement system during the fiscal year. For members of the retirement system entitled to the minimum salary for certain school personnel under § 21.402, Texas Education Code, and for members who would have been entitled to the minimum salary for certain school personnel under former § 16.056, Texas Education Code, as that section existed on January 1, 1995, the employing district shall pay the state’s contribution on the portion of the member’s salary that exceeds the statutory minimum or former statutory minimum as applicable. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 100 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Types of Employees Covered

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

Benefit Provisions

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

Service Retirement:

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

1) Normal-Age Service Retirement:

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

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

If you first became a member of TRS or returned to membership on or after September 1, 2007, you will meet the age and service requirements for normal-age service retirement when:
NOTE 12. DEFINED BENEFIT PENSION PLAN – CONTINUED

2) Early-Age Service Retirement Reductions:

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

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

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

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

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

Funding Policy

State law provides for a state contribution of 6.644% for fiscal year 2010 and 6.58% for fiscal years 2009 and 2008. State law further provides a member contribution rate of 6.4% for fiscal years 2010, 2009 and 2008. In certain instances, the reporting district is required to make all or a portion of the state’s 6.644% contribution, limited to 6.4% for the period of September through December 2009 and increased to 6.644% for the period of January through August 2010, and 6.58% for fiscals years 2009 and 2008. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member’s annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system; (2) A statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS’s unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. The District’s employees’ contribution to the System for the years ended August 31, 2010, 2009 and 2008 were $9,769,497, $9,939,256, and $9,691,957 respectively, equal to required contributions for each year. State contributions to TRS made on behalf of the District’s employees for the years ended August 31, 2010, 2009 and 2008 were $8,923,845, $8,936,719, and $8,848,493, respectively. The District paid additional state required contributions for the years ended August 31, 2010, 2009 and 2008 in the amount of $2,543,499, $2,642,238, and $2,336,310, respectively, on the portion of the employees’ salaries that exceeded the state statutory minimum and for salaries paid from federal grants. The State “On-Behalf” contributions have been recognized as both revenues and expenditures by the District in the financial statements.
NOTE 13. SCHOOL DISTRICT RETIREE HEALTH PLAN

Plan Description

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

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2010, 2009 and 2008. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For years ended August 31, 2010, 2009, and 2008, the State’s contributions to TRS-Care were $1,526,484, $1,553,009, and $1,514,368, respectively, the active member contributions were $992,215, $1,009,456, and $984,339, respectively, and the school district’s contributions were $839,566, $854,155, and $832,903, respectively, which equaled the required contributions each year.

Medicare Part D – On-Behalf Payments

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf of $373,531 recognized for the year ended August 31, 2010 as equal revenues and expenditures.

NOTE 14. RISK MANAGEMENT

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

Health Care Coverage

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.
NOTE 14. RISK MANAGEMENT – CONTINUED

Health Care Coverage – Continued

As of August 31, 2010, the District maintained balances in its previous medical self-insurance internal service fund. The District is currently working with its previous third party administrator in order to settle any outstanding runoff and anticipates closing the medical self-insurance fund during the 2010-2011 fiscal year.

Workers’ Compensation Coverage

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

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

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

The costs associated with these self-insurance plans are reported as interfund transaction to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Funds and operating expenditures of the General Fund and the Special Revenue Funds. The accrued liabilities of the workers’ compensation self-insurance plan $2,021,634 include incurred but not reported claims. The liability reported in the Fund at August 31, 2010 are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The liability includes an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Workers’ compensation liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time were computed by an actuary and are reported at their present value using expected future investment yield assumption of 3%. Changes in the medical workers’ compensation claims liability amounts in fiscal 2010 and 2009 were:

<table>
<thead>
<tr>
<th>Self-Insurance Liability</th>
<th>Beginning of Fiscal Year Liability</th>
<th>Claims and Changes in Estimates</th>
<th>Claim Payments</th>
<th>Balance at Fiscal Year-End</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009- Medical</td>
<td>$1,778,329</td>
<td>$8,109,091</td>
<td>$6,335,762</td>
<td>$5,000</td>
</tr>
<tr>
<td>2010- Medical</td>
<td>$5,000</td>
<td>$(12,394)</td>
<td>$(17,394)</td>
<td>-</td>
</tr>
<tr>
<td>2009-Workers' Compensation</td>
<td>$2,391,378</td>
<td>$1,639,796</td>
<td>$1,270,052</td>
<td>$2,021,634</td>
</tr>
<tr>
<td>2010-Workers' Compensation</td>
<td>$2,021,634</td>
<td>$1,038,601</td>
<td>$1,084,795</td>
<td>$2,067,828</td>
</tr>
</tbody>
</table>
NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grants Programs

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at August 31, 2010 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 $5 million at August 31, 2010.

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, 2010.

NOTE 16. PRIOR PERIOD ADJUSTMENT

Exhibit B-1 includes a prior period adjustment to government-wide net assets which decreases government-wide net assets by $1,478,110 as of the beginning of the year. The adjustment was due to a correction to long-term debt related to recording a beginning balance for accrued compensated absences.

NOTE 17. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION

The Texas Education Agency requires the budgets for certain Governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in one functional category in the Debt Service Fund for the year ended August 31, 2010.
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, 2010  

<table>
<thead>
<tr>
<th>Data Codes</th>
<th>Original</th>
<th>Final</th>
<th>Variance With Final Budget (GAAP BASIS)</th>
<th>Positive or Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>5700 Total Local and Intermediate Sources</td>
<td>$154,020,606</td>
<td>$154,073,892</td>
<td>$153,390,994</td>
<td>$(682,898)</td>
</tr>
<tr>
<td>5800 State Program Revenues</td>
<td>58,269,512</td>
<td>51,063,505</td>
<td>55,510,142</td>
<td>4,446,637</td>
</tr>
<tr>
<td>5900 Federal Program Revenues</td>
<td>200,000</td>
<td>200,000</td>
<td>1,288,605</td>
<td>1,088,605</td>
</tr>
<tr>
<td>5020 Total Revenues</td>
<td>212,490,118</td>
<td>205,337,397</td>
<td>210,189,741</td>
<td>4,852,344</td>
</tr>
</tbody>
</table>

**EXPENDITURES:**

- **Current:**
  - 0011 Instruction: $124,007,850 (122,756,998) $118,255,367 4,501,631
  - 0012 Instructional Resources and Media Services: $4,162,169 (4,274,042) 1,073,708
  - 0013 Curriculum and Instructional Staff Development: $4,304,653 (4,801,983) 791,005
  - 0021 Instructional Leadership: $14,092,210 (13,307,833) 1,364,180
  - 0023 School Leadership: $9,362,975 (9,149,659) 176,702
  - 0031 Guidance, Counseling and Evaluation Services: $171,931 (158,978) 165,773
  - 0032 Social Work Services: $158,978 (171,931) 165,773
  - 0033 Health Services: $2,187,986 (2,553,097) 479,005
  - 0034 Student (Pupil) Transportation: $3,339,192 (3,739,933) 400,741
  - 0036 Extracurricular Activities: $2,844,426 (3,930,839) 2,456,412
  - 0041 General Administration: $17,428,397 (23,947,866) 1,215,685
  - 0051 Facilities Maintenance and Operations: $1,683,299 (1,677,441) 176,858
  - 0052 Security and Monitoring Services: $5,485,475 (4,374,744) 771,829
  - 0053 Data Processing Services: $746,860 (579,572) 167,288
  - 0061 Community Services: $85,207 94,228 90,654 3,574
  - 0081 Facilities Acquisition and Construction: $250,000 159,550 90,450
  - 0097 Payments to Tax Increment Fund: $14,191,000 12,995,177 1,195,823
  - 0099 Other Intergovernmental Charges: $998,000 963,230 34,770

- **Capital Outlay:**
  - 0081 Facilities Acquisition and Construction: $85,207 94,228 90,654 3,574

- **Intergovernmental:**
  - 0095 Payments to Juvenile Justice Alternative Ed. Prg: $250,000 159,550 90,450
  - 0097 Payments to Tax Increment Fund: $14,191,000 12,995,177 1,195,823
  - 0099 Other Intergovernmental Charges: $998,000 963,230 34,770

- **Total Expenditures:**
  - 6030 Total Expenditures: $220,695,070 217,001,507 203,817,589 13,183,918

- **Excess (Deficiency) of Revenues Over (Under) Expenditures:**
  - 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures: $(8,204,952) $(11,664,110) 6,372,152 18,036,262

**OTHER FINANCING SOURCES (USES):**

- 7912 Sale of Real and Personal Property: - 85,000 - (85,000)
- 7915 Transfers In: - 131,898 131,898 -
- 7949 Other Resources: - 1,282,506 1,282,506 -
- 8911 Transfers Out (Use): - (2,020) (2,020) -

- **Total Other Financing Sources (Uses):**
  - 7080 Total Other Financing Sources (Uses): - 1,497,384 1,412,384 (85,000)

- **Net Change in Fund Balances:**
  - 1200 Net Change in Fund Balances: $(8,204,952) (10,166,726) 7,784,536 17,951,262

- **Fund Balance - September 1 (Beginning):**
  - 0100 Fund Balance - September 1 (Beginning): $63,046,662 $63,046,662 $63,046,662 -

- **Fund Balance - August 31 (Ending):**
  - 3000 Fund Balance - August 31 (Ending): $54,841,710 $52,879,936 $70,831,198 $17,951,262
NOTE 1. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

The following procedures are followed in establishing the budgetary data:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the Board of Education is then called for the purpose of adopting the proposed budget after ten days public notice of the meeting has been given.

3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board of Education. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. Significant amendments were made to the following functional areas:

<table>
<thead>
<tr>
<th>Function</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$(1,250,852)</td>
</tr>
<tr>
<td>Instructional Leadership</td>
<td>$(1,086,413)</td>
</tr>
<tr>
<td>Extracurricular Activities</td>
<td>1,377,823</td>
</tr>
<tr>
<td>General Administration</td>
<td>1,305,537</td>
</tr>
<tr>
<td>Facilities Maintenance and Operations</td>
<td>$(6,519,469)</td>
</tr>
<tr>
<td>Data Processing Services</td>
<td>1,110,731</td>
</tr>
</tbody>
</table>

4. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board of Education. All budget appropriations lapse at year-end.

5. The Texas Education Agency requires these budgets to be filed with the Texas Education Agency on a designated date through the Public Education Information Management System (“PEIMS”). The budget should not exceed in any functional expenditure category under the TEA requirements. The original and final amended versions of these budgets are used in this report.
COMBINING AND OTHER STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

LOCAL SPECIAL REVENUE FUNDS - Used to account for special revenue from local sources.
Carrollton · Farmers Branch
Independent School District
An Innovative Leader in Learning
**CARROLLTON-FARMERS BRANCH ISD**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**AUGUST 31, 2010**

<table>
<thead>
<tr>
<th>Data Control Codes</th>
<th>289</th>
<th>429</th>
<th>499</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Special Revenue Funds</td>
<td>$1,568,944</td>
<td>$ (56,128)</td>
<td>$14,943,516</td>
<td>$16,456,332</td>
</tr>
<tr>
<td>State Special Revenue Funds</td>
<td>4,776,320</td>
<td>152,999</td>
<td>2,999</td>
<td>4,932,318</td>
</tr>
<tr>
<td>Local Special Revenue Funds</td>
<td>179,075</td>
<td>6,022</td>
<td>2,006</td>
<td>187,103</td>
</tr>
<tr>
<td>Nonmajor Governmental Funds</td>
<td>3,819</td>
<td>-</td>
<td>4,290</td>
<td>8,109</td>
</tr>
<tr>
<td>Special Revenue Funds</td>
<td>478,313</td>
<td>-</td>
<td>-</td>
<td>478,313</td>
</tr>
<tr>
<td>Governmental Funds</td>
<td>33,422</td>
<td>-</td>
<td>-</td>
<td>33,422</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$7,039,893</td>
<td>$102,893</td>
<td>$14,952,811</td>
<td>$22,095,597</td>
</tr>
</tbody>
</table>

**LIABILITIES AND FUND BALANCES**

**Liabilities:**

<table>
<thead>
<tr>
<th>2110 Accounts Payable</th>
<th>$936,678</th>
<th>$13,966</th>
<th>$54,027</th>
<th>$1,004,671</th>
</tr>
</thead>
<tbody>
<tr>
<td>2150 Payroll Deductions and Withholdings Payable</td>
<td>138</td>
<td>-</td>
<td>-</td>
<td>138</td>
</tr>
<tr>
<td>2160 Accrued Wages Payable</td>
<td>582,821</td>
<td>-</td>
<td>2,999</td>
<td>585,820</td>
</tr>
<tr>
<td>2170 Due to Other Funds</td>
<td>3,953,357</td>
<td>24,302</td>
<td>2,330</td>
<td>3,979,989</td>
</tr>
<tr>
<td>2300 Deferred Revenues</td>
<td>151,438</td>
<td>64,625</td>
<td>50,549</td>
<td>266,612</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>5,624,432</td>
<td>102,893</td>
<td>109,905</td>
<td>5,837,230</td>
</tr>
</tbody>
</table>

**Fund Balances:**

**Reserved For:**

| 3410 Investments in Inventory | 478,313 | - | - | 478,313 |
| 3440 Outstanding Encumbrances | 268,315 | - | - | 268,315 |
| 3450 Food Service | 668,833 | - | - | 668,833 |
| 3490 Tax Increment Zone | - | - | 13,579,308 | 13,579,308 |

**Unreserved and Undesignated:**

| 3610 Reported in Special Revenue Funds | - | - | 1,263,598 | 1,263,598 |
| 3000 Total Fund Balances | 1,415,461 | - | 14,842,906 | 16,258,367 |
| 4000 Total Liabilities and Fund Balances | $7,039,893 | $102,893 | $14,952,811 | $22,095,597 |
CARROLLTON-FARMERS BRANCH ISD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

<table>
<thead>
<tr>
<th>Data Control Codes</th>
<th>Revenue Funds Federal</th>
<th>Revenue Funds State</th>
<th>Revenue Funds Local</th>
<th>Revenue Funds Nonmajor</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>5700</td>
<td>Total Local and Intermediate Sources</td>
<td>$2,736,308</td>
<td>$ -</td>
<td>$10,452,153</td>
<td>$13,188,461</td>
</tr>
<tr>
<td>5800</td>
<td>State Program Revenues</td>
<td>82,181</td>
<td>3,057,622</td>
<td>-</td>
<td>3,139,803</td>
</tr>
<tr>
<td>5900</td>
<td>Federal Program Revenues</td>
<td>31,418,716</td>
<td>-</td>
<td>-</td>
<td>31,418,716</td>
</tr>
<tr>
<td>5020</td>
<td>Total Revenues</td>
<td>34,237,205</td>
<td>3,057,622</td>
<td>10,452,153</td>
<td>47,746,980</td>
</tr>
</tbody>
</table>

**REVENUES:**

**EXPENDITURES:**

**Current:**

0011 Instruction | 12,366,638 | 2,724,530 | 1,030,590 | 16,121,758 |
0012 Instructional Resources and Media Services | 572,288 | 8,556 | 20,796 | 601,640 |
0013 Curriculum and Instructional Staff Development | 2,102,481 | 152,527 | 63,755 | 2,232,957 |
0021 Instructional Leadership | 500,323 | 5,750 | 859 | 506,220 |
0023 School Leadership | 152,527 | 5,750 | 6,683 | 201,385 |
0031 Guidance, Counseling and Evaluation Services | 543,179 | 2,415 | 177 | 546,163 |
0033 Health Services | 117,071 | 1,159 | 463,206 | 464,365 |
0035 Food Services | 11,058,241 | - | - | 11,058,241 |
0036 Extracurricular Activities | - | 1,159 | 463,206 | 464,265 |
0041 General Administration | 147,739 | - | - | 147,739 |
0051 Facilities Maintenance and Operations | 6,002,965 | - | - | 6,002,965 |
0052 Security and Monitoring Services | - | - | 8,888 | 8,888 |
0053 Data Processing Services | 340,140 | 234,637 | 194 | 574,971 |
0061 Community Services | 485,234 | 2,533 | - | 487,767 |

**Capital Outlay:**

0081 Facilities Acquisition and Construction | - | - | 1,750 | 1,750 |

0630 Total Expenditures | 34,388,826 | 3,057,622 | 1,713,304 | 39,159,752 |

1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | (151,621) | - | 8,738,849 | 8,587,228 |

**OTHER FINANCING SOURCES (USES):**

7915 Transfers In | - | - | 2,020 | 2,020 |
8911 Transfers Out (Use) | - | - | (16,548) | (16,548) |

7080 Total Other Financing Sources (Uses) | - | - | (14,528) | (14,528) |

1200 Net Change in Fund Balance | (151,621) | - | 8,724,321 | 8,572,700 |

0100 Fund Balance - September 1 (Beginning) | 1,567,082 | - | 6,118,585 | 7,685,667 |

3000 Fund Balance - August 31 (Ending) | $1,415,461 | - | $14,842,906 | $16,258,367 |
INTERNAL SERVICE FUNDS

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

WORKERS COMPENSATION FUND – Used to account for revenues and expenses related to workers compensation coverage throughout the District.
<table>
<thead>
<tr>
<th></th>
<th>Health Insurance Fund</th>
<th>Workers Compensation Fund</th>
<th>Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$307,978</td>
<td>$10,111,590</td>
<td>$10,419,568</td>
</tr>
<tr>
<td>Due from Other Funds</td>
<td>-</td>
<td>156</td>
<td>156</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>231,232</td>
<td>-</td>
<td>231,232</td>
</tr>
<tr>
<td>Total Assets</td>
<td>539,210</td>
<td>10,111,746</td>
<td>10,650,956</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued Wages Payable</td>
<td>-</td>
<td>2,704</td>
<td>2,704</td>
</tr>
<tr>
<td>Due to Other Funds</td>
<td>-</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>-</td>
<td>2,067,828</td>
<td>2,067,828</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>-</td>
<td>2,070,610</td>
<td>2,070,610</td>
</tr>
<tr>
<td>NET ASSETS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted Net Assets</td>
<td>539,210</td>
<td>8,041,136</td>
<td>8,580,346</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>$539,210</td>
<td>$8,041,136</td>
<td>$8,580,346</td>
</tr>
</tbody>
</table>
CARROLLTON-FARMERS BRANCH ISD
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

<table>
<thead>
<tr>
<th></th>
<th>753 Health Insurance Fund</th>
<th>773 Workers Compensation Fund</th>
<th>Total Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local and Intermediate Sources</td>
<td>$ 211,281</td>
<td>$ 1,306,252</td>
<td>$ 1,517,533</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>211,281</td>
<td>1,306,252</td>
<td>1,517,533</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional and Contracted Services</td>
<td>27,975</td>
<td>24,689</td>
<td>52,664</td>
</tr>
<tr>
<td>Supplies and Materials</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Operating Costs</td>
<td>(572)</td>
<td>1,132,288</td>
<td>1,131,716</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>27,403</td>
<td>1,284,021</td>
<td>1,311,424</td>
</tr>
<tr>
<td>Operating Income</td>
<td>183,878</td>
<td>22,231</td>
<td>206,109</td>
</tr>
<tr>
<td><strong>NONOPERATING REVENUES (EXPENSES):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings from Temporary Deposits &amp; Investments</td>
<td>599</td>
<td>20,026</td>
<td>20,625</td>
</tr>
<tr>
<td>Total Nonoperating Revenues (Expenses)</td>
<td>599</td>
<td>20,026</td>
<td>20,625</td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>184,477</td>
<td>42,257</td>
<td>226,734</td>
</tr>
<tr>
<td>Total Net Assets - September 1 (Beginning)</td>
<td>354,733</td>
<td>7,998,879</td>
<td>8,353,612</td>
</tr>
<tr>
<td>Total Net Assets - August 31 (Ending)</td>
<td>$ 539,210</td>
<td>$ 8,041,136</td>
<td>$ 8,580,346</td>
</tr>
</tbody>
</table>
EXHIBIT H-5
CARROLLTON-FARMERS BRANCH ISD
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

<table>
<thead>
<tr>
<th>Health Fund</th>
<th>Workers Fund</th>
<th>Total Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>753</td>
<td>773</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows from Operating Activities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Received from User Charges</td>
<td>$ 13,008</td>
</tr>
<tr>
<td>Cash Payments to Employees for Services</td>
<td>-</td>
</tr>
<tr>
<td>Cash Payments for Insurance Claims</td>
<td>(4,428)</td>
</tr>
<tr>
<td>Cash Payments for Suppliers</td>
<td>-</td>
</tr>
<tr>
<td>Cash Payments for Other Operating Expenses</td>
<td>(36,766)</td>
</tr>
<tr>
<td>Net Cash Provided by (Used for) Operating Activities</td>
<td>(28,186)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows from Investing Activities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and Dividends on Investments</td>
<td>599</td>
</tr>
<tr>
<td>Net Increase (Decrease) in Cash and Cash Equivalents</td>
<td>(27,587)</td>
</tr>
<tr>
<td>Cash and Cash Equivalents at Beginning of the Year:</td>
<td>335,565</td>
</tr>
<tr>
<td>Cash and Cash Equivalents at the End of the Year:</td>
<td>$ 307,978</td>
</tr>
</tbody>
</table>

Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:

<table>
<thead>
<tr>
<th>Operating Income:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 183,878</td>
<td>$ 22,231</td>
</tr>
</tbody>
</table>

Effect of Increases and Decreases in Current Assets and Liabilities:

| Decrease (increase) in Receivables | 198,273 | (75) | 198,348 |
| Increase (decrease) in Accounts Payable | 8,791 | (5,200) | 13,991 |
| Increase (decrease) in Accrued Wages Payable | - | 2,508 | 2,508 |
| Increase (decrease) in Accrued Expenses | (5,000) | 46,194 | 41,194 |
| Net Cash Provided by (Used for) Operating Activities | (28,186) | 65,658 | 37,472 |
AGENCY FUND

STUDENT ACTIVITY FUND – Used to account for resources held for others in a custodial capacity.
CARROLLTON-FARMERS BRANCH ISD  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED AUGUST 31, 2010

<table>
<thead>
<tr>
<th></th>
<th>BALANCE SEPTEMBER 1</th>
<th>ADDITIONS</th>
<th>DEDUCTIONS</th>
<th>BALANCE AUGUST 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
<td></td>
<td></td>
<td>2010</td>
</tr>
<tr>
<td><strong>STUDENT ACTIVITY ACCOUNT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Temporary Investments</td>
<td>$353,506</td>
<td>$1,997,693</td>
<td>$2,009,636</td>
<td>$341,563</td>
</tr>
<tr>
<td>Investments - Current</td>
<td>225,000</td>
<td>225,000</td>
<td>225,000</td>
<td>225,000</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>1,084</td>
<td>133</td>
<td>1,084</td>
<td>133</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$579,590</td>
<td>$2,222,826</td>
<td>$2,235,720</td>
<td>$566,696</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$52,366</td>
<td>$268,337</td>
<td>$239,930</td>
<td>$80,773</td>
</tr>
<tr>
<td>Due to Student Groups</td>
<td>527,224</td>
<td>1,672,581</td>
<td>1,713,882</td>
<td>485,923</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$579,590</td>
<td>$1,940,918</td>
<td>$1,953,812</td>
<td>$566,696</td>
</tr>
<tr>
<td><strong>TOTAL AGENCY FUNDS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Temporary Investments</td>
<td>$353,506</td>
<td>$1,997,693</td>
<td>$2,009,636</td>
<td>$341,563</td>
</tr>
<tr>
<td>Investments - Current</td>
<td>225,000</td>
<td>225,000</td>
<td>225,000</td>
<td>225,000</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>1,084</td>
<td>133</td>
<td>1,084</td>
<td>133</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$579,590</td>
<td>$2,222,826</td>
<td>$2,235,720</td>
<td>$566,696</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$52,366</td>
<td>$268,337</td>
<td>$239,930</td>
<td>$80,773</td>
</tr>
<tr>
<td>Due to Student Groups</td>
<td>527,224</td>
<td>1,672,581</td>
<td>1,713,882</td>
<td>485,923</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$579,590</td>
<td>$1,940,918</td>
<td>$1,953,812</td>
<td>$566,696</td>
</tr>
</tbody>
</table>
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
Carrollton · Farmers Branch
Independent School District
An Innovative Leader in Learning
## CAPITAL ASSETS:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$62,090,463</td>
</tr>
<tr>
<td>Land Improvements</td>
<td>$1,449,867</td>
</tr>
<tr>
<td>Building and Improvements</td>
<td>$571,795,206</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>$21,112,973</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>$22,283,853</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$678,732,362</strong></td>
</tr>
</tbody>
</table>

## INVESTMENTS IN CAPITAL ASSETS:

<table>
<thead>
<tr>
<th>Investment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in Property From Unidentified Sources, Other Than Federal</td>
<td>$22,060,233</td>
</tr>
<tr>
<td>Investment in Property From Identified Sources, From Capital Projects Fund</td>
<td>$591,194,922</td>
</tr>
<tr>
<td>From General Fund</td>
<td>$34,856,559</td>
</tr>
<tr>
<td>From Special Revenue Funds</td>
<td>$28,360,945</td>
</tr>
<tr>
<td>From Others-Gifts and Donations</td>
<td>$2,259,703</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$678,732,362</strong></td>
</tr>
</tbody>
</table>

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

(2) The investment in property from unidentified sources represents acquisitions prior to September 1, 1976 and subsequent adjustments based on physical inventories.
## CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
### SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY (1)
#### AUGUST 31, 2010

<table>
<thead>
<tr>
<th>Capital Assets</th>
<th>September 1, 2009</th>
<th>Additions and Transfers</th>
<th>Deductions</th>
<th>Capital Assets August 31, 2010</th>
</tr>
</thead>
</table>

#### SENIOR HIGH SCHOOLS:
- **Land**: $12,438,393, 110,445, -
- **Buildings**: 201,942,140, 9,616,466, -
- **Equipment & Other**: 3,983,585, 55,508, -

#### MIDDLE SCHOOLS:
- **Land**: 7,676,061, 110,445, -
- **Buildings**: 104,184,127, 9,616,466, -
- **Equipment & Other**: 1,336,667, 55,508, -

#### ELEMENTARY SCHOOLS:
- **Land**: 20,522,224, -
- **Buildings**: 213,048,699, 9,616,466, -
- **Equipment & Other**: 4,408,868, 22,161, (76,080)

#### ADMINISTRATION:
- **Land**: 225,853, -
- **Buildings**: 3,738,679, -
- **Equipment & Other**: 633,596, 17,348, -

#### SERVICE CTR./MAINTENANCE:
- **Land**: 1,187,629, 341,729, -
- **Buildings**: 5,710,771, -
- **Equipment & Other**: 4,008,967, 21,222, (32,477)
- **Vehicles**: 3,003,606, -

#### INSTRUCTIONAL FACILITIES:
- **Land**: 5,990,865, -
- **Buildings**: 49,902,817, -
- **Equipment & Other**: 6,118,913, 288,730, (8,500)

#### FUTURE SITES:
- **Land**: 15,047,131, -

#### TOTAL
- **Land**: 662,551,622, 16,494,954, (314,214)

---

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal funds are included as governmental activities in the statement of net assets.
<table>
<thead>
<tr>
<th></th>
<th>Land and Improvements</th>
<th>Building and Improvements</th>
<th>Equipment and Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creekview</td>
<td>$3,278,010</td>
<td>$47,382,016</td>
<td>$963,061</td>
<td>$51,623,087</td>
</tr>
<tr>
<td>Early College HS</td>
<td>7,207</td>
<td>-</td>
<td>7,207</td>
<td></td>
</tr>
<tr>
<td>Mary Grimes</td>
<td>10,800</td>
<td>2,375,984</td>
<td>136,089</td>
<td>2,522,873</td>
</tr>
<tr>
<td>Ranchview</td>
<td>6,030,302</td>
<td>33,230,350</td>
<td>691,440</td>
<td>39,952,092</td>
</tr>
<tr>
<td>Ben Salazar (A. E. P.)</td>
<td>280,309</td>
<td>2,311,213</td>
<td>81,769</td>
<td>2,673,281</td>
</tr>
<tr>
<td>Newman Smith</td>
<td>1,288,406</td>
<td>58,198,938</td>
<td>1,054,323</td>
<td>60,541,672</td>
</tr>
<tr>
<td>R.L. Turner</td>
<td>1,550,566</td>
<td>58,464,639</td>
<td>1,130,465</td>
<td>61,145,670</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$12,438,393</td>
<td>201,962,140</td>
<td>4,064,359</td>
<td>218,465,892</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Land and Improvements</th>
<th>Building and Improvements</th>
<th>Equipment and Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SCHEDULE OF FUNCTION AND ACTIVITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EXHIBIT I-3</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL** $63,540,330 $594,079,059 $21,112,973 $678,732,362

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal funds are included as governmental activities in the statement of net assets.
Carrollton · Farmers Branch
Independent School District
An Innovative Leader in Learning
REQUIRED T.E.A. SCHEDULES
<table>
<thead>
<tr>
<th>Last Ten Years Ended</th>
<th>Tax Rates</th>
<th>Net Assessed/Appraised Value for School Tax Purposes</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 31</td>
<td>Maintenance</td>
<td>Debt Service</td>
</tr>
<tr>
<td>2001 &amp; Prior</td>
<td>Various</td>
<td>Various</td>
</tr>
<tr>
<td>2002</td>
<td>1.5000</td>
<td>0.2242</td>
</tr>
<tr>
<td>2003</td>
<td>1.5000</td>
<td>0.2242</td>
</tr>
<tr>
<td>2004</td>
<td>1.5000</td>
<td>0.2358</td>
</tr>
<tr>
<td>2005</td>
<td>1.5000</td>
<td>0.2824</td>
</tr>
<tr>
<td>2006</td>
<td>1.5000</td>
<td>0.3259</td>
</tr>
<tr>
<td>2007</td>
<td>1.3501</td>
<td>0.3329</td>
</tr>
<tr>
<td>2008</td>
<td>1.0400</td>
<td>0.3270</td>
</tr>
<tr>
<td>2009</td>
<td>1.0400</td>
<td>0.3223</td>
</tr>
<tr>
<td>2010 (Current year under Audit)</td>
<td>1.0400</td>
<td>0.3022</td>
</tr>
</tbody>
</table>

**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
<table>
<thead>
<tr>
<th>(10)</th>
<th>(20)</th>
<th>(31)</th>
<th>(32)</th>
<th>(40)</th>
<th>(50)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance</td>
<td>Year's</td>
<td>Maintenance</td>
<td>Debt Service</td>
<td>Entire</td>
<td>Balance</td>
</tr>
<tr>
<td>09/01/09</td>
<td>Year's</td>
<td>Total</td>
<td>Total</td>
<td>Year's</td>
<td>08/31/10</td>
</tr>
<tr>
<td></td>
<td>Levy</td>
<td>Collections</td>
<td>Collections</td>
<td>Adjustment</td>
<td></td>
</tr>
<tr>
<td>375,786</td>
<td>-</td>
<td>1,349</td>
<td>192</td>
<td>(127,546)</td>
<td>246,699</td>
</tr>
<tr>
<td>179,268</td>
<td>-</td>
<td>538</td>
<td>80</td>
<td>(132,393)</td>
<td>46,257</td>
</tr>
<tr>
<td>258,012</td>
<td>-</td>
<td>978</td>
<td>145</td>
<td>(115,809)</td>
<td>141,080</td>
</tr>
<tr>
<td>370,670</td>
<td>-</td>
<td>5,880</td>
<td>924</td>
<td>(191,579)</td>
<td>172,287</td>
</tr>
<tr>
<td>362,068</td>
<td>-</td>
<td>37,022</td>
<td>6,970</td>
<td>(221,971)</td>
<td>96,105</td>
</tr>
<tr>
<td>490,023</td>
<td>-</td>
<td>104,778</td>
<td>22,765</td>
<td>(175,794)</td>
<td>186,686</td>
</tr>
<tr>
<td>475,115</td>
<td>-</td>
<td>117,961</td>
<td>29,086</td>
<td>(33,110)</td>
<td>294,958</td>
</tr>
<tr>
<td>568,099</td>
<td>-</td>
<td>82,072</td>
<td>25,806</td>
<td>(71,029)</td>
<td>389,192</td>
</tr>
<tr>
<td>1,718,932</td>
<td>-</td>
<td>293,221</td>
<td>90,870</td>
<td>(797,308)</td>
<td>537,533</td>
</tr>
<tr>
<td>1,718,932</td>
<td>-</td>
<td>194,725,675</td>
<td>149,853,068</td>
<td>43,543,910</td>
<td>363,627</td>
</tr>
<tr>
<td>$ 4,797,973</td>
<td>$ 194,725,675</td>
<td>$ 150,496,867</td>
<td>$ 43,720,748</td>
<td>$ (1,502,912)</td>
<td>$ 3,803,121</td>
</tr>
</tbody>
</table>

24,161
1,469,503

$ 5,296,785

85

$ 8,350,729
# CARROLLTON-FARMERS BRANCH ISD
## SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2010-2011
### GENERAL AND SPECIAL REVENUE FUNDS
#### AUGUST 31, 2010

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

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Account Name</th>
<th>School Board</th>
<th>Tax Collections</th>
<th>Supt's Office</th>
<th>Indirect Cost</th>
<th>Direct Cost</th>
<th>(other)</th>
<th>Miscellaneous</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>611X-6146</td>
<td>PAYROLL COSTS</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6149</td>
<td>Leave for Separating Employees in Fn 41 &amp; 53</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6149</td>
<td>Leave - Separating Employees not in 41 &amp; 53</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6211</td>
<td>Legal Services</td>
<td>855,239</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>855,239</td>
<td>-</td>
</tr>
<tr>
<td>6212</td>
<td>Audit Services</td>
<td>-</td>
<td>-</td>
<td>62,500</td>
<td>-</td>
<td>-</td>
<td>62,500</td>
<td>-</td>
<td>62,500</td>
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<tr>
<td>6213</td>
<td>Tax Appraisal/Collection - Appraisal in Fn 99</td>
<td>-</td>
<td>963,230</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>963,230</td>
<td>-</td>
<td>963,230</td>
</tr>
<tr>
<td>621X</td>
<td>Other Professional Services</td>
<td>5,090</td>
<td>-</td>
<td>-</td>
<td>56,668</td>
<td>4,543</td>
<td>-</td>
<td>66,301</td>
<td>-</td>
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<tr>
<td>6220</td>
<td>Tuition and Transfer Payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6230</td>
<td>Education Service Centers</td>
<td>-</td>
<td>-</td>
<td>50,944</td>
<td>-</td>
<td>-</td>
<td>50,944</td>
<td>-</td>
<td>50,944</td>
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<tr>
<td>6240</td>
<td>Contr. Maint. and Repair</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>117,797</td>
<td>-</td>
<td>117,797</td>
<td>-</td>
<td>117,797</td>
</tr>
<tr>
<td>6250</td>
<td>Utilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6260</td>
<td>Rentals</td>
<td>-</td>
<td>2,985</td>
<td>-</td>
<td>32,403</td>
<td>1,788</td>
<td>-</td>
<td>37,176</td>
<td>-</td>
</tr>
<tr>
<td>6290</td>
<td>Miscellaneous Contr.</td>
<td>3,635</td>
<td>16,959</td>
<td>4,050</td>
<td>446,350</td>
<td>40,999</td>
<td>-</td>
<td>511,993</td>
<td>-</td>
</tr>
<tr>
<td>6320</td>
<td>Textbooks and Reading</td>
<td>3,941</td>
<td>-</td>
<td>644</td>
<td>5,203</td>
<td>5,583</td>
<td>-</td>
<td>15,371</td>
<td>-</td>
</tr>
<tr>
<td>6330</td>
<td>Testing Materials</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>63XX</td>
<td>Other Supplies Materials</td>
<td>36,733</td>
<td>25,538</td>
<td>2,437</td>
<td>109,076</td>
<td>22,740</td>
<td>-</td>
<td>196,524</td>
<td>-</td>
</tr>
<tr>
<td>6410</td>
<td>Travel, Subsistence, Stipends</td>
<td>22,973</td>
<td>2,156</td>
<td>1,028</td>
<td>41,523</td>
<td>4,299</td>
<td>-</td>
<td>71,979</td>
<td>-</td>
</tr>
<tr>
<td>6420</td>
<td>Ins. and Bonding Costs</td>
<td>-</td>
<td>4,063</td>
<td>-</td>
<td>133,428</td>
<td>284</td>
<td>-</td>
<td>137,775</td>
<td>-</td>
</tr>
<tr>
<td>6430</td>
<td>Election Costs</td>
<td>62,598</td>
<td>-</td>
<td>-</td>
<td>4,576,984</td>
<td>-</td>
<td>-</td>
<td>4,576,984</td>
<td>-</td>
</tr>
<tr>
<td>6490</td>
<td>Miscellaneous Operating</td>
<td>29,222</td>
<td>3,980</td>
<td>14,006</td>
<td>91,845</td>
<td>13,903</td>
<td>-</td>
<td>152,956</td>
<td>-</td>
</tr>
<tr>
<td>6500</td>
<td>Debt Service</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6600</td>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6000</td>
<td>TOTAL</td>
<td>$1,019,431</td>
<td>$1,153,852</td>
<td>$515,915</td>
<td>$4,576,984</td>
<td>$470,875</td>
<td>$7,737,057</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total expenditures/expenses for General and Special Revenue Funds:

| Total Capital Outlay (6600) | (10) | $263,966 |
| Total Debt & Lease(6500)    | (11) | -        |
| Plant Maintenance (Function 51, 6100-6400) | (12) | $22,176,196 |
| Food (Function 35, 6341 and 6499) | (13) | $3,630,228 |
| Stipends (6413)             | (14) | -        |
| Column 4 (above) - Total Indirect Cost | - | $4,576,984 |

SubTotal: $3,064,737

Net Allowed Direct Cost $212,322,967

**CUMULATIVE**

| Total Cost of Buildings before Depreciation (1520) | (15) | $573,245,073 |
| Historical Cost of Building over 50 years old     | (16) | $84,946,766  |
| Amount of Federal Money in Building Cost (Net of #16) | (17) | $15,743,390 |
| Total Cost of Furniture & Equipment before Depreciation (1530 & 1540) | (18) | $21,112,973 |
| Historical Cost of Furniture & Equipment over 16 years old | (19) | $1,145,141 |
| Amount of Federal Money in Furniture & Equipment (Net of #19) | (20) | $1,211,785 |

(8) NOTE A: $121,428 in Function 53 expenditures are included in this report on administrative costs.

$963,230 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.
### CARROLLTON-FARMERS BRANCH ISD
### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
### BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
### FOR THE YEAR ENDED AUGUST 31, 2010

<table>
<thead>
<tr>
<th>Data Control Codes</th>
<th>Budgeted Amounts</th>
<th>Actual Amounts (GAAP BASIS)</th>
<th>Variance With Final Budget Positive or Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted Amounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td></td>
</tr>
</tbody>
</table>

**REVENUES:**

| 5700 | Total Local and Intermediate Sources | $2,546,330 | $2,946,330 | $2,736,308 | $(210,022) |
| 5800 | State Program Revenues               | 80,091     | 80,091     | 82,181     | 2,090      |
| 5900 | Federal Program Revenues             | 7,529,721  | 8,209,721  | 8,088,131  | (121,590)  |
| 5020 | Total Revenues                       | 10,156,142 | 11,236,142 | 10,906,620 | (329,522)  |

**EXPENDITURES:**

| 0035 | Food Services                        | 10,155,142 | 11,455,594 | 11,058,241 | 397,353    |
| 0051 | Facilities Maintenance and Operations| 1,000      | -          | -          | -          |
| 6030 | Total Expenditures                   | 10,156,142 | 11,455,594 | 11,058,241 | 397,353    |

| 1200 | Net Change in Fund Balances          | -          | (219,452)  | (151,621)  | 67,831     |
| 0100 | Fund Balance - September 1 (Beginning)| 1,567,082  | 1,567,082  | 1,567,082  | -          |

| 3000 | Fund Balance - August 31 (Ending)    | $1,567,082 | $1,347,630 | $1,415,461 | $67,831    |
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, 2010**

<table>
<thead>
<tr>
<th>Data Control Codes</th>
<th>Budgeted Amounts</th>
<th>Actual Amounts (GAAP BASIS)</th>
<th>Variance With Final Budget Positive or (Negative)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5700</td>
<td>$44,262,356</td>
<td>$44,162,056</td>
<td>$43,994,021</td>
</tr>
<tr>
<td>Total Local and Intermediate Sources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5020</td>
<td>$44,262,356</td>
<td>$44,162,056</td>
<td>$43,994,021</td>
</tr>
<tr>
<td>Total Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EXPENDITURES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0071 Debt Service - Principal on Long Term Debt</td>
<td>27,060,000</td>
<td>27,060,000</td>
<td>27,060,000</td>
</tr>
<tr>
<td>0072 Debt Service - Interest on Long Term Debt</td>
<td>17,196,357</td>
<td>17,196,356</td>
<td>17,265,964</td>
</tr>
<tr>
<td>0073 Debt Service - Bond Issuance Cost and Fees</td>
<td>6,000</td>
<td>6,000</td>
<td>3,825</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$44,262,357</td>
<td>$44,262,356</td>
<td>$44,329,789</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7915 Transfers In</td>
<td>-</td>
<td>220,838</td>
<td>220,837</td>
</tr>
<tr>
<td>7080 Total Other Financing Sources (Uses)</td>
<td>-</td>
<td>220,838</td>
<td>220,837</td>
</tr>
<tr>
<td>1200 Net Change in Fund Balances</td>
<td>(1)</td>
<td>120,538</td>
<td>(114,931)</td>
</tr>
<tr>
<td>0100 Fund Balance - September 1 (Beginning)</td>
<td>2,233,800</td>
<td>2,233,800</td>
<td>2,233,800</td>
</tr>
<tr>
<td>3000 Fund Balance - August 31 (Ending)</td>
<td>$2,233,799</td>
<td>$2,354,338</td>
<td>$2,118,869</td>
</tr>
</tbody>
</table>
**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.

<table>
<thead>
<tr>
<th>Contents</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Trends</td>
<td></td>
</tr>
<tr>
<td>These schedules contain trend information to help understand how the government’s financial performance and well-being have changed over time.</td>
<td>92</td>
</tr>
<tr>
<td>Revenue Capacity</td>
<td></td>
</tr>
<tr>
<td>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</td>
<td>107</td>
</tr>
<tr>
<td>Debt Capacity</td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td>112</td>
</tr>
<tr>
<td>Demographic and Economic Information</td>
<td></td>
</tr>
<tr>
<td>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</td>
<td>119</td>
</tr>
<tr>
<td>Operating Information</td>
<td></td>
</tr>
<tr>
<td>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.</td>
<td>121</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in Capital Assets, Net of Related Debt</td>
<td>$97,751</td>
<td>$112,265</td>
<td>$90,998</td>
<td>$70,518</td>
</tr>
<tr>
<td>Restricted for</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal and State Programs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Food Service</td>
<td>669</td>
<td>1,567</td>
<td>1,461</td>
<td>1,837</td>
</tr>
<tr>
<td>Tax Increment Zone</td>
<td>13,579</td>
<td>4,901</td>
<td>6,579</td>
<td>13,701</td>
</tr>
<tr>
<td>Debt Service</td>
<td>1,943</td>
<td>2,260</td>
<td>1,469</td>
<td>-</td>
</tr>
<tr>
<td>Other Purposes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>76,585</td>
<td>45,685</td>
<td>45,336</td>
<td>48,365</td>
</tr>
<tr>
<td><strong>Total Governmental Activities Net Assets</strong></td>
<td>190,527</td>
<td>166,678</td>
<td>145,843</td>
<td>134,421</td>
</tr>
</tbody>
</table>

**Business Type Activities - Unrestricted**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1,710</td>
<td>1,257</td>
<td>716</td>
<td>556</td>
</tr>
</tbody>
</table>

**Total Primary Government Net Assets**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$192,237</td>
<td>$167,935</td>
<td>$146,559</td>
<td>$134,977</td>
</tr>
</tbody>
</table>

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

**Source:** Carrollton-Farmers Branch ISD
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>57,950</td>
<td>$ 46,317</td>
<td>$ 27,953</td>
<td>$ 22,520</td>
<td>$ 15,936</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>2,322</td>
<td>2,814</td>
<td>2,497</td>
<td>1,930</td>
<td>1,263</td>
<td></td>
</tr>
<tr>
<td>12,385</td>
<td>9,535</td>
<td>6,709</td>
<td>-</td>
<td>2,427</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9</td>
<td>2,203</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,282</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>38,536</td>
<td>35,940</td>
<td>44,918</td>
<td>44,082</td>
<td>44,046</td>
<td></td>
</tr>
<tr>
<td>111,193</td>
<td>94,606</td>
<td>82,077</td>
<td>73,829</td>
<td>65,923</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>111,193</td>
<td>$ 94,606</td>
<td>$ 82,077</td>
<td>$ 73,829</td>
<td>$ 65,923</td>
</tr>
</tbody>
</table>
## Government-wide Expenses, Program Revenues, and Change in Net Assets

**Carrollton-Farmers Branch Independent School District**

**Last Nine Fiscal Years (Accrual Basis of Accounting, Unaudited)**

<table>
<thead>
<tr>
<th>Expenses</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental Activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>$143,091,092</td>
<td>$144,553,419</td>
<td>$145,823,968</td>
</tr>
<tr>
<td>Instruction Resources and Media Services</td>
<td>4,470,228</td>
<td>4,405,821</td>
<td>4,280,482</td>
</tr>
<tr>
<td>Curriculum and Instructional Staff Development</td>
<td>5,973,731</td>
<td>5,876,796</td>
<td>6,606,195</td>
</tr>
<tr>
<td>Instructional Leadership</td>
<td>2,849,542</td>
<td>2,823,228</td>
<td>2,660,336</td>
</tr>
<tr>
<td>School Leadership</td>
<td>14,406,145</td>
<td>14,757,245</td>
<td>15,206,187</td>
</tr>
<tr>
<td>Guidance, Counseling, and Evaluation Services</td>
<td>9,935,686</td>
<td>9,424,596</td>
<td>9,240,729</td>
</tr>
<tr>
<td>Social Work Services</td>
<td>165,704</td>
<td>166,991</td>
<td>161,566</td>
</tr>
<tr>
<td>Health Services</td>
<td>2,665,025</td>
<td>2,473,339</td>
<td>2,287,597</td>
</tr>
<tr>
<td>Student (Pupil) Transportation</td>
<td>3,101,861</td>
<td>2,196,934</td>
<td>1,866,514</td>
</tr>
<tr>
<td>Food Service</td>
<td>12,263,601</td>
<td>12,212,817</td>
<td>12,228,579</td>
</tr>
<tr>
<td>Extracurricular Activities</td>
<td>6,009,078</td>
<td>6,047,251</td>
<td>5,366,881</td>
</tr>
<tr>
<td>General Administration</td>
<td>7,135,378</td>
<td>7,112,644</td>
<td>6,742,993</td>
</tr>
<tr>
<td>Plant Maintenance and Operations</td>
<td>23,043,604</td>
<td>23,120,351</td>
<td>24,244,624</td>
</tr>
<tr>
<td>Security and Monitoring Services</td>
<td>1,545,532</td>
<td>1,737,888</td>
<td>1,700,039</td>
</tr>
<tr>
<td>Data Processing Services</td>
<td>7,008,219</td>
<td>5,900,846</td>
<td>5,199,687</td>
</tr>
<tr>
<td>Community Services</td>
<td>1,148,422</td>
<td>1,072,788</td>
<td>1,070,303</td>
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<tr>
<td>Debt Service - Interest on Long Term Debt</td>
<td>17,350,391</td>
<td>18,082,051</td>
<td>18,943,254</td>
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<tr>
<td>Debt Service - Bond Issuance Costs and Fees</td>
<td>79,532</td>
<td>74,485</td>
<td>30,597</td>
</tr>
<tr>
<td>Facilities Acquisition and Construction</td>
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<td>1,916,924</td>
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<td>Contracted Instructional Services Between Schools</td>
<td>-</td>
<td>17,898,472</td>
<td>12,636,919</td>
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<td>Incremental Costs Associated with Chapter 41</td>
<td>-</td>
<td>16,283</td>
<td>12,705</td>
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<td>Payments to Juvenile Justice Alternative Ed. Prg.</td>
<td>159,550</td>
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<tr>
<td>Payments to Tax Increment Fund</td>
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<td>Other Intergovernmental Charges</td>
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<td>1,159,125</td>
<td>936,315</td>
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<td><strong>Total Government Activities Expenses</strong></td>
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<tr>
<td><strong>Business-Type Activities (After the Bell)</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>2,414,999</td>
<td>2,241,841</td>
<td>2,418,236</td>
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<tr>
<td><strong>Total Business-Type Activities</strong></td>
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<td>2,241,841</td>
<td>2,418,236</td>
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<tr>
<td><strong>Total Primary Government Expenses</strong></td>
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<td><strong>Program Revenues</strong></td>
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</tr>
<tr>
<td><strong>Governmental Activities</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Charges for services</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Food Service</td>
<td>2,733,819</td>
<td>3,089,933</td>
<td>3,222,640</td>
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<tr>
<td>Extracurricular Activities</td>
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<td>Other</td>
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<tr>
<td><strong>Operating Grants and Contributions</strong></td>
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<td></td>
<td></td>
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<td>Instruction</td>
<td>23,522,054</td>
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<td>17,412,108</td>
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<td>Food Service</td>
<td>8,170,342</td>
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<td>Other</td>
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<td><strong>Capital Grants and Contributions</strong></td>
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<td></td>
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<tr>
<td><strong>Business-Type Activities (After the Bell)</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Charges for Services</td>
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<tr>
<td><strong>Net (Expense) Revenue</strong></td>
<td></td>
<td></td>
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<tr>
<td>Governmental Activities</td>
<td>(217,466,065)</td>
<td>(248,247,928)</td>
<td>(247,975,444)</td>
</tr>
<tr>
<td>Business Type Activities</td>
<td>567,575</td>
<td>541,501</td>
<td>266,552</td>
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<tr>
<td><strong>Total Primary Government</strong></td>
<td>(216,898,490)</td>
<td>(247,706,427)</td>
<td>(247,708,892)</td>
</tr>
</tbody>
</table>

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

**Source:** Carrollton-Farmers Branch ISD
<table>
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<td>3,670,614</td>
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<td>1,944,294</td>
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<td>2,009,352</td>
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<td>12,863,087</td>
<td>12,246,676</td>
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<td>11,703,233</td>
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<td>987,970</td>
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<td>167,557</td>
<td>146,268</td>
<td>146,438</td>
<td>138,512</td>
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<td>3,971,007</td>
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<td>4,226,627</td>
<td>2,630,645</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>$</td>
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<td>272,104,216</td>
<td>263,264,934</td>
<td>263,321,778</td>
<td>265,524,920</td>
<td>254,253,010</td>
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<td>$</td>
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<td>1,456,535</td>
<td>1,124,061</td>
<td>-</td>
<td>-</td>
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<tr>
<td>$</td>
<td>1,687,632</td>
<td>1,456,535</td>
<td>1,124,061</td>
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<tr>
<td>$</td>
<td>279,356,403</td>
<td>273,560,751</td>
<td>264,388,995</td>
<td>263,321,778</td>
<td>265,524,920</td>
<td>254,253,010</td>
</tr>
<tr>
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<td>2,942,060</td>
<td>3,078,361</td>
<td>2,958,311</td>
<td>1,343</td>
<td>3,272,739</td>
<td>3,332,527</td>
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<td>975,337</td>
<td>1,434,319</td>
<td>1,508,709</td>
<td>352,090</td>
<td>812,466</td>
<td>897,443</td>
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<td>$</td>
<td>1,520,787</td>
<td>716,224</td>
<td>744,071</td>
<td>2,847,528</td>
<td>2,233,899</td>
<td>2,280,753</td>
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<tr>
<td>$</td>
<td>14,489,313</td>
<td>17,383,420</td>
<td>11,913,643</td>
<td>12,732,997</td>
<td>12,340,580</td>
<td>8,838,518</td>
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<td>$</td>
<td>6,369,623</td>
<td>6,085,282</td>
<td>5,657,153</td>
<td>8,320,751</td>
<td>4,723,301</td>
<td>3,974,426</td>
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<td>$</td>
<td>6,849,849</td>
<td>7,606,052</td>
<td>7,881,540</td>
<td>8,421,721</td>
<td>5,151,208</td>
<td>4,019,141</td>
</tr>
<tr>
<td>$</td>
<td>2,949,542</td>
<td>2,656,078</td>
<td>3,923,438</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>$</td>
<td>2,243,287</td>
<td>2,139,272</td>
<td>1,653,423</td>
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<td>-</td>
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<td>$</td>
<td>38,339,798</td>
<td>41,099,008</td>
<td>36,240,308</td>
<td>32,676,430</td>
<td>28,534,193</td>
<td>23,342,808</td>
</tr>
<tr>
<td>$</td>
<td>(241,572,260)</td>
<td>(233,144,480)</td>
<td>(228,678,049)</td>
<td>(230,645,348)</td>
<td>(236,990,727)</td>
<td>(230,910,202)</td>
</tr>
<tr>
<td>$</td>
<td>(555,655)</td>
<td>682,737</td>
<td>529,362</td>
<td>-</td>
<td>-</td>
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</tr>
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TABLE II
CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
GENERAL REVENUES AND CHANGE IN NET ASSETS
LAST NINE FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING, UNAUDITED)

### Net (Expense)/Revenue

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governmental Activities</td>
<td>$ (217,466,065)</td>
<td>$ (248,247,928)</td>
<td>$ (247,975,444)</td>
</tr>
<tr>
<td>Business-Type Activities</td>
<td>567,575</td>
<td>541,501</td>
<td>266,552</td>
</tr>
<tr>
<td>Total Primary Government Net Expense</td>
<td>$ (216,898,490)</td>
<td>$ (247,706,427)</td>
<td>$ (247,708,892)</td>
</tr>
</tbody>
</table>

### General Revenues and Other Changes in Net Assets

#### Governmental Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes Levied for General Purposes</td>
<td>151,034,569</td>
<td>154,202,554</td>
<td>148,626,083</td>
</tr>
<tr>
<td>Property Taxes Levied for Capital Projects</td>
<td>44,073,412</td>
<td>47,774,102</td>
<td>46,549,170</td>
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<tr>
<td>State Aid - Formula Grants</td>
<td>47,117,639</td>
<td>65,071,101</td>
<td>56,524,499</td>
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<tr>
<td>Grants &amp; Contributions -Not Restricted</td>
<td>31,612</td>
<td>-</td>
<td>75,485</td>
</tr>
<tr>
<td>Investment Earnings</td>
<td>255,723</td>
<td>1,912,509</td>
<td>7,456,490</td>
</tr>
<tr>
<td>Miscellaneous Local and Intermediate Revenues</td>
<td>165,609</td>
<td>122,192</td>
<td>59,554</td>
</tr>
<tr>
<td>Special Item- Resource</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss on Asset Disposal</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers</td>
<td>115,350</td>
<td>-</td>
<td>106,300</td>
</tr>
<tr>
<td>Total Governmental Activities</td>
<td>242,793,914</td>
<td>269,082,458</td>
<td>259,397,581</td>
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</tbody>
</table>

#### Business-Type Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers</td>
<td>(115,350)</td>
<td>-</td>
<td>(106,300)</td>
</tr>
<tr>
<td>Total Business-Type Activities</td>
<td>(115,350)</td>
<td>-</td>
<td>(106,300)</td>
</tr>
</tbody>
</table>

**Total General Revenues- Primary Government**

<table>
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<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 242,678,564</td>
<td>$ 269,082,458</td>
<td>$ 259,291,281</td>
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### Change in Net Assets

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<th>Description</th>
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<th>2008</th>
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</thead>
<tbody>
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<td>Net Assets- Beginning</td>
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<td>20,834,530</td>
<td>11,422,137</td>
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<td>Business-Type Activities</td>
<td>452,225</td>
<td>541,501</td>
<td>160,252</td>
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<tr>
<td>Net Assets- Ending</td>
<td>$ 192,237,676</td>
<td>$ 167,935,712</td>
<td>$ 146,559,681</td>
</tr>
</tbody>
</table>

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

**Source:** Carrollton-Farmers Branch ISD
<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(241,572,260)</td>
<td>(233,144,480)</td>
<td>(228,678,049)</td>
<td>(230,645,348)</td>
<td>(236,990,727)</td>
<td>(230,910,202)</td>
</tr>
<tr>
<td></td>
<td>555,655</td>
<td>682,737</td>
<td>529,362</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>179,624,950</td>
<td>187,618,767</td>
<td>187,057,197</td>
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<td>203,347,668</td>
<td>200,632,340</td>
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<td>44,042,078</td>
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<td>30,233,635</td>
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<td>11,854,553</td>
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<td>1,667,270</td>
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<td>(1,506,908)</td>
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<td>5,640,977</td>
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<tr>
<td></td>
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### CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
### FUND BALANCES - GOVERNMENTAL FUNDS (MODIFIED ACCRUAL BASIS)
### LAST TEN FISCAL YEARS (UNAUDITED)

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<td>Reserved, Reported In</td>
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**Source:** Carrollton-Farmers Branch ISD
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TABLE IV
CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS (UNAUDITED)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

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</thead>
<tbody>
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<td>State Sources:</td>
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<td>State Grants and Other</td>
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Source: Carrollton-Farmers Branch ISD
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CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS (UNAUDITED)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

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<td>23,251,483</td>
<td>23,835,470</td>
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<tr>
<td><strong>Total Debt Service Expenditures</strong></td>
<td>44,329,789</td>
<td>48,238,703</td>
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<td>42,491,792</td>
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<tr>
<td><strong>Total Expenditures</strong></td>
<td>304,839,187</td>
<td>345,073,463</td>
<td>352,980,266</td>
<td>332,215,347</td>
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<td><strong>Total Expenditures less Expenditures for Capital Outlay</strong></td>
<td>$288,344,233</td>
<td>$309,901,428</td>
<td>$302,515,409</td>
<td>$288,981,436</td>
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<tr>
<td><strong>Debt Service as a Percentage of Non-Capital Expenditures</strong></td>
<td>15.4%</td>
<td>15.6%</td>
<td>15.5%</td>
<td>14.7%</td>
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Source: Carrollton-Farmers Branch ISD.
<table>
<thead>
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<th></th>
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<td>$115,428,607</td>
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<td>4,957,305</td>
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<td>2,265,083</td>
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<td>1,759,759</td>
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<td>10,163,036</td>
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<td>7,601,265</td>
<td>7,773,675</td>
<td>7,617,895</td>
<td>7,172,782</td>
<td>5,834,313</td>
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<td>186,507</td>
<td>390,224</td>
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<td>1,891,509</td>
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<td>2,946,991</td>
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<td>2,833,658</td>
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<tr>
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<td>6,223,330</td>
<td>6,103,312</td>
<td>5,559,283</td>
<td>5,365,760</td>
<td>5,092,047</td>
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<td>18,383,974</td>
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<td>19,725,728</td>
<td>19,975,650</td>
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<tr>
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<td>1,014,315</td>
<td>940,931</td>
<td>1,130,753</td>
<td>956,597</td>
<td>883,638</td>
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<tr>
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<td>3,983,413</td>
<td>3,033,663</td>
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<td>1,901,029</td>
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<td>736,014</td>
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<td>5,110,301</td>
<td>4,665,812</td>
<td>2,139,900</td>
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<td>46,061,720</td>
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<tr>
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<td>162,981</td>
<td>202,402</td>
<td>1,130,753</td>
<td>956,597</td>
<td>883,638</td>
<td></td>
</tr>
<tr>
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<td>167,557</td>
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<td>146,438</td>
<td>138,512</td>
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<td>4,226,627</td>
<td>2,630,645</td>
<td>999,439</td>
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</tr>
<tr>
<td>3,173,860</td>
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<td>4,665,812</td>
<td>2,139,900</td>
<td>5,337,749</td>
<td>46,061,720</td>
<td></td>
</tr>
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<td>45,514,305</td>
<td>54,154,056</td>
<td>58,365,108</td>
<td>53,024,569</td>
<td>46,061,720</td>
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<tr>
<td>47,883,084</td>
<td>23,013,989</td>
<td>7,019,222</td>
<td>11,558,577</td>
<td>33,695,938</td>
<td>65,280,633</td>
<td></td>
</tr>
<tr>
<td>902,439</td>
<td>391,778</td>
<td>244,695</td>
<td>150,740</td>
<td>1,932,968</td>
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<tr>
<td>48,785,523</td>
<td>23,405,767</td>
<td>7,263,917</td>
<td>11,709,317</td>
<td>35,628,906</td>
<td>65,280,633</td>
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<tr>
<td>22,695,230</td>
<td>19,758,697</td>
<td>16,539,628</td>
<td>15,234,666</td>
<td>11,690,104</td>
<td>8,539,289</td>
<td></td>
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<td>15,025,438</td>
<td>16,300,054</td>
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<td>18,340,026</td>
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<td>36,386,383</td>
<td>31,565,066</td>
<td>31,534,720</td>
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<td>26,879,315</td>
<td></td>
</tr>
<tr>
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<td>279,044,776</td>
<td>282,508,000</td>
<td>295,019,067</td>
<td>299,279,746</td>
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<td>$273,787,008</td>
<td>$271,780,859</td>
<td>$270,798,683</td>
<td>$259,390,161</td>
<td>$233,999,113</td>
<td></td>
</tr>
</tbody>
</table>

|       | 14.4% | 13.3% | 11.6% | 11.6% | 11.9% | 11.5% |
### Carrollton-Farmers Branch Independent School District

**Other Financing Sources and Uses and Net Change in Fund Balances**

**Last Ten Fiscal Years (Unaudited)**

**(Modified Accrual Basis of Accounting)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess (Deficiency) of Revenues Over (Under) Expenditures</td>
<td>$2,827,084</td>
<td>$29,622,791</td>
<td>$(50,649,067)</td>
<td>$(30,280,266)</td>
</tr>
<tr>
<td>Other Financing Sources (Uses)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refunding Bonds Issued</td>
<td>-</td>
<td>-</td>
<td>27,435,000</td>
<td>60,775,000</td>
</tr>
<tr>
<td>Capital-Related Debt Issued (Regular Bonds)</td>
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<td>-</td>
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<td>45,000,000</td>
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<tr>
<td>Sale of Real or Personal Property</td>
<td>-</td>
<td>76,043</td>
<td>29,747</td>
<td>53,712</td>
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<tr>
<td>Transfers In</td>
<td>354,755</td>
<td>25,059</td>
<td>236,495</td>
<td>1,160,684</td>
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<tr>
<td>Premium or Discount on Issuance of Bonds</td>
<td>-</td>
<td>-</td>
<td>1,292,287</td>
<td>3,564,464</td>
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<tr>
<td>Transfers Out</td>
<td>(239,405)</td>
<td>(25,059)</td>
<td>(1,830,195)</td>
<td>(1,160,684)</td>
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<td>Payment to Bond Refunding Escrow Agent (Use)</td>
<td>-</td>
<td>-</td>
<td>(28,913,368)</td>
<td>(64,285,253)</td>
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<td>Other (Uses)</td>
<td>1,282,506</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Other Financing Sources (Uses)</td>
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<td>76,043</td>
<td>28,249,966</td>
<td>45,107,923</td>
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<tr>
<td>Special Item</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Change in Fund Balances</td>
<td>(1,429,228)</td>
<td>(29,546,748)</td>
<td>(22,399,101)</td>
<td>14,827,657</td>
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<td>Beginning Fund Balance - Sept 1</td>
<td>117,710,297</td>
<td>147,257,045</td>
<td>169,656,146</td>
<td>154,828,489</td>
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<tr>
<td>Ending Fund Balance - Aug 31</td>
<td>$116,281,069</td>
<td>$117,710,297</td>
<td>$147,257,045</td>
<td>$169,656,146</td>
</tr>
</tbody>
</table>

**Source:** Carrollton-Farmers Branch ISD
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ (45,335,278$)</td>
<td>$ (23,050,108$)</td>
<td>$ (11,106,658$)</td>
<td>$ (9,208,017$)</td>
<td>$ (29,410,934$)</td>
<td>$ (55,168,082$)</td>
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<tr>
<td>$</td>
<td>-</td>
<td>-</td>
<td>23,740,000</td>
<td>10,230,000</td>
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<tr>
<td>$</td>
<td>41,220,000</td>
<td>54,810,000</td>
<td>54,350,000</td>
<td>-</td>
<td>-</td>
<td>75,800,144</td>
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<tr>
<td>$</td>
<td>43,371</td>
<td>29,057</td>
<td>16,440</td>
<td>35,886</td>
<td>28,528</td>
<td>19,473</td>
</tr>
<tr>
<td>$</td>
<td>1,074,819</td>
<td>1,079,101</td>
<td>158,271</td>
<td>2,618,117</td>
<td>1,090</td>
<td>187,325</td>
</tr>
<tr>
<td>$</td>
<td>206,100</td>
<td>2,016,457</td>
<td>3,801,321</td>
<td>151,694</td>
<td>5,732,132</td>
<td>39,490</td>
</tr>
<tr>
<td>$</td>
<td>(392,082)</td>
<td>(549,739)</td>
<td>(158,271)</td>
<td>(2,618,117)</td>
<td>(1,090)</td>
<td>(187,325)</td>
</tr>
<tr>
<td>$</td>
<td>-</td>
<td>-</td>
<td>(25,511,685)</td>
<td>(10,304,621)</td>
<td>(89,632,094)</td>
<td>-</td>
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<tr>
<td>$</td>
<td>(3,183,070)</td>
<td>34,328,808</td>
<td>50,922,807</td>
<td>(9,104,544)</td>
<td>(29,382,406)</td>
<td>20,692,786</td>
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<tr>
<td>$</td>
<td>158,011,559</td>
<td>123,682,751</td>
<td>72,759,944</td>
<td>81,864,488</td>
<td>111,246,894</td>
<td>90,554,111</td>
</tr>
<tr>
<td>$</td>
<td>$ 154,828,489</td>
<td>$ 158,011,559</td>
<td>$ 123,682,751</td>
<td>$ 72,759,944</td>
<td>$ 81,864,488</td>
<td>$ 111,246,897</td>
</tr>
</tbody>
</table>
## TABLE VIII

### ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

**LAST TEN FISCAL YEARS (UNAUDITED)**

(AMOUNTS IN THOUSANDS, EXCEPT TAX RATE INFORMATION)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual Value</th>
<th>Total Taxable Value</th>
<th>Total Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Real Property</td>
<td>Personal Property</td>
<td>Less: Exemptions</td>
</tr>
<tr>
<td>2001</td>
<td>10,305,909</td>
<td>3,007,893</td>
<td>904,041</td>
</tr>
<tr>
<td>2002</td>
<td>10,987,181</td>
<td>3,216,225</td>
<td>940,583</td>
</tr>
<tr>
<td>2003</td>
<td>11,125,262</td>
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<td>981,788</td>
</tr>
<tr>
<td>2004</td>
<td>11,056,407</td>
<td>2,887,585</td>
<td>1,022,568</td>
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<tr>
<td>2005</td>
<td>11,076,452</td>
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<td>2006</td>
<td>11,368,490</td>
<td>2,842,733</td>
<td>1,593,504</td>
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<td>2007</td>
<td>12,205,407</td>
<td>2,836,186</td>
<td>1,597,937</td>
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<td>2008</td>
<td>13,515,787</td>
<td>3,310,222</td>
<td>1,978,076</td>
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<td>2009</td>
<td>14,099,708</td>
<td>3,526,217</td>
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<td>2010</td>
<td>13,875,318</td>
<td>3,556,941</td>
<td>2,522,473</td>
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**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)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Direct District Rates</th>
<th>Overlapping Rates</th>
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<tbody>
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<td>Maintenance</td>
<td>Debt Service</td>
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<td>0.2087</td>
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<td>2002</td>
<td>1.5000</td>
<td>0.2242</td>
</tr>
<tr>
<td>2003</td>
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<td>0.2242</td>
</tr>
<tr>
<td>2004</td>
<td>1.5000</td>
<td>0.2358</td>
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<tr>
<td>2005</td>
<td>1.5000</td>
<td>0.2824</td>
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<tr>
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<td>1.5000</td>
<td>0.3259</td>
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<tr>
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<td>0.3329</td>
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<td>2008</td>
<td>1.0400</td>
<td>0.3270</td>
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<tr>
<td>2009</td>
<td>1.0400</td>
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<tr>
<td>2010</td>
<td>1.0400</td>
<td>0.3022</td>
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**Source:** District Tax Office  
Rates are per $100 of assessed value.
<table>
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<tr>
<th>City of Irving</th>
<th>County of Denton</th>
<th>County of Dallas</th>
<th>Dallas County Hospital</th>
<th>Dallas County Community College</th>
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<td>0.488</td>
<td>0.232</td>
<td>0.196</td>
<td>0.196</td>
<td>0.050</td>
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<tr>
<td>0.488</td>
<td>0.252</td>
<td>0.196</td>
<td>0.254</td>
<td>0.050</td>
</tr>
<tr>
<td>0.498</td>
<td>0.249</td>
<td>0.202</td>
<td>0.254</td>
<td>0.060</td>
</tr>
<tr>
<td>0.533</td>
<td>0.247</td>
<td>0.204</td>
<td>0.254</td>
<td>0.078</td>
</tr>
<tr>
<td>0.548</td>
<td>0.255</td>
<td>0.204</td>
<td>0.254</td>
<td>0.080</td>
</tr>
<tr>
<td>0.548</td>
<td>0.247</td>
<td>0.214</td>
<td>0.254</td>
<td>0.082</td>
</tr>
<tr>
<td>0.548</td>
<td>0.232</td>
<td>0.214</td>
<td>0.254</td>
<td>0.081</td>
</tr>
<tr>
<td>0.541</td>
<td>0.236</td>
<td>0.228</td>
<td>0.254</td>
<td>0.080</td>
</tr>
<tr>
<td>0.541</td>
<td>0.236</td>
<td>0.228</td>
<td>0.254</td>
<td>0.089</td>
</tr>
<tr>
<td>0.541</td>
<td>0.250</td>
<td>0.228</td>
<td>0.274</td>
<td>0.095</td>
</tr>
</tbody>
</table>
## CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
### TABLE X
#### PROPERTY TAXES, LEVIES, AND COLLECTIONS
##### LAST TEN FISCAL YEARS (UNAUDITED)

<table>
<thead>
<tr>
<th>Tax Levy Year</th>
<th>Taxes Levied for the Fiscal Year</th>
<th>Collected within the Year of Levy</th>
<th>Collections in Subsequent Years and Cumulative Adjustments</th>
<th>Total Collections and Cumulative Adjustments to Date</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Amount</td>
<td>Percentage of Levy</td>
<td>Amount</td>
</tr>
<tr>
<td>2000</td>
<td>205,244,184</td>
<td>204,561,135</td>
<td>99.7%</td>
<td>436,350</td>
</tr>
<tr>
<td>2001</td>
<td>226,866,502</td>
<td>225,828,582</td>
<td>99.5%</td>
<td>991,663</td>
</tr>
<tr>
<td>2002</td>
<td>230,253,042</td>
<td>227,885,716</td>
<td>99.0%</td>
<td>2,226,246</td>
</tr>
<tr>
<td>2003</td>
<td>222,869,856</td>
<td>219,194,266</td>
<td>98.4%</td>
<td>3,503,303</td>
</tr>
<tr>
<td>2004</td>
<td>221,529,024</td>
<td>217,965,165</td>
<td>98.4%</td>
<td>3,467,754</td>
</tr>
<tr>
<td>2005</td>
<td>226,478,279</td>
<td>226,195,686</td>
<td>99.9%</td>
<td>95,907</td>
</tr>
<tr>
<td>2006</td>
<td>223,255,525</td>
<td>221,175,531</td>
<td>99.1%</td>
<td>1,785,036</td>
</tr>
<tr>
<td>2007</td>
<td>195,655,990</td>
<td>193,698,097</td>
<td>99.0%</td>
<td>1,568,701</td>
</tr>
<tr>
<td>2008</td>
<td>202,093,926</td>
<td>200,374,994</td>
<td>99.1%</td>
<td>1,181,399</td>
</tr>
</tbody>
</table>

**Source:** District Tax Office
<table>
<thead>
<tr>
<th>Taxpayer</th>
<th>Nature of Property</th>
<th>2010</th>
<th></th>
<th>2001</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>TAXABLE</td>
<td>VALUATION</td>
<td>TAXABLE</td>
<td>VALUATION</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ASSESSED</td>
<td>Value</td>
<td>ASSESSED</td>
<td>Value</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percent</td>
<td>Rank</td>
<td>Percent</td>
<td>Rank</td>
</tr>
<tr>
<td>Wells Operating PS LTD</td>
<td>Real Estate</td>
<td>$167,588,020</td>
<td>1.12%</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>AT&amp;T/Southwestern Bell</td>
<td>Telephone Utility</td>
<td>$142,350,000</td>
<td>0.95%</td>
<td>2</td>
<td>$108,306,940</td>
</tr>
<tr>
<td>Oncor Electric Delivery</td>
<td>Power Utility</td>
<td>104,551,224</td>
<td>0.70%</td>
<td>3</td>
<td>95,589,563</td>
</tr>
<tr>
<td>TCI Park West</td>
<td>Rental Property</td>
<td>103,433,790</td>
<td>0.69%</td>
<td>4</td>
<td>102,072,930</td>
</tr>
<tr>
<td>Verizon/GTE</td>
<td>Telephone Utility</td>
<td>88,924,228</td>
<td>0.60%</td>
<td>5</td>
<td>182,983,960</td>
</tr>
<tr>
<td>Walmart/Sam's</td>
<td>Retail</td>
<td>83,873,270</td>
<td>0.56%</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Nokia / ISTAR Electronics</td>
<td>Electronics</td>
<td>82,292,710</td>
<td>0.55%</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Exxon/Mobil Corp.</td>
<td>Industrial/Petroleum</td>
<td>75,875,364</td>
<td>0.51%</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Triden Village</td>
<td>Residential Apartments</td>
<td>74,493,176</td>
<td>0.50%</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Cobalt Industrial / REIT</td>
<td>Rental Property</td>
<td>74,198,790</td>
<td>0.50%</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Amlif South West Res Ltd PS</td>
<td></td>
<td>106,366,690</td>
<td>0.86%</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>ST Microelectronics Inc.</td>
<td></td>
<td>98,880,450</td>
<td>0.80%</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Petula Associates</td>
<td></td>
<td>95,411,910</td>
<td>0.77%</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Trinet</td>
<td></td>
<td>93,799,420</td>
<td>0.76%</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Daltex Centre LP</td>
<td></td>
<td>87,750,000</td>
<td>0.71%</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Boeing</td>
<td></td>
<td>81,272,490</td>
<td>0.65%</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>$997,580,572</td>
<td>6.68%</td>
<td></td>
<td>$1,052,434,355</td>
</tr>
</tbody>
</table>

Total Taxable Assessed Value $14,909,785,600 $12,409,759,957
## Legal Debt Margin

### Last Ten Fiscal Years

**August 31, 2010 (Unaudited)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt limit</td>
<td>$1,490,978,560</td>
<td>$1,524,540,946</td>
<td>$1,484,793,283</td>
<td>$1,344,364,947</td>
</tr>
<tr>
<td>Total net debt applicable to limit</td>
<td>353,476,131</td>
<td>380,421,200</td>
<td>408,440,752</td>
<td>403,044,881</td>
</tr>
<tr>
<td>Legal debt margin</td>
<td>1,137,502,429</td>
<td>1,144,119,746</td>
<td>1,076,352,531</td>
<td>941,320,066</td>
</tr>
<tr>
<td>Total net debt applicable to the limit as a percentage of debt limit</td>
<td>24%</td>
<td>25%</td>
<td>28%</td>
<td>30%</td>
</tr>
</tbody>
</table>

**Source:** Carrollton-Farmers Branch ISD

### Legal Debt Margin Calculation for Fiscal Year 2010

- **Total Appraised Valuation:** $17,432,258,236
- **Less - Exemptions and Reductions in Value:** 2,522,472,636
- **Total Appraised Valuation for School Tax Purposes:** $14,909,785,600
- **Debt Limit Percentage:** 10%
- **Legal Debt Limit:** $1,490,978,560
- **Total Bonded Debt:** $355,595,000
- **Less - Reserve for Retirement of Bonded Debt:** 2,118,869
- **Net Bonded Debt Applicable to Debt Limit:** $353,476,131
- **Legal Debt Margin:** $1,137,502,429
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>1,273,455,161</td>
<td>$ 1,241,984,735</td>
<td>$ 1,302,786,952</td>
<td>$ 1,394,399,193</td>
<td>$ 1,341,295,885</td>
<td>$ 1,240,976,996</td>
</tr>
<tr>
<td></td>
<td>380,495,821</td>
<td>362,337,021</td>
<td>326,726,211</td>
<td>288,331,144</td>
<td>302,348,613</td>
<td>313,103,436</td>
</tr>
<tr>
<td></td>
<td>892,959,340</td>
<td>879,647,714</td>
<td>976,060,741</td>
<td>1,106,068,049</td>
<td>1,038,947,272</td>
<td>927,873,560</td>
</tr>
<tr>
<td>%</td>
<td>30%</td>
<td>29%</td>
<td>25%</td>
<td>21%</td>
<td>23%</td>
<td>25%</td>
</tr>
</tbody>
</table>
Carrollton · Farmers Branch
Independent School District
An Innovative Leader in Learning
## OUTSTANDING DEBT BY TYPE

**TABLE XIII**

LAST TEN FISCAL YEARS (UNAUDITED)

(AMOUNTS IN THOUSANDS, EXCEPT PER CAPITA AND PER STUDENT ENROLLED)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Contractual Obligations</th>
<th>Unlimited Tax Obligations</th>
<th>Tax Obligations</th>
<th>Total Obligations</th>
<th>Percentage of disposable personal income</th>
<th>Per Capita</th>
<th>Per Student Enrolled</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>2,725</td>
<td>315,346</td>
<td>318,071</td>
<td>318,071</td>
<td>11.81%</td>
<td>2,236</td>
<td>13,342</td>
</tr>
<tr>
<td>2002</td>
<td>1,830</td>
<td>304,551</td>
<td>306,381</td>
<td>306,381</td>
<td>9.82%</td>
<td>2,169</td>
<td>12,886</td>
</tr>
<tr>
<td>2003</td>
<td>1,105</td>
<td>289,817</td>
<td>290,922</td>
<td>290,922</td>
<td>10.19%</td>
<td>2,045</td>
<td>11,592</td>
</tr>
<tr>
<td>2004</td>
<td>345</td>
<td>327,637</td>
<td>327,982</td>
<td>327,982</td>
<td>11.73%</td>
<td>2,311</td>
<td>12,824</td>
</tr>
<tr>
<td>2005</td>
<td>-</td>
<td>363,033</td>
<td>363,033</td>
<td>363,033</td>
<td>Not available</td>
<td>2,561</td>
<td>14,038</td>
</tr>
<tr>
<td>2006</td>
<td>-</td>
<td>381,558</td>
<td>381,558</td>
<td>381,558</td>
<td>Not available</td>
<td>2,604</td>
<td>14,546</td>
</tr>
<tr>
<td>2007</td>
<td>-</td>
<td>406,027</td>
<td>406,027</td>
<td>406,027</td>
<td>7.88%</td>
<td>2,463</td>
<td>15,467</td>
</tr>
<tr>
<td>2008</td>
<td>-</td>
<td>411,304</td>
<td>411,304</td>
<td>411,304</td>
<td>8.06%</td>
<td>2,484</td>
<td>15,581</td>
</tr>
<tr>
<td>2009</td>
<td>-</td>
<td>382,655</td>
<td>382,655</td>
<td>382,655</td>
<td>7.21%</td>
<td>2,251</td>
<td>14,573</td>
</tr>
<tr>
<td>2010</td>
<td>-</td>
<td>355,595</td>
<td>355,595</td>
<td>355,595</td>
<td>6.43%</td>
<td>2,048</td>
<td>13,719</td>
</tr>
</tbody>
</table>

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

**Source:** Carrollton-Farmers Branch ISD
CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
RATIO OF NET BONDED DEBT TO NET ASSESSED VALUE AND
NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS (UNAUDITED)

<table>
<thead>
<tr>
<th>YEAR END AUGUST 31</th>
<th>POPULATION</th>
<th>ASSESSED VALUE</th>
<th>GROSS BONDED DEBT</th>
<th>LESS DEBT SERVICE FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>141,000</td>
<td>12,409,769,957</td>
<td>315,346,357</td>
<td>2,242,921</td>
</tr>
<tr>
<td>2002</td>
<td>140,400</td>
<td>13,262,822,561</td>
<td>304,551,215</td>
<td>2,202,602</td>
</tr>
<tr>
<td>2003</td>
<td>141,750</td>
<td>13,412,958,845</td>
<td>289,816,549</td>
<td>1,485,405</td>
</tr>
<tr>
<td>2004</td>
<td>141,750</td>
<td>12,921,432,875</td>
<td>327,636,921</td>
<td>910,710</td>
</tr>
<tr>
<td>2005</td>
<td>141,750</td>
<td>12,419,847,347</td>
<td>363,033,225</td>
<td>696,204</td>
</tr>
<tr>
<td>2006</td>
<td>141,750</td>
<td>12,617,718,931</td>
<td>381,557,994</td>
<td>1,062,173</td>
</tr>
<tr>
<td>2007</td>
<td>141,750</td>
<td>13,443,649,465</td>
<td>406,026,672</td>
<td>2,981,791</td>
</tr>
<tr>
<td>2008</td>
<td>165,556</td>
<td>14,847,932,832</td>
<td>411,303,711</td>
<td>2,862,959</td>
</tr>
<tr>
<td>2009</td>
<td>169,986</td>
<td>15,245,409,459</td>
<td>382,655,000</td>
<td>2,233,800</td>
</tr>
<tr>
<td>2010</td>
<td>173,658</td>
<td>14,909,785,600</td>
<td>355,595,000</td>
<td>2,118,869</td>
</tr>
</tbody>
</table>

Source: Carrollton-Farmers Branch ISD. Population is for Cities of Carrollton and Farmers Branch. See Table XVI for population source information.
<table>
<thead>
<tr>
<th>NET BONDED DEBT</th>
<th>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</th>
<th>NET BONDED DEBT PER CAPITA</th>
</tr>
</thead>
<tbody>
<tr>
<td>247,192,048</td>
<td>2.17</td>
<td>1,804</td>
</tr>
<tr>
<td>302,348,613</td>
<td>2.28</td>
<td>2,221</td>
</tr>
<tr>
<td>288,331,144</td>
<td>2.15</td>
<td>2,034</td>
</tr>
<tr>
<td>288,331,144</td>
<td>1.98</td>
<td>2,034</td>
</tr>
<tr>
<td>362,337,021</td>
<td>2.92</td>
<td>2,556</td>
</tr>
<tr>
<td>380,495,821</td>
<td>3.02</td>
<td>2,684</td>
</tr>
<tr>
<td>403,044,881</td>
<td>3.00</td>
<td>2,843</td>
</tr>
<tr>
<td>408,440,752</td>
<td>2.75</td>
<td>2,467</td>
</tr>
<tr>
<td>380,421,200</td>
<td>2.50</td>
<td>2,238</td>
</tr>
<tr>
<td>353,476,131</td>
<td>2.37</td>
<td>2,035</td>
</tr>
</tbody>
</table>
## TABLE XV
DIRECT AND OVERLAPPING GOVERNMENT DEBT
AS OF AUGUST 31, 2010 (UNAUDITED)

<table>
<thead>
<tr>
<th>Governmental Unit</th>
<th>Debt Outstanding</th>
<th>Estimated Percentage Applicable</th>
<th>Estimated Share of Direct and Overlapping Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town of Addison</td>
<td>$ 73,120,000</td>
<td>2.54%</td>
<td>$ 1,857,248</td>
</tr>
<tr>
<td>City of Carrollton</td>
<td>169,915,000</td>
<td>39.55%</td>
<td>67,201,383</td>
</tr>
<tr>
<td>City of Coppell</td>
<td>80,250,000</td>
<td>7.68%</td>
<td>6,163,200</td>
</tr>
<tr>
<td>City of Dallas</td>
<td>1,938,124,913</td>
<td>0.04%</td>
<td>775,250</td>
</tr>
<tr>
<td>Dallas County</td>
<td>121,176,552</td>
<td>6.61%</td>
<td>8,009,770</td>
</tr>
<tr>
<td>Dallas County Community College District</td>
<td>416,040,000</td>
<td>6.61%</td>
<td>27,500,244</td>
</tr>
<tr>
<td>Dallas County Hospital District</td>
<td>705,000,000</td>
<td>6.61%</td>
<td>46,600,500</td>
</tr>
<tr>
<td>Dallas County Utility &amp; Reclamation District</td>
<td>275,387,655</td>
<td>49.12%</td>
<td>135,270,416</td>
</tr>
<tr>
<td>Denton County</td>
<td>496,900,000</td>
<td>5.13%</td>
<td>25,490,970</td>
</tr>
<tr>
<td>City of Farmers Branch</td>
<td>27,380,000</td>
<td>58.87%</td>
<td>16,118,606</td>
</tr>
<tr>
<td>City of Irving</td>
<td>354,445,000</td>
<td>26.78%</td>
<td>94,920,371</td>
</tr>
<tr>
<td>Irving Flood Control District III</td>
<td>2,711,761</td>
<td>66.93%</td>
<td>1,814,982</td>
</tr>
<tr>
<td>NW Dallas County Flood Control District</td>
<td>8,424,000</td>
<td>100.00%</td>
<td>8,424,000</td>
</tr>
<tr>
<td>Valwood Improvement Authority</td>
<td>10,205,966</td>
<td>100.00%</td>
<td>10,205,966</td>
</tr>
<tr>
<td>Subtotal, overlapping debt</td>
<td></td>
<td></td>
<td>$ 450,352,905</td>
</tr>
<tr>
<td>Carrollton-Farmers Branch ISD - Direct Debt</td>
<td>$ 355,595,000</td>
<td>100.00%</td>
<td>$ 355,595,000</td>
</tr>
</tbody>
</table>

**Total Direct and Overlapping Tax Supported Debt**

- **Tax Supported Debt** $ 805,947,905
- **Total Assessed Taxable Valuation** $ 14,909,785,600
- **Total Population** 173,658
- **Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation** 5.41%
- **Per Capita Total Direct and Overlapping Tax Supported Debt** $ 4,641

---

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

**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.
<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Population(A)</th>
<th>Disposable Personal Income(B)</th>
<th>Per Capita Disposable Personal Income(C)</th>
<th>Unemployment Rate(D)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>141,000</td>
<td>2,693,980,000</td>
<td>39,012</td>
<td>2.36%</td>
</tr>
<tr>
<td>2002</td>
<td>140,400</td>
<td>3,118,525,000</td>
<td>46,719</td>
<td>3.09%</td>
</tr>
<tr>
<td>2003</td>
<td>141,750</td>
<td>2,855,740,000</td>
<td>42,254</td>
<td>4.31%</td>
</tr>
<tr>
<td>2004</td>
<td>141,750</td>
<td>2,796,665,000</td>
<td>41,519</td>
<td>4.40%</td>
</tr>
<tr>
<td>2005</td>
<td>141,750</td>
<td>Not Available</td>
<td>Not available</td>
<td>3.85%</td>
</tr>
<tr>
<td>2006</td>
<td>146,550</td>
<td>Not Available</td>
<td>Not available</td>
<td>4.61%</td>
</tr>
<tr>
<td>2007</td>
<td>164,839</td>
<td>5,154,680,369</td>
<td>31,271</td>
<td>3.46%</td>
</tr>
<tr>
<td>2008</td>
<td>165,556</td>
<td>5,100,118,136</td>
<td>30,806</td>
<td>4.71%</td>
</tr>
<tr>
<td>2009</td>
<td>169,986</td>
<td>5,308,832,766</td>
<td>31,231</td>
<td>7.77%</td>
</tr>
<tr>
<td>2010</td>
<td>173,658</td>
<td>5,531,007,300</td>
<td>31,850</td>
<td>7.70%</td>
</tr>
</tbody>
</table>

Notes:

A  Population data is for Cities of Carrollton and Farmer's Branch combined.
Source of population data was the following:
2001-2002 Best available estimates from local Chamber of Commerce, Texas Power and Light and the Cities of Carrollton and Farmers Branch
2003-2005 2000 Census Data
2006 Municipal Advisory Council of Texas
2007-2010 Claritas Market Place Survey

B  From Official Statements of CFBISD Bond Issuance. Amounts for years 2004 and prior are City of Carrollton only.

C  Only population of Carrollton was used to calculate per capita income figures for years 2004 and prior.

D  From US Department of Labor, Bureau of Labor Statistics
2007-2010 Texas Workforce Commission
**TABLE XVII**
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)

<table>
<thead>
<tr>
<th>Employer</th>
<th>2010</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Approx. # Employees</td>
<td>Rank</td>
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<tr>
<td>International Business Machines</td>
<td>3,370</td>
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</tr>
<tr>
<td>Carrollton-Farmers Branch ISD</td>
<td>3,201</td>
<td>2</td>
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<tr>
<td>JP Morgan Investment Services</td>
<td>2,390</td>
<td>3</td>
</tr>
<tr>
<td>Halliburton Energy Services</td>
<td>1,302</td>
<td>4</td>
</tr>
<tr>
<td>Federal Government - IRS</td>
<td>1,200</td>
<td>5</td>
</tr>
<tr>
<td>GEICO</td>
<td>1,088</td>
<td>6</td>
</tr>
<tr>
<td>GE Automation Services Inc</td>
<td>1,088</td>
<td>6</td>
</tr>
<tr>
<td>McKesson Corp</td>
<td>833</td>
<td>8</td>
</tr>
<tr>
<td>Telvista</td>
<td>750</td>
<td>9</td>
</tr>
<tr>
<td>Accor North America</td>
<td>727</td>
<td>10</td>
</tr>
<tr>
<td>Otis Engineering</td>
<td>2,000</td>
<td>3</td>
</tr>
<tr>
<td>SGS-Thompson</td>
<td>907</td>
<td>4</td>
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<tr>
<td>City of Carrollton</td>
<td>875</td>
<td>5</td>
</tr>
<tr>
<td>Westcott Communications</td>
<td>800</td>
<td>6</td>
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<tr>
<td>T.D. Mechanical</td>
<td>600</td>
<td>7</td>
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<tr>
<td>Omega Optical</td>
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<td>8</td>
</tr>
<tr>
<td>Foxmeyer Drug</td>
<td>600</td>
<td>9</td>
</tr>
<tr>
<td>Home Interior &amp; Gifts</td>
<td>500</td>
<td>10</td>
</tr>
</tbody>
</table>

Total employed 2010 workforce - 101,551
Total employed 2001 workforce - 89,649

**Source:** Official Statement dated December 14, 2000
North Central Texas Council of Governments Claritas Inc.
### Full Time Equivalent District Employees by Type

Last Ten Years (Unaudited)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Teachers</strong></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-K &amp; Kindergarten</td>
<td>173</td>
<td>193</td>
<td>187</td>
<td>171</td>
<td>166</td>
<td>147</td>
<td>146</td>
<td>143</td>
<td>131</td>
<td>32%</td>
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<tr>
<td>Elementary</td>
<td>712</td>
<td>714</td>
<td>725</td>
<td>713</td>
<td>745</td>
<td>722</td>
<td>730</td>
<td>719</td>
<td>705</td>
<td>688</td>
<td>3%</td>
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<tr>
<td>Secondary</td>
<td>712</td>
<td>747</td>
<td>767</td>
<td>730</td>
<td>693</td>
<td>642</td>
<td>700</td>
<td>682</td>
<td>676</td>
<td>717</td>
<td>-1%</td>
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<tr>
<td>All Level</td>
<td>130</td>
<td>166</td>
<td>169</td>
<td>197</td>
<td>189</td>
<td>180</td>
<td>165</td>
<td>166</td>
<td>161</td>
<td>157</td>
<td>-17%</td>
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<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td><strong>Total Teachers</strong></td>
<td>1,727</td>
<td>1,821</td>
<td>1,848</td>
<td>1,812</td>
<td>1,793</td>
<td>1,742</td>
<td>1,713</td>
<td>1,685</td>
<td>1,693</td>
<td>2%</td>
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<tr>
<td><strong>Support Staff</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Supervisors</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>9</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>-100%</td>
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<tr>
<td>Counselors</td>
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<td>50</td>
<td>48</td>
<td>47</td>
<td>43</td>
<td>45</td>
<td>46</td>
<td>49</td>
<td>51</td>
<td>44</td>
<td>18%</td>
</tr>
<tr>
<td>Ed Diagnostics</td>
<td>33</td>
<td>30</td>
<td>31</td>
<td>31</td>
<td>29</td>
<td>27</td>
<td>25</td>
<td>23</td>
<td>22</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>Librarians</td>
<td>41</td>
<td>41</td>
<td>38</td>
<td>37</td>
<td>38</td>
<td>35</td>
<td>37</td>
<td>35</td>
<td>33</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>Nurse/Physicians</td>
<td>36</td>
<td>33</td>
<td>32</td>
<td>31</td>
<td>32</td>
<td>31</td>
<td>30</td>
<td>29</td>
<td>26</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Therapists</td>
<td>41</td>
<td>36</td>
<td>38</td>
<td>36</td>
<td>34</td>
<td>29</td>
<td>30</td>
<td>27</td>
<td>31</td>
<td>28</td>
<td>46%</td>
</tr>
<tr>
<td>Psychologists/Assoc Psych.</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>-14%</td>
</tr>
<tr>
<td>Other Support Staff</td>
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<td>150</td>
<td>140</td>
<td>154</td>
<td>96</td>
<td>101</td>
<td>104</td>
<td>83</td>
<td>79</td>
<td>66</td>
<td>119%</td>
</tr>
<tr>
<td><strong>Total Support Staff</strong></td>
<td>358</td>
<td>347</td>
<td>335</td>
<td>352</td>
<td>284</td>
<td>283</td>
<td>282</td>
<td>262</td>
<td>258</td>
<td>231</td>
<td>55%</td>
</tr>
<tr>
<td><strong>Administrators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Admin/Instructional Officers</td>
<td>50</td>
<td>61</td>
<td>42</td>
<td>22</td>
<td>23</td>
<td>19</td>
<td>23</td>
<td>23</td>
<td>17</td>
<td>194%</td>
<td></td>
</tr>
<tr>
<td>Principals</td>
<td>39</td>
<td>38</td>
<td>39</td>
<td>39</td>
<td>37</td>
<td>36</td>
<td>37</td>
<td>36</td>
<td>35</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>Assistant Principals</td>
<td>46</td>
<td>52</td>
<td>58</td>
<td>57</td>
<td>56</td>
<td>56</td>
<td>52</td>
<td>44</td>
<td>47</td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td>Superintendents</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Assistant Superintendents</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>-25%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Administrators</strong></td>
<td>139</td>
<td>156</td>
<td>144</td>
<td>123</td>
<td>121</td>
<td>122</td>
<td>112</td>
<td>108</td>
<td>110</td>
<td>101</td>
<td>38%</td>
</tr>
<tr>
<td><strong>Total Professionals</strong></td>
<td>2,224</td>
<td>2,324</td>
<td>2,327</td>
<td>2,287</td>
<td>2,198</td>
<td>2,105</td>
<td>2,136</td>
<td>2,083</td>
<td>2,053</td>
<td>2,025</td>
<td>10%</td>
</tr>
<tr>
<td>Educational Aides</td>
<td>200</td>
<td>262</td>
<td>259</td>
<td>231</td>
<td>234</td>
<td>224</td>
<td>215</td>
<td>188</td>
<td>160</td>
<td>143</td>
<td>40%</td>
</tr>
<tr>
<td>Auxiliary Staff</td>
<td>777</td>
<td>785</td>
<td>781</td>
<td>740</td>
<td>723</td>
<td>711</td>
<td>781</td>
<td>799</td>
<td>837</td>
<td>837</td>
<td>-7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,201</td>
<td>3,371</td>
<td>3,367</td>
<td>3,258</td>
<td>3,155</td>
<td>3,040</td>
<td>3,132</td>
<td>3,070</td>
<td>3,050</td>
<td>3,005</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: Texas Education Agency (Standard Reports)
Carrollton · Farmers Branch
Independent School District

An Innovative Leader in Learning
## CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT

### TABLE XIX

#### TEACHER BASE SALARIES

LAST TEN FISCAL YEARS (UNAUDITED)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Minimum Salary</th>
<th>Maximum Salary</th>
<th>District Average Salary</th>
<th>Statewide Average Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>28,501</td>
<td>46,754</td>
<td>39,689</td>
<td>38,361</td>
</tr>
<tr>
<td>2002</td>
<td>31,500</td>
<td>49,024</td>
<td>41,424</td>
<td>39,232</td>
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<tr>
<td>2003</td>
<td>33,250</td>
<td>50,628</td>
<td>41,850</td>
<td>39,974</td>
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<td>2004</td>
<td>35,336</td>
<td>52,713</td>
<td>42,217</td>
<td>40,478</td>
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<tr>
<td>2005</td>
<td>35,500</td>
<td>53,878</td>
<td>42,353</td>
<td>41,011</td>
</tr>
<tr>
<td>2006</td>
<td>35,500</td>
<td>53,878</td>
<td>43,769</td>
<td>41,531</td>
</tr>
<tr>
<td>2007</td>
<td>41,501</td>
<td>58,454</td>
<td>46,329</td>
<td>44,897</td>
</tr>
<tr>
<td>2008</td>
<td>43,249</td>
<td>60,188</td>
<td>47,940</td>
<td>46,178</td>
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<tr>
<td>2009</td>
<td>45,000</td>
<td>62,598</td>
<td>50,040</td>
<td>47,158</td>
</tr>
<tr>
<td>2010</td>
<td>45,940</td>
<td>62,598</td>
<td>51,275</td>
<td>48,263</td>
</tr>
</tbody>
</table>

**Sources:** Carrollton-Farmers Branch ISD

Texas Education Agency (Standard Reports)
## CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
## OPERATING STATISTICS
## LAST NINE FISCAL YEARS (UNAUDITED)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Average Daily Enrollment</th>
<th>Direct Operating Expenditures(A)</th>
<th>Cost per Pupil</th>
<th>Percentage Change from PY</th>
<th>Direct Operating Expenses(B)</th>
<th>Cost per Pupil</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>23,635</td>
<td>$175,451,995</td>
<td>$7,423</td>
<td></td>
<td>$178,061,972</td>
<td>$7,534</td>
</tr>
<tr>
<td>2003</td>
<td>25,002</td>
<td>180,898,855</td>
<td>7,235</td>
<td>-2.5%</td>
<td>189,330,322</td>
<td>7,573</td>
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<tr>
<td>2004</td>
<td>25,548</td>
<td>186,061,737</td>
<td>7,283</td>
<td>0.7%</td>
<td>188,950,225</td>
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<tr>
<td>2005</td>
<td>25,860</td>
<td>191,886,320</td>
<td>7,420</td>
<td>1.9%</td>
<td>195,292,785</td>
<td>7,552</td>
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<tr>
<td>2006</td>
<td>26,231</td>
<td>204,178,921</td>
<td>7,784</td>
<td>4.9%</td>
<td>211,642,756</td>
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<tr>
<td>2007</td>
<td>26,252</td>
<td>214,133,770</td>
<td>8,157</td>
<td>4.8%</td>
<td>222,818,702</td>
<td>8,488</td>
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<tr>
<td>2008</td>
<td>26,397</td>
<td>232,774,135</td>
<td>8,818</td>
<td>8.1%</td>
<td>244,686,680</td>
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<td>26,257</td>
<td>230,038,088</td>
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<td>243,882,954</td>
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<td>229,896,487</td>
<td>8,869</td>
<td>1.2%</td>
<td>244,812,848</td>
<td>9,445</td>
</tr>
</tbody>
</table>

### 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

The district adopted the provisions of GASB 34 in 2002, therefore less than ten years are shown.
<table>
<thead>
<tr>
<th>Percentage Change from PY</th>
<th>Teaching Staff(C)</th>
<th>Pupil–Teacher Ratio</th>
<th>Students Receiving Free or Reduced-Price Meals(D)</th>
<th>Percentage of Students Receiving Free or Reduced-Price Meals</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
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<td>14.0</td>
<td>10,533</td>
<td>45%</td>
</tr>
<tr>
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<td>1,713</td>
<td>14.6</td>
<td>10,839</td>
<td>43%</td>
</tr>
<tr>
<td>-2.3%</td>
<td>1,742</td>
<td>14.7</td>
<td>11,645</td>
<td>46%</td>
</tr>
<tr>
<td>2.1%</td>
<td>1,700</td>
<td>15.2</td>
<td>12,588</td>
<td>49%</td>
</tr>
<tr>
<td>6.8%</td>
<td>1,793</td>
<td>14.6</td>
<td>13,437</td>
<td>51%</td>
</tr>
<tr>
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<td>1,812</td>
<td>14.5</td>
<td>13,418</td>
<td>51%</td>
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<tr>
<td>9.2%</td>
<td>1,848</td>
<td>14.3</td>
<td>14,302</td>
<td>54%</td>
</tr>
<tr>
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<td>1,821</td>
<td>14.4</td>
<td>15,002</td>
<td>57%</td>
</tr>
<tr>
<td>1.7%</td>
<td>1,727</td>
<td>15.0</td>
<td>15,392</td>
<td>59%</td>
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</table>
## CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
### SCHOOL BUILDING INFORMATION – ELEMENTARY SCHOOLS
#### LAST TEN FISCAL YEARS (UNAUDITED)

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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Blair Intermediate</td>
<td>2002</td>
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<td>77,631</td>
<td>77,631</td>
<td>77,631</td>
</tr>
<tr>
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<td>Capacity</td>
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<td>605</td>
<td>605</td>
<td>605</td>
</tr>
<tr>
<td></td>
<td>Enrollment</td>
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<td>522</td>
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<td>573</td>
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<td>573</td>
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<tr>
<td></td>
<td>Enrollment</td>
<td>563</td>
<td>539</td>
<td>459</td>
<td>444</td>
</tr>
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<td>3 Carrollton</td>
<td>1951</td>
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<td>83,180</td>
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<td>656</td>
<td>656</td>
<td>656</td>
</tr>
<tr>
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<td>Enrollment</td>
<td>640</td>
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<td>679</td>
</tr>
<tr>
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<td>1965</td>
<td>93,690</td>
<td>93,690</td>
<td>93,690</td>
<td>93,690</td>
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<td>729</td>
<td>729</td>
<td>729</td>
</tr>
<tr>
<td></td>
<td>Enrollment</td>
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<td>645</td>
<td>625</td>
<td>654</td>
</tr>
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### CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
### SCHOOL BUILDING INFORMATION – ELEMENTARY SCHOOLS
### LAST TEN FISCAL YEARS (UNAUDITED)

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11,105     | 12,490    | 12,367    | 12,256    | 12,055    | 11,569
## CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
### SCHOOL BUILDING INFORMATION – MIDDLE SCHOOLS
#### LAST TEN FISCAL YEARS (UNAUDITED)

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**Sources:** Carrollton-Farmers Branch ISD
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CARROLLTON-FARMERS BRANCH INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION – OTHER FACILITIES
LAST TEN FISCAL YEARS (UNAUDITED)

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<th>Other Facilities</th>
<th>Year of Original Construction</th>
<th>Square Footage</th>
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<td>Family Center</td>
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<td>Academic Character Training</td>
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<td>Student Services</td>
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<tr>
<td>Agriculture Site</td>
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<td>PSA Building</td>
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<tr>
<td>SFC</td>
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<td>Wesley Building</td>
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<td>Kelly Field House</td>
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<td>Stadium/Natatorium</td>
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COMPLIANCE AND FEDERAL AWARDS SECTION
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<td>1</td>
<td>Total General Fund Balance as of 8/31/10 (Exhibit C-1 object 3000 for the General Fund Only)</td>
<td>$70,831,198</td>
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<tr>
<td>2</td>
<td>Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)</td>
<td>$2,120,977</td>
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<td>3</td>
<td>Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)</td>
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<tr>
<td>4</td>
<td>Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)</td>
<td>51,434,980</td>
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<td>5</td>
<td>Estimate of two month's average cash disbursements during the fiscal year.</td>
<td>22,859,991</td>
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<td>6</td>
<td>Estimate of delayed payments from state sources (58xx).</td>
<td>21,106,164</td>
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<tr>
<td>7</td>
<td>Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.</td>
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<tr>
<td>8</td>
<td>Estimate of delayed payments from federal sources (59xx)</td>
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<td>9</td>
<td>Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)</td>
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<tr>
<td>10</td>
<td>Adjustment to meet Board Policy</td>
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<tr>
<td>11</td>
<td>Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10)</td>
<td>103,528,424</td>
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<tr>
<td>12</td>
<td>Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 11)</td>
<td>$ (32,697,226)</td>
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INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type
activities, each major fund, and the aggregate remaining fund information of Carrollton-Farmers
Branch Independent School District (the “District”) as of and for the year ended August 31, 2010,
which collectively comprise the District’s basic financial statements and have issued our report
thereon dated December 15, 2010. We conducted our audit in accordance with auditing standards
generally accepted in the United States of America and the standards applicable to financial
audits contained in Government Auditing Standards issued by the Comptroller General of the
United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District’s internal control over financial
reporting as a basis for designing our auditing procedures for the purpose of expressing our
opinions on the financial statements, but not for the purpose of expressing an opinion on the
effectiveness of the District’s internal control over financial reporting. Accordingly, we do not
express an opinion on the effectiveness of the District’s internal control over financial reporting.

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

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

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

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

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

December 15, 2010
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Carrollton-Farmers Branch Independent School District (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended August 31, 2010. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of finding and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District’s management. Our responsibility is to express an opinion on the District’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District’s compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2010.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to
federal programs. In planning and performing our audit, we considered the District’s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over compliance.

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

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

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

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

December 15, 2010
I. Summary of the Auditors' Results:

Financial Statements

a. An unqualified opinion was issued on the financial statements.

b. Internal control over financial reporting:
   - Material weakness(es) identified? Yes X No
   - Significant deficiency(ies) identified that are not considered a material weakness? Yes X None reported

c. Noncompliance material to financial statements noted Yes X No

Major Programs

d. Internal control over major programs:
   - Material weakness(es) identified? Yes X No
   - Significant deficiency(ies) identified that are not considered a material weakness? Yes X None reported

e. An unqualified opinion was issued on compliance for major programs.

f. Any audit findings disclosed that were required to be reported under Section 510(a) or OMB Circular A-133. Yes X No

g. Identification of major programs:

   Title I Cluster:
   - 84.010A ESEA, Title I, Part A - Improving Basic Programs
   - 84.010A ESEA, Title I, Part A - School Improvement Program
   - 84.389 ESEA, Title I, Part A - ARRA - Improving Basic Programs
   - 84.389 ESEA, Title I, Part A - ARRA - School Improvement Program

   Special Education Cluster:
   - 84.027 IDEA - Part B, Formula
   - 84.173 IDEA - Part B, Preschool
   - 84.391 IDEA - Part B, Formula - ARRA
   - 84.392 IDEA - Part B, Preschool - ARRA
   - 84.394 Title XIV, State Fiscal Stabilization Fund - ARRA

h. The dollar threshold used to distinguish between Type A and Type B programs. $950,054

i. Auditee qualified as a low-risk auditee. X Yes No
II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with Generally Accepted Government Auditing Standards.

None

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

None
There were no findings in the prior year.
<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
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</thead>
<tbody>
<tr>
<td>FEDERAL GRANTOR/</td>
<td>Federal</td>
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<td>PASS-THROUGH GRANTOR/</td>
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<td>Number</td>
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<td>ESEA Title IV, Pt. A - Safe and Drug-Free Schools</td>
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<td>Title III, Part A - English Language Acquisition</td>
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<td>Summer School LEP</td>
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<td>Total Passed Through State Department of Education</td>
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<td>$ 23,340,383</td>
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**TOTAL DEPARTMENT OF EDUCATION**  
$ 23,340,383

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**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Passed Through Child Care Group

Work Source Child Care and Development Fund | 98.65 | 03080C01 | $ 239,954

Total Passed Through Child Care Group  
$ 239,954

**TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
$ 239,954
CARROLLTON-FARMERS BRANCH ISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2010

<table>
<thead>
<tr>
<th>(1)</th>
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<tr>
<td>U.S. DEPARTMENT OF AGRICULTURE</td>
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<td>National School Breakfast Program*</td>
<td>10.553</td>
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<td>National School Lunch Program* - Cash</td>
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<td>714010</td>
<td>6,255,446</td>
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<td>Non-Cash Assistance - National School Lunch Program</td>
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<td>714010</td>
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<td>Total CFDA Number 10.555</td>
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<td>Total Passed Through the State Department of Agriculture</td>
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<tr>
<td>TOTAL DEPARTMENT OF AGRICULTURE</td>
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<td>TOTAL EXPENDITURES OF FEDERAL AWARDS</td>
<td>$31,668,469</td>
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*Clustered Programs as required by Compliance Supplement March, 2010
NOTE 1. For all Federal programs, the District uses the fund types specified in Texas Education Agency’s *Financial Accountability System Resource Guide*. Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.

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

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

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

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

NOTE 4. School Health and Related Services-NHIC reimbursements of $1,038,852, which are recorded as federal revenue in the General Fund, are not considered federal awards for purposes of this schedule. This schedule includes $249,753 of indirect cost recorded in the General Fund.

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