

**COPPELL INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT FOR THE**  
**YEAR ENDED AUGUST 31, 2006**

COPPELL INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2006

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CERTIFICATE OF BOARD

Coppell Independent School District  
Name of School District

Dallas  
County

057-922  
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended August 31, 2006, at a meeting of the Board of Trustees of such school district on the \_\_\_\_ day of December, 2006.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

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UNQUALIFIED OPINION ON BASIC FINANCIAL STATEMENTS  
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER  
SUPPLEMENTARY INFORMATION  
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Independent Auditor's Report

Board of Trustees  
Coppell Independent School District  
Coppell, TX 75019

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 Coppell Independent School District (the District), as of and for the year ended August 31, 2006, 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 administrators. Our responsibility is to express an opinion on them based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Coppell Independent School District as of August 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis and the budgetary comparison information on pages 7 through 14 and 27, 66 and 67 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Coppell Independent School District's basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

In addition, the combining and individual nonmajor fund financial statements and the TEA required schedules listed in the table of contents are like presented for additional analysis and are not a part of the basic financial statements. The combining and individual nonmajor fund financial statements and the TEA required schedules (except for Exhibit J-3 The Fund Balance and Cash Flow Calculation Worksheet, which is marked **UNAUDITED** and on which we express no opinion) have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2006, on our consideration of the District's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*"Authorized signatures available on the reports filed with TEA"*

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

October 18, 2006

**COPPELL INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2006  
(UNAUDITED)**

As management of Coppell Independent School District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2006. Please read this narrative in conjunction with the independent auditors' report on page 5, and the District's Basic Financial Statements that begin on page 17.

**FINANCIAL HIGHLIGHTS**

- The assets of Coppell Independent School District exceeded its liabilities at the close of the most recent fiscal period by \$3,076,850 (net assets). Included in this amount is \$18,582,926 (unrestricted net assets) that may be used to meet the District's ongoing obligations to citizens and creditors in accordance with the District's fund designation and fiscal policies.
- The District's total net assets increased by \$601,255.
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of \$46,676,006. Over 37% of this total amount (\$17,608,479) is unreserved and available for use within the District's designation and policies.
- At the end of the current fiscal period, unreserved fund balance for the general fund was \$17,608,479 or 17.0% of the total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on pages 17 through 19). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 20) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 32) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.



## **Reporting the District as a Whole**

### **The Statement of Net Assets and the Statement of Activities**

The analysis of the District's overall financial condition and operations begins on page 17. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting (the basis used by private sector companies).

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net assets and changes in them. The District's net assets (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business-type activities—The District charges a fee to “customers” to help it cover all or most of the cost of services it provides in its tennis court operations.

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements begin on page 20 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

· Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs and print shop.

## **The District as Trustee**

### **Reporting the District's Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for money raised by student activities. The District's fiduciary activity is reported in a separate Statement of Fiduciary Net Assets on page 31. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in this fund are used for their intended purposes.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The District implemented GASB Statement #34 in a prior year. Therefore, our analysis presents both current and prior year data and discuss significant changes in the accounts. Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the District's governmental and business-type activities.

By far the largest portion of the District's net assets (\$146,667,450 or 72.8 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net assets of the District's governmental activities increased from \$2,472,870 to \$3,076,769. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$18,582,845 at August 31, 2006. This increase in governmental net assets was the result of two factors. First, while the District's expenditures exceeded revenues by \$2,557,540, the District made bond and other long-term debt payments in the amount of \$8,494,887 and acquired capital assets in the amount of \$5,332,259 both of which increased net assets. Second, the District recorded depreciation, accrued interest, and other expenses not recognized in the fund financial statements in the amount of \$9,826,142 that decreased net assets.

In 2006, net assets of our business-type activities were \$81, and the activity is relatively insignificant to the overall operations of the District.

**Table I**  
**NET ASSETS**

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	54,881,817	30,287,871	81	2,725	54,881,898	30,290,596
Capital assets	146,667,450	146,588,583	-	-	146,667,450	146,588,583
Total assets	201,549,267	176,876,454	81	2,725	201,549,348	176,879,179
Long-term liabilities	191,967,464	169,092,209	-	-	191,967,464	169,092,209
Other liabilities	6,505,034	5,311,375	-	-	6,505,034	5,311,375
Total liabilities	198,472,498	174,403,584	-	-	198,472,498	174,403,584
Net Assets:						
Invested in capital assets net of related debt	(20,361,743)	(20,555,809)	-	-	(20,361,743)	(20,555,809)
Restricted	4,855,667	4,054,151	-	-	4,855,667	4,054,151
Unrestricted	18,582,845	18,974,528	81	2,725	18,582,926	18,977,253
Total net assets	3,076,769	2,472,870	81	2,725	3,076,850	2,475,595

**Governmental activities.** Revenues from governmental activities were \$124,958,190. The cost of all governmental programs and services were \$124,354,291. *Governmental activities* increased net assets \$603,899. Key areas contributing to the increase were property tax revenue and payroll cost savings.

Property taxes and state foundation aid are the District's chief sources of operating revenues. Property tax revenue increased by \$2,140,841 over last year, due to growth in property values. Adjusted property values at year-end were \$135 million (2.3%) higher than year-end values last year

**Table II**  
**CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	772,678	643,765	47,556	68,211	820,234	711,976
Operating grants and contributions	9,787,060	9,078,330	-	-	9,787,060	9,078,330
<b>General Revenues:</b>						
Maintenance and operations taxes	90,878,434	88,709,619	-	-	90,878,434	88,709,619
Debt service taxes	13,844,216	13,872,190	-	-	13,844,216	13,872,190
State aid - formula grants	4,264,747	5,139,816	-	-	4,264,747	5,139,816
Grants and Contributions not restricted to specific programs	2,791,382	2,593,770	-	-	2,791,382	2,593,770
Investment Earnings	2,459,427	1,235,645	-	-	2,459,427	1,235,645
Miscellaneous	160,246	406,678	-	-	160,246	406,678
<b>Total Revenue</b>	<b>124,958,190</b>	<b>121,679,813</b>	<b>47,556</b>	<b>68,211</b>	<b>125,005,746</b>	<b>121,748,024</b>
<b>Expenses:</b>						
Instruction, curriculum and media services	48,802,203	45,446,774	-	-	48,802,203	45,446,774
Instructional and school leadership	5,456,491	4,802,959	-	-	5,456,491	4,802,959
Student support services	4,091,123	3,858,379	-	-	4,091,123	3,858,379
Child nutrition	3,995,519	3,759,203	-	-	3,995,519	3,759,203
Cocurricular activities	2,326,597	2,287,959	50,200	66,306	2,376,797	2,354,265
General administration	3,006,500	2,599,201	-	-	3,006,500	2,599,201
Plant maintenance, security & data processing	9,310,796	8,790,069	-	-	9,310,796	8,790,069
Community services	117,232	108,157	-	-	117,232	108,157
Debt services	10,120,141	10,121,271	-	-	10,120,141	10,121,271
Intergovernmental charges	37,127,689	35,915,852	-	-	37,127,689	35,915,852
<b>Total Expenses</b>	<b>124,354,291</b>	<b>117,689,824</b>	<b>50,200</b>	<b>66,306</b>	<b>124,404,491</b>	<b>117,756,130</b>
Increase (decrease) in net assets before transfers and special items	603,899	3,989,989	(2,644)	1,905	601,255	3,991,894
Transfers	-	(6,732)	-	-	-	(6,732)
Net Assets at Beginning of Year	2,472,870	(1,510,387)	2,725	820	2,475,595	(1,509,567)
Net Assets at End of Year	3,076,769	2,472,870	81	2,725	3,076,850	2,475,595

The original 2005-06 General Fund Budget was adopted with an expected utilization of about \$900,000 in fund balance. The Child Nutrition Budget was adopted using \$209,995 in fund balance. Since CISD is a budget-balanced school district with about 89% of the General Fund revenue generated from local property taxes, fund balance must be maintained to enable the District to meet current expenses from September through mid-December. Although some property taxes are received during this time, the vast majority of collections are received during the latter half of December and January.

The actual unreserved General Fund balance on August 31, 2006, reflected an increase of \$329,482 from \$17,406,736 to \$17,733,218. Actual cash and cash equivalents decreased by \$1,756,965 to \$19,421,060 in the General Fund. Significant aspects of 2005-06 budget and actual revenues and expenditures are:

- The total tax rate decreased to \$1.729. Of the total rate, the maintenance and operations tax rate remained at the state maximum rate of \$1.50 per \$100 of property valuation. The debt service tax rate decreased from \$0.235 to \$0.229 due to a leveled debt service expense coupled with an increasing tax base.
- Actual total local revenues (e.g. General Fund and Debt Service), including property tax collections, current, delinquent, rollback, and penalty & interest for the 2005 tax year, were about \$900,000 under budget. Actual tax revenues were \$144,248 less than the original budget due to an overall reduction in the 2005 tax roll. The collection ratio remained favorable at 99.6%. Investment income exceeded original budget by \$402,163. Unbudgeted gifts and bequests totaled \$612,069 while state revenues were \$87,021 under budget.
- The District's "Robin Hood" payment was \$1,164,516 less than the original budget.
- The Child Nutrition Fund balance decreased by a planned \$216,614 from \$1,000,079 to \$783,465. In order to reduce the 2005 year-end balance of \$1,000,079, which exceeded the three months' average expenditure allowable amount, the District purchased needed equipment additions and replacements.
- On August 11, 2001, city of Coppell voters adopted a sales and use tax, for a four- year period, at the rate of one-half percent for the purpose of financing programs for publicly funded education institutions for the Coppell Educational Development Corporation (CEDC) to promote literacy, foreign language, and career technology for the development of a skilled workforce. Coppell ISD is entitled to approximately 93% of the sales tax generated for this purpose. The remaining amount will be allocated to Carrollton / Farmers Branch ISD and any charter schools that serve students residing in the city of Coppell. Grants totaling \$2,409,550 were approved by the CEDC for the 2005-06 school year, enabling the District to continue prior-year programs funded with this money. The 2001 adopted one-half-percent sales tax was in effect through the 2005-06 school year. In the spring of 2005, city of Coppell voters approved a two-year extension of the sales and use tax that will continue the benefit to students through the 2008-09 school year.

The cost of all governmental activities for the current fiscal year was \$124,404,491. However, as shown in the Statement of Activities on pages 18 and 19, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$104,722,650 because some of the costs were paid by those who directly benefited from the programs (\$820,234) or by other governments and organizations that subsidized certain programs with grants and contributions (\$9,787,060) or by state equalization funding (\$4,264,747).

## **THE DISTRICT'S FUNDS**

**Governmental funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved and undesignated fund balance* may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As the District completed the year, its governmental funds (as presented in the Balance Sheet on pages 20 and 21) reported combined fund balance of \$46,676,006, which is \$25,218,119 higher than last year's total of \$21,457,887. Thirty-nine percent of the total amount, or \$18,429,887 is *unreserved and undesignated fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *reserved or designated* to indicate that it is not available for new spending because it has already been committed for inventory (\$24,102), to pay debt service (\$4,034,259), for construction needs (\$24,087,121) and for prepaid items (\$100,637).

Other changes in fund balances should also be noted. The fund balance in the capital projects fund increased by \$23,740,590, primarily due to the issuance of \$26,960,000 in bonds during the year. Although capital expenditures reduce available fund balances, they create new assets for the District as reported in the Statement of Net Assets and as discussed in Note 4 to the financial statements.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August 2005). The second category includes changes that the Board made during the year to reflect new information regarding revenue sources and expenditure needs. The principal amendment in this case was an increase in the anticipated amount of State funding to be received. The third category involves amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of \$17,733,218 reported on pages 20 and 27 differs from the General Fund's budgetary fund balance of \$15,500,245 reported in the budgetary comparison schedule on page 27. This is principally due to cost savings achieved during the year in several expenditure categories.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At August 31, 2006, the District had \$146,667,450 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$78,867, or less than 1 percent, above last year.

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

### **Debt Administration**

At year-end, the District had \$191,967,464 in bonds and contractual obligations outstanding (including accreted interest on bonds) versus \$169,092,209 last year—an increase of 13.5 percent. The only new debt was incurred during the fiscal period was the issuance of \$26,960,000 in new bonds, plus additional accreted interest on existing bonds. The District's underlying general obligation bond rating is AA minus according to national rating agencies, but is considered AAA as a result of guarantees of the Texas Permanent School Fund.

More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors and variables when setting the fiscal year 2006-07 budget and tax rates. One of those factors is the economy. Since 89% of the District's operating budget revenue is derived from local property taxes, the local economy plays an extremely important role in the preparation of the annual budget. The tax roll for the 2006-07 budget was increased by \$281 million over the previous year's budget as a result of continued new commercial construction within the District.

The 2006-07 budget as approved enabled the District to lower the tax rate from \$1.729 to \$1.599 due to changes in the school finance law (House Bill 1). The maintenance and operations tax rate was lowered to \$1.37, and the debt service tax rate remained at \$0.229. In order to maintain the \$0.229 debt service tax rate, the District adopted a budget that will utilize about \$1,000,000 in available fund balance. Under HB1, state revenue increased to offset the loss in local revenue as a result of the M&O tax rate reduction. The increased state contribution was made possible by the infusion of increased state taxes and fees. Under HB1, school districts were required to reduce their M&O tax rate to 88.6% of the 2005-06 rate (subject to recapture for Coppell ISD) but then were allowed to adopt an additional rate of up to four cents (not subject to recapture). Like many districts across the state, CISD chose to adopt the optional four cents to be able to fund the new year budget.

District officials are concerned that the new state revenue stream may not be adequate to provide for increased revenue per student in the 2007-08 budget year and beyond to cover costs for teacher raises and other non-discretionary expenses. School districts have been provided with some financial relief for the next year or two, but it appears that CISD may soon be faced with the same financial constraints that have plagued the District in the past.

### **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 show 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 business office, at Coppell Independent School District, 1303 Wrangler Circle, Suite 100, Coppell, Texas 75019 (214) 496-6006.

BASIC FINANCIAL STATEMENTS



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COPELL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
AUGUST 31, 2006

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 50,725,931	\$ (1,591)	\$ 50,724,340
1220 Property Taxes Receivable (Delinquent)	1,369,609	-	1,369,609
1230 Allowance for Uncollectible Taxes	(522,876)	-	(522,876)
1240 Due from Other Governments	2,053,341	-	2,053,341
1250 Accrued Interest	4,457	-	4,457
1260 Internal Balances	1	-	1
1267 Due from Fiduciary Funds	1,844	-	1,844
1290 Other Receivables, net	38,795	1,672	40,467
1300 Inventories	24,102	-	24,102
1410 Deferred Expenses	100,637	-	100,637
1420 Capitalized Bond and Other Debt Issuance Costs	1,178,146	-	1,178,146
1430 Discount on Issuance of Debt	(92,170)	-	(92,170)
Capital Assets:			
1510 Land	15,445,256	-	15,445,256
1520 Buildings, Net	119,957,396	-	119,957,396
1530 Furniture and Equipment, Net	11,264,798	-	11,264,798
1000 Total Assets	<u>201,549,267</u>	<u>81</u>	<u>201,549,348</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	776,728	-	776,728
2150 Payroll Deductions & Withholdings	682,177	-	682,177
2160 Accrued Wages Payable	4,108,630	-	4,108,630
2180 Due to Other Governments	85,823	-	85,823
2200 Accrued Expenses	234,826	-	234,826
2300 Deferred Revenues	616,850	-	616,850
Noncurrent Liabilities			
2501 Due Within One Year	9,606,647	-	9,606,647
2502 Due in More Than One Year	182,360,817	-	182,360,817
2000 Total Liabilities	<u>198,472,498</u>	<u>-</u>	<u>198,472,498</u>
<b>NET ASSETS</b>			
3200 Invested in Capital Assets, Net of Related Debt	(20,361,743)	-	(20,361,743)
3840 Restricted for Food Service	783,465	-	783,465
3850 Restricted for Debt Service	4,034,259	-	4,034,259
3870 Restricted for Campus Activities	37,943	-	37,943
3900 Unrestricted Net Assets	18,582,845	81	18,582,926
3000 Total Net Assets	<u>\$ 3,076,769</u>	<u>\$ 81</u>	<u>\$ 3,076,850</u>

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

COPPELL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
11 Instruction	\$ 47,071,574	\$ 41,123	\$ 4,379,541
12 Instructional Resources and Media Services	1,193,655	-	52,033
13 Curriculum and Instructional Staff Development	536,974	-	216,365
21 Instructional Leadership	1,622,901	-	67,200
23 School Leadership	3,833,590	-	163,348
31 Guidance, Counseling and Evaluation Services	2,707,748	-	516,931
32 Social Work Services	8,700	-	8,700
33 Health Services	596,669	-	36,423
34 Student (Pupil) Transportation	778,006	60,597	-
35 Food Services	3,995,519	-	3,999,916
36 Cocurricular/Extracurricular Activities	2,326,597	404,803	53,985
41 General Administration	3,006,500	-	112,864
51 Plant Maintenance and Operations	8,144,908	266,155	126,824
52 Security and Monitoring Services	130,098	-	4,622
53 Data Processing Services	1,035,790	-	43,059
61 Community Services	117,232	-	5,249
72 Debt Service - Interest on Long Term Debt	10,001,622	-	-
73 Debt Service - Bond Issuance Cost and Fees	118,519	-	-
91 Contracted Instructional Services Between Schools	37,024,078	-	-
93 Payments to Fiscal Agent/Member Districts of SSA	87,457	-	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	16,154	-	-
[TG] Total Governmental Activities:	<u>124,354,291</u>	<u>772,678</u>	<u>9,787,060</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
01 Tennis Court Fund	50,200	47,556	-
[TB] Total Business-Type Activities:	<u>50,200</u>	<u>47,556</u>	<u>-</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 124,404,491</u>	<u>\$ 820,234</u>	<u>\$ 9,787,060</u>

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

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

Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (42,650,910)	\$ -	\$ (42,650,910)
(1,141,622)	-	(1,141,622)
(320,609)	-	(320,609)
(1,555,701)	-	(1,555,701)
(3,670,242)	-	(3,670,242)
(2,190,817)	-	(2,190,817)
-	-	-
(560,246)	-	(560,246)
(717,409)	-	(717,409)
4,397	-	4,397
(1,867,809)	-	(1,867,809)
(2,893,636)	-	(2,893,636)
(7,751,929)	-	(7,751,929)
(125,476)	-	(125,476)
(992,731)	-	(992,731)
(111,983)	-	(111,983)
(10,001,622)	-	(10,001,622)
(118,519)	-	(118,519)
(37,024,078)	-	(37,024,078)
(87,457)	-	(87,457)
(16,154)	-	(16,154)
<u>(113,794,553)</u>	<u>-</u>	<u>(113,794,553)</u>
-	(2,644)	(2,644)
-	(2,644)	(2,644)
<u>(113,794,553)</u>	<u>(2,644)</u>	<u>(113,797,197)</u>
90,878,434	-	90,878,434
13,844,216	-	13,844,216
4,264,747	-	4,264,747
2,791,382	-	2,791,382
2,459,427	-	2,459,427
160,246	-	160,246
<u>114,398,452</u>	<u>-</u>	<u>114,398,452</u>
603,899	(2,644)	601,255
2,472,870	2,725	2,475,595
<u>\$ 3,076,769</u>	<u>\$ 81</u>	<u>\$ 3,076,850</u>

COPPELL INDEPENDENT SCHOOL DISTRICT  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 AUGUST 31, 2006

Data Control Codes	10 General Fund	Child Nutrition Fund	50 Debt Service Fund
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 19,421,060	\$ 1,504,913	\$ 4,031,921
1220 Property Taxes - Delinquent	1,200,074	-	169,535
1230 Allowance for Uncollectible Taxes (Credit)	(466,096)	-	(56,780)
1240 Due from Other Governments	1,436,454	25,603	-
1250 Accrued Interest	4,457	-	-
1260 Due from Other Funds	2,163,454	1,581	2,338
1290 Other Receivables	28,411	-	-
1300 Inventories	24,102	-	-
1410 Deferred Expenditures	100,637	-	-
1000 Total Assets	<u>\$ 23,912,553</u>	<u>\$ 1,532,097</u>	<u>\$ 4,147,014</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
2110 Accounts Payable	\$ 385,765	\$ 183,597	\$ -
2150 Payroll Deductions and Withholdings Payable	679,077	516	-
2160 Accrued Wages Payable	4,053,612	8,545	-
2170 Due to Other Funds	2,371	279,781	-
2180 Due to Other Governments	81,007	122	-
2300 Deferred Revenues	977,503	276,071	112,755
2000 Total Liabilities	<u>\$ 6,179,335</u>	<u>\$ 748,632</u>	<u>\$ 112,755</u>
Fund Balances:			
Reserved For:			
3410 Investments in Inventory	\$ 24,102	\$ -	\$ -
3420 Retirement of Long Term Debt	-	-	4,034,259
3430 Prepaid Items	100,637	-	-
Unreserved Designated For:			
3510 Construction	-	-	-
Unreserved and Undesignated:			
3600 Reported in the General Fund	17,608,479	-	-
3610 Reported in Special Revenue Funds	-	783,465	-
3000 Total Fund Balances	<u>\$ 17,733,218</u>	<u>\$ 783,465</u>	<u>\$ 4,034,259</u>
4000 Total Liabilities and Fund Balances	<u>\$ 23,912,553</u>	<u>\$ 1,532,097</u>	<u>\$ 4,147,014</u>

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

60 Capital Projects	Other Funds	Total Governmental Funds
\$ 26,167,954	\$ (403,339)	\$ 50,722,509
-	-	1,369,609
-	-	(522,876)
-	591,284	2,053,341
-	-	4,457
-	-	2,167,373
-	10,384	38,795
-	-	24,102
-	-	100,637
<u>\$ 26,167,954</u>	<u>\$ 198,329</u>	<u>\$ 55,957,947</u>
\$ 205,833	\$ 972	\$ 776,167
-	2,584	682,177
-	46,473	4,108,630
1,875,000	8,409	2,165,561
-	4,694	85,823
-	97,254	1,463,583
<u>\$ 2,080,833</u>	<u>\$ 160,386</u>	<u>\$ 9,281,941</u>
\$ -	\$ -	\$ 24,102
-	-	4,034,259
-	-	100,637
24,087,121	-	24,087,121
-	-	17,608,479
-	37,943	821,408
<u>\$ 24,087,121</u>	<u>\$ 37,943</u>	<u>\$ 46,676,006</u>
<u>\$ 26,167,954</u>	<u>\$ 198,329</u>	<u>\$ 55,957,947</u>

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COPPELL INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
AUGUST 31, 2006

<b>Total Fund Balances - Governmental Funds</b>	\$	46,676,006
1 The District uses an internal service fund to charge the costs of its printing activities to appropriate functions in other funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.		7,381
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$192,124,293 and the accumulated depreciation was \$45,543,406. In addition, long-term liabilities totaling \$169,092,209, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets.		(22,511,322)
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2006 capital outlays and debt principal payments is to increase net assets.		13,827,146
4 The 2006 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(5,250,183)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		(29,672,259)
<b>19 Net Assets of Governmental Activities</b>	<u>\$</u>	<u>3,076,769</u>

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



COPPELL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	10 General Fund	Child Nutrition Fund	50 Debt Service Fund
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 97,042,233	\$ 3,341,740	\$ 14,440,128
5800 State Program Revenues	6,725,360	94,497	-
5900 Federal Program Revenues	27,340	528,902	-
5020 Total Revenues	<u>103,794,933</u>	<u>3,965,139</u>	<u>14,440,128</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	41,383,253	-	-
0012 Instructional Resources and Media Services	1,051,619	-	-
0013 Curriculum and Instructional Staff Development	256,510	-	-
0021 Instructional Leadership	1,434,668	-	-
0023 School Leadership	3,749,185	-	-
0031 Guidance, Counseling and Evaluation Services	2,172,271	-	-
0032 Social Work Services	-	-	-
0033 Health Services	576,010	-	-
0034 Student (Pupil) Transportation	760,160	-	-
0035 Food Services	380	4,181,753	-
0036 Cocurricular/Extracurricular Activities	1,723,724	-	-
0041 General Administration	2,886,552	-	-
0051 Plant Maintenance and Operations	8,097,134	-	-
0052 Security and Monitoring Services	129,577	-	-
0053 Data Processing Services	2,000,449	-	-
0061 Community Services	116,270	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	-	-	8,494,887
0072 Debt Service - Interest on Long Term Debt	-	-	5,425,663
0073 Debt Service - Bond Issuance Cost and Fees	-	-	3,328
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	37,024,078	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	87,457	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	16,154	-	-
6030 Total Expenditures	<u>103,465,451</u>	<u>4,181,753</u>	<u>13,923,878</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>329,482</u>	<u>(216,614)</u>	<u>516,250</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7911 Capital Related Debt Issued (Regular Bonds)	-	-	-
7915 Transfers In	-	-	815,659
8911 Transfers Out (Use)	-	-	-
8949 Other (Uses)	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>815,659</u>
1200 Net Change in Fund Balances	329,482	(216,614)	1,331,909
0100 Fund Balance - September 1 (Beginning)	<u>17,403,736</u>	<u>1,000,079</u>	<u>2,702,350</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 17,733,218</u>	<u>\$ 783,465</u>	<u>\$ 4,034,259</u>

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

60 Capital Projects	Other Funds	Total Governmental Funds
\$ 143,681	\$ 220,684	\$ 115,188,466
-	870,999	7,690,856
-	2,242,285	2,798,527
143,681	3,333,968	125,677,849
6,838	2,500,098	43,890,189
-	8,790	1,060,409
-	211,915	468,425
-	16,862	1,451,530
-	13,831	3,763,016
-	417,182	2,589,453
-	8,700	8,700
-	7,395	583,405
-	-	760,160
-	34,777	4,216,910
-	7,154	1,730,878
-	46,808	2,933,360
304,750	21,351	8,423,235
-	521	130,098
2,713,368	5,374	4,719,191
-	458	116,728
-	-	8,494,887
-	-	5,425,663
-	-	3,328
338,135	-	338,135
-	-	37,024,078
-	-	87,457
-	-	16,154
3,363,091	3,301,216	128,235,389
(3,219,410)	32,752	(2,557,540)
27,941,723	-	27,941,723
-	-	815,659
(815,659)	-	(815,659)
(166,064)	-	(166,064)
26,960,000	-	27,775,659
23,740,590	32,752	25,218,119
346,531	5,191	21,457,887
\$ 24,087,121	\$ 37,943	\$ 46,676,006

COPPELL INDEPENDENT SCHOOL DISTRICT  
 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, 2006

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	25,218,119
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 net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net assets.		(4,715)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2006 capital outlays and debt principal payments is to increase net assets.		13,827,146
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.		(5,250,183)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		(33,186,468)
<b>Change in Net Assets of Governmental Activities</b>	<u>\$</u>	<u>603,899</u>

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

COPELL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 95,440,336	\$ 96,868,258	\$ 97,042,233	\$ 173,975
5800 State Program Revenues	6,812,381	6,812,381	6,725,360	(87,021)
5900 Federal Program Revenues	5,000	5,000	27,340	22,340
5020 Total Revenues	102,257,717	103,685,639	103,794,933	109,294
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	39,956,280	41,961,391	41,383,253	578,138
0012 Instructional Resources and Media Services	1,052,847	1,056,470	1,051,619	4,851
0013 Curriculum and Instructional Staff Development	270,775	276,554	256,510	20,044
0021 Instructional Leadership	1,373,305	1,398,995	1,434,668	(35,673)
0023 School Leadership	3,658,123	3,681,184	3,749,185	(68,001)
0031 Guidance, Counseling and Evaluation Services	2,246,559	2,257,745	2,172,271	85,474
0033 Health Services	571,258	571,080	576,010	(4,930)
0034 Student (Pupil) Transportation	748,441	887,041	760,160	126,881
0035 Food Services	-	-	380	(380)
0036 Cocurricular/Extracurricular Activities	1,674,419	1,733,244	1,723,724	9,520
0041 General Administration	2,687,032	2,931,859	2,886,552	45,307
0051 Plant Maintenance and Operations	7,999,243	8,232,726	8,097,134	135,592
0052 Security and Monitoring Services	164,201	162,158	129,577	32,581
0053 Data Processing Services	1,996,523	1,999,358	2,000,449	(1,091)
0061 Community Services	95,511	135,961	116,270	19,691
<b>Intergovernmental:</b>				
0091 Contracted Instructional Services Between Schools	38,459,594	38,188,594	37,024,078	1,164,516
0093 Payments to Fiscal Agent/Member Districts of SSA	99,500	99,500	87,457	12,043
0095 Payments to Juvenile Justice Alternative Ed. Prg.	12,240	15,270	16,154	(884)
6030 Total Expenditures	103,065,851	105,589,130	103,465,451	2,123,679
1200 Net Change in Fund Balances	(808,134)	(1,903,491)	329,482	2,232,973
0100 Fund Balance - September 1 (Beginning)	17,403,736	17,403,736	17,403,736	-
3000 Fund Balance - August 31 (Ending)	\$ 16,595,602	\$ 15,500,245	\$ 17,733,218	\$ 2,232,973

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

COPPELL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AUGUST 31, 2006

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Internal Service Fund
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ (1,591)	\$ 3,422
Due from Other Funds	-	33
Other Receivables	1,672	-
Total Current Assets	81	3,455
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	-	22,464
Depreciation on Furniture and Equipment	-	(17,977)
Total Noncurrent Assets	-	4,487
Total Assets	81	7,942
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	-	561
Total Liabilities	-	561
<b>NET ASSETS</b>		
Unrestricted Net Assets	81	7,381
Total Net Assets	\$ 81	\$ 7,381

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

COPELL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2006

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 47,556	\$ 50,372
Total Operating Revenues	<u>47,556</u>	<u>50,372</u>
OPERATING EXPENSES:		
Payroll Costs	50,200	23,849
Professional and Contracted Services	-	13,395
Supplies and Materials	-	14,634
Other Operating Costs	-	3,209
Total Operating Expenses	<u>50,200</u>	<u>55,087</u>
Operating Income (Loss)	(2,644)	(4,715)
Total Net Assets - September 1 (Beginning)	<u>2,725</u>	<u>12,096</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 81</u></u>	<u><u>\$ 7,381</u></u>

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

COPPELL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2006

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total	Internal
	Enterprise	Service Fund
	Funds	
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 45,884	\$ 50,340
Cash Payments for Payroll Costs	(50,200)	(24,395)
Cash Payments for Supplies and Materials	-	(14,074)
Cash Payments for Purchases Services	-	(13,395)
Net Cash Used for Operating Activities	(4,316)	(1,524)
Net Decrease in Cash and Cash Equivalents	(4,316)	(1,524)
Cash and Cash Equivalents at Beginning of the Year:	2,725	4,946
Cash and Cash Equivalents at the End of the Year:	\$ (1,591)	\$ 3,422
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>		
Operating Income (Loss):	\$ (2,644)	\$ (4,715)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:		
Depreciation	-	3,209
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Other Receivables	(1,672)	-
Decrease (increase) in Due from Other Funds	-	(33)
Decrease (increase) in Accrued Expenses	-	(546)
Increase (decrease) in Accounts Payable	-	561
Net Cash Used for Operating Activities	\$ (4,316)	\$ (1,524)

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

COPPELL INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 AUGUST 31, 2006

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 690,576
Total Assets	<u>\$ 690,576</u>
LIABILITIES	
Accounts Payable	\$ 899
Due to Others	1,269
Due to Other Funds	1,845
Due to Student Groups	686,549
Deferred Revenues	<u>14</u>
Total Liabilities	<u>\$ 690,576</u>

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



COPPELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2006

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Coppell Independent School District's (the "District") combined financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (FAR). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

**A. REPORTING ENTITY**

The Board of Trustees, a seven member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The board of trustees are elected by the public. The trustees as a body corporate have the exclusive power and duty to govern and oversee the management of the public schools of the district. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The District's basis financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, Coppell Independent School District has no component units.

**B. BASIS OF PRESENTATION**

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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Fund Financial Statements:

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

1. **General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.
2. **Debt Service Fund** - This fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.
3. **Special Revenue Fund-Child Nutrition Fund** – This fund is used by the District to account for its food service operations. This is a budgeted fund.
4. **Capital Projects Fund** - This fund is established to account for proceeds, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as, furnishings and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal

Additionally, the District reports the following fund types:

1. **Special Revenue Funds** - These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.
2. **Enterprise Fund** – The District utilizes an enterprise fund to account for the Districts' 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 uses this fund to account for its tennis court operations, because the intent is for the tennis court program to be self-supporting and not require subsidies from the general fund.
3. **Internal Service Funds** – The District utilizes Internal Service Funds to account for revenues and expenses related to services provided to parties inside the District on a cost reimbursement basis. These funds facilitate distribution of support costs to the users of support services. The District has an internal service fund for its print shop operations.

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4. **Agency Funds** - These custodial funds are used to account for activities of student groups and other organizational activities requiring clearing accounts. Financial resources for the Agency funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. If any unused resources are declared surplus by the student groups, they are transferred to the General Fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

The enterprise fund and internal service funds are proprietary fund types. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments or earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB guidance). The District has chosen not to apply future FASB standards.

**C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

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Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as deferred revenues, and funds expended but not yet received are shown as receivables.

Revenue from investments, including governmental external investment pool, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pool are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

In accordance with the FAR, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR.

**D. BUDGETARY CONTROL**

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's FAR module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within Fund Groups at the function code level and revenue object code level.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Debt Service Fund. The special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

August 31, 2006	
<u>Fund Balance</u>	
Appropriated Budget Funds - Food Service Special Revenue Fund	\$783,465
Nonappropriated Budget Funds	<u>37,943</u>
All Special Revenue Funds	<u>\$821,408</u>

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**E. PREPAID ITEMS**

Prepaid balances are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

**F. INVENTORIES**

The consumption method is used to account for inventories of food products, school supplies and athletic equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. In the General Fund, reported inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources.

**G. INTERFUND RECEIVABLES AND PAYABLES**

Short-term amounts owed between funds are classified as “Due to/from other funds”. Interfund loans are classified as “Advances to/from other funds” and are offset by a fund balance reserve account. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as “internal balances” and “internal advances”.

**H. CAPITAL ASSETS**

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$500 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	50 Years
Furniture and Equipment	6-10 Years

**I. COMPENSATED ABSENCES**

It is the District’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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**J. NATURE AND PURPOSE OF RESERVATIONS AND DESIGNATIONS OF FUND BALANCES**

The District classifies fund balances as follows:

- A. Reserves – Used to denote that portion of fund balance, which is not appropriable for expenditure or is legally segregated for specific future use.
  - 1. Reserve for encumbrances represents commitments for expenditures through purchase orders.
  - 2. Reserve for funded indebtedness represents that portion of fund balance legally restricted to debt service.
  - 3. Reserve for inventories represents that portion of fund balance already expended on supplies held for consumption in a future period.
  - 4. Reserve for prepaid costs represents that portion of fund balance already disbursed on insurance premiums, lease contracts and other items which are expenditures of a future period.
- B. Undesignated – Used to denote that portion of fund balance which is available for appropriation.

**K. CASH EQUIVALENTS**

For purposes of the statement of cash flows, investments are considered to be cash equivalents if they are highly liquid with maturity within one year or less.

**L. NET ASSETS**

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**M. LONG-TERM OBLIGATIONS**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt 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 the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**N. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES**

In fiscal year 2002, the District implemented GASB Statement No. 33 (GASB 33), "Accounting and Financial Reporting for Nonexchange Transactions", GASB Statement No. 34 (GASB 34), "Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments", GASB Statement No. 37 (GASB 37), "Basis Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus" and GASB Statements No. 38 (GASB 38), "Certain Financial Statement Disclosures".

GASB 34 created new basis financial statements for reporting on the District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

The government-wide financial statements split the District programs between governmental and business-type activities.

**O. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2006, the district purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**P. 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.

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The details of this \$13,827,146 adjustment are as follows:

Current year capital outlay	\$ 5,332,259
Bond principal payments	8,284,887
Other long-term debt principal payments	<u>210,000</u>
Net adjustment	<u>\$13,827,146</u>

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Another element of that reconciliation states that: "Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest." The details of this \$(29,672,259) adjustment are as follows:

Deferred tax revenue recognized as revenue	\$ 846,733
Capitalization of net bond issuance costs/discounts	1,085,976
Change in accreted interest on bonds	(4,410,142)
Accrued interest payable on bonds	(234,826)
Bond sale proceeds	<u>(26,960,000)</u>
Net adjustment	<u>\$ (29,672,259)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities: One element of that reconciliation explains that "various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting.

These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest." The details of this \$(33,186,468) adjustment are as follows:

Current year change in deferred tax revenue	\$ (719,659)
Amortization of bond issuance costs/discounts	(115,191)
Change in accreted interest on bonds	(4,410,142)
Current year change in accrued interest payable on bonds	(165,817)
Bond sale proceeds	(26,960,000)
Capitalization of net bond issuance costs/ premium on current year bond issuance	<u>(815,659)</u>
Net adjustment	<u>\$ (33,186,468)</u>

**NOTE 3. DEPOSITS AND INVESTMENTS**

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities 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.

1. Cash Deposits:

At August 31, 2006, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$3,212,383 and the bank balance was \$3,637,040. The District's cash deposits at August 31, 2006 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.



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2. Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. 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.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. As of August 31, 2006, the District’s cash balances totaled \$3,637,040. This entire amount was either collateralized with securities held by the District’s financial institution’s agent in the District’s name or covered by FDIC insurance. Thus, the District’s deposits are not exposed to custodial credit risk.
- b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At August 31, 2006, the District held all of its investments in five public funds investment pools (TexPool, Lone Star, LOGIC, MBIA and TexStar) and three government securities. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The District has no custodial credit risk related to the government securities.
- c. Credit Risk - This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for the five investment pools range from AAA (Standard & Poor’s) to AAAM (Standard & Poor’s).
- d. Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for each of the five investment pools is less than 120 days, and the maturity date for each of the three government securities is less than 120 days also.
- e. Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. At August 31, 2006, the District was not exposed to foreign currency risk.

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- f. Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools and government securities are excluded from the 5 percent disclosure requirement.

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

The District's investments at August 31, 2006, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
TexPool	\$ 16,282,648	\$ 16,278,747
TexStar	4,934,654	4,931,575
Lone Star	6,682,598	6,681,729
LOGIC	16,277,574	16,277,413
MBIA	<u>4,012,736</u>	<u>4,011,509</u>
Total	<u>\$ 48,190,210</u>	<u>\$ 48,180,973</u>

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the District, including internal service funds, for the year ended August 31, 2006, was as follows:

	<u>Balance September 1</u>	<u>Additions/ Completions</u>	<u>Retirement/ Adjustments</u>	<u>Balance August 31</u>
Governmental Activities:				
Land	\$ 15,445,256	\$ -	\$ -	\$ 15,445,256
Buildings and Improvements	154,898,500	469,295	-	155,367,795
Furniture and Equipment	<u>21,803,001</u>	<u>4,862,964</u>	-	<u>26,665,965</u>
Totals at historic cost	<u>192,146,757</u>	<u>5,332,259</u>	-	<u>197,479,016</u>
Less accumulated depreciation for:				
Buildings and Improvements	(32,312,994)	(3,097,405)	-	(35,410,399)
Furniture and Equipment	<u>(13,245,180)</u>	<u>(2,155,987)</u>	-	<u>(15,401,167)</u>
Total accumulated depreciation	<u>(45,558,174)</u>	<u>(5,253,392)</u>	-	<u>(50,811,566)</u>
Governmental activities capital assets, net	<u>\$ 146,588,583</u>	<u>\$ 78,867</u>	<u>\$ -</u>	<u>\$ 146,667,450</u>

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Depreciation expense was charged as direct expense to programs of the District as follows:

Governmental activities:	
Instruction	\$ 3,510,896
Instructional Resources & Media Services	133,246
Curriculum & Instruction Staff Development	68,549
Instructional Leadership	171,371
School Leadership	70,574
Guidance, Counseling & Evaluation Services	118,295
Health Services	13,264
Student (Pupil) Transportation	24,486
Food Services	129,583
Cocurricular/Extracurricular Activities	620,538
General Administration	73,140
Plant Maintenance and Operations	103,297
Data Processing Services	215,649
Community Services	<u>504</u>
Total depreciation expense-Governmental activities	<u>\$ 5,253,392</u>

**NOTE 5. LONG-TERM DEBT**

Long-term debt includes par bonds, capital appreciation (deep discount) serial bonds and contractual obligations. All long-term debt represents transactions in the District's governmental activities. No long-term debt exists in the District's business-type activities.

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

The following is a summary of the changes in the District's Long-term Debt for the year ended August 31, 2006:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Outstanding 9/1/05</u>	<u>Additions</u>	<u>Refunded/ Retired</u>	<u>Amounts Outstanding 8/31/06</u>	<u>Due Within One Year</u>
<b>Bonded Indebtedness:</b>						
1992 Refunding	4.00-6.10%	\$ 12,378,423	\$ -	\$ 455,000	\$ 11,923,423	\$ 805,000
1995 Refunding	5.00-7.00%	11,588,648	-	1,468,858	10,119,790	805,002
1996 Bldg/Refunding	3.80-5.50%	14,650,079	-	332,485	14,317,594	348,612
1997 Refunding	6.60-7.15%	285,886	-	285,886	-	-
1997A Bldg/Refunding	4.35-5.25%	1,140,000	-	175,000	965,000	55,000
1999 Bldg/Refunding	4.40-5.95%	47,359,773	-	3,327,658	44,032,115	3,478,033
2001 Bldg/Refunding	5.25-5.67%	12,425,945	-	195,000	12,230,945	205,000
2002 Refunding	2.80-4.50%	9,535,000	-	1,545,000	7,990,000	2,560,000
2003 Building	2.00%	500,000	-	250,000	250,000	250,000
2004 Building	2.00-3.25%	500,000	-	250,000	250,000	250,000
2006 Building	4.25-5.25%	-	<u>26,960,000</u>	-	<u>26,960,000</u>	<u>650,000</u>
Total Bonded Indebtedness		<u>110,613,754</u>	<u>26,960,000</u>	<u>8,284,887</u>	<u>129,288,867</u>	<u>9,406,647</u>
Accreted Interest	4.00-7.15%	58,068,455	4,410,142	-	62,478,597	-
Contractual Obligations	4.20-4.85%	410,000	-	210,000	200,000	200,000
Total Other Obligations		<u>58,478,455</u>	<u>4,410,142</u>	<u>210,000</u>	<u>62,678,597</u>	<u>200,000</u>
Total Obligations of District		<u>\$169,092,209</u>	<u>\$31,370,142</u>	<u>\$ 8,494,887</u>	<u>\$191,967,464</u>	<u>\$9,606,647</u>

COPPELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED AUGUST 31, 2006

Each of the above bond series include outstanding capital appreciation bonds in the principal amount of \$73,093,867. The bonds mature variously beginning in 2007 through 2026. Interest accrues on these bonds each February 15 and August 15, even though the interest is not paid until maturity. The accrued interest of \$62,478,597 is accounted for as Accrued Interest Payable-Capital Appreciation Bonds.

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the District. General Obligation Bonds require the District to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The District is in compliance with this requirement.

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2006.

**NOTE 6. DEBT SERVICE REQUIREMENTS - BONDS AND CONTRACTUAL OBLIGATIONS**

Presented below is a summary of general obligation bond requirements to maturity:

Year Ended	<u>General Obligation</u>		Total <u>Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
August 31,			
2007	\$ 9,406,647	\$ 6,409,358	\$ 15,816,005
2008	9,019,567	6,397,792	15,417,359
2009	10,377,585	5,604,297	15,981,882
2010	7,376,828	8,565,308	15,942,136
2011	6,625,449	8,726,651	15,352,100
2012-2016	29,211,896	47,653,857	76,865,753
2017-2021	29,021,958	47,766,211	76,788,169
2022-2026	20,820,373	54,902,455	75,722,828
2027-2030	<u>7,428,564</u>	<u>45,371,436</u>	<u>52,800,000</u>
	<u>\$129,288,867</u>	<u>\$231,397,365</u>	<u>\$360,686,232</u>

The following schedule outlines the payment requirements of the District's contractual obligations to maturity:

Year Ended	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
<u>August 31</u>			
2007	<u>\$200,000</u>	<u>\$ 9,701</u>	<u>\$209,701</u>
	<u>\$200,000</u>	<u>\$ 9,701</u>	<u>\$209,701</u>

**NOTE 7. DEFEASED BONDS OUTSTANDING**

In prior years, the District issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The District has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds.

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. Although defeased, the refunded debt from those earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. At August 31, 2006, \$42,519,823 of bonds outstanding are considered defeased.

COPPELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2006

**NOTE 8. CONTRACTUAL OBLIGATIONS**

Contractual obligations in the amount of \$1,575,000 were issued on August 7, 1997, with net effective interest rates ranging from 4.2-4.85%. Contractual obligations are issued at parity with general obligation bonds, but carry a secondary revenue stream pledge. The debt obligation is accounted for in the General Long-Term Debt Account Group and matures at periodic intervals through August 15, 2007.

**NOTE 9. PROPERTY TAXES**

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) 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 upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2005-06 fiscal year was based was \$6,045,593,233. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15 % delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2006, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.50 and \$0.229 per \$100 valuation, respectively, for a total of \$1.729 per \$ 100 valuation.

Current tax collections for the year ended August 31, 2006 were 99.63% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting 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. As of August 31, 2006, property taxes receivable, net of estimated uncollectible taxes, totaled \$733,978 and \$112,755 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

**NOTE 10. PENSION PLAN OBLIGATIONS**

Plan Description - The District contributes to the Teacher Retirement System of Texas (the System), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in Texas Government code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature.

The System's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 233-8778.

COPPELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED AUGUST 31, 2006

Funding Policy - Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.0% of the District's covered payroll and an additional .5% to fund TRS Care, the TRS retiree healthcare program. In certain instances the District is required to make all or a portion of the state's 6.5% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the 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' contributions to the System for the years ending August 31, 2004, 2005, and 2006 were \$2,791,694, \$2,859,963 and \$2,929,374, respectively, equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ending August 31, 2004, 2005, and 2006 were \$477,074, \$515,620 and \$577,415, respectively, equal to the required contributions for each year. The amounts contributed by the State, for the years ended August 31, 2004, 2005, and 2006 were \$2,569,680, \$2,591,343 and \$2,561,156, respectively, and are reflected in the financial statements in the General Fund by respective function, in accordance with Governmental Accounting Standards Board Statement No. 24.

**NOTE 11. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at August 31, 2006, were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
Special Revenue Fund	\$ 288,190	\$ -
Debt Service Fund	-	2,338
Capital Projects Fund	1,875,000	-
Trust and Agency Fund	264	-
Internal Service Fund	-	33
	<u>2,163,454</u>	<u>2,371</u>
Special Revenue Fund:		
General Fund	-	288,190
Trust and Agency Fund	1,581	-
	<u>1,581</u>	<u>288,190</u>
Capital Projects Fund:		
General Fund	-	1,875,000
	<u>-</u>	<u>1,875,000</u>
Internal Service Fund:		
General Fund	33	-
	<u>33</u>	<u>-</u>
Trust and Agency Fund:		
General Fund	-	264
Special Revenue Fund	-	1,581
	<u>-</u>	<u>1,845</u>
Debt Service Fund:		
General Fund	2,338	-
	<u>2,338</u>	<u>-</u>
<b>TOTAL</b>	<u><b>\$ 2,167,406</b></u>	<u><b>\$ 2,167,406</b></u>

COPPELL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2006

Interfund transfers for the year ended August 31, 2006 consisted of the following individual amounts:

<u>Fund</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
Capital Projects Fund:		
Debt Service Fund	\$ 815,659	\$ -
Debt Service Fund:		
Capital Projects Fund	<u>          -</u>	<u>  815,659</u>
TOTAL	<u>\$ 815,659</u>	<u>\$ 815,659</u>

**NOTE 12. WORKERS' COMPENSATION POOL**

During the year ended August 31, 2006, Coppell ISD met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$1.5 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of May 31, 2006, the Fund carries a discounted reserve of \$76,712,921 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2006, the fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2005, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

**NOTE 13. 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 local, federal and state governments as of August 31, 2006, 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.

<u>Fund</u>	<u>Local Grants</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$414,588	\$1,021,866	\$ -	\$1,436,454
Special Revenue	<u>          -</u>	<u>  46,348</u>	<u>  570,539</u>	<u>  616,887</u>
Total	<u>\$414,588</u>	<u>\$1,068,214</u>	<u>\$570,539</u>	<u>\$2,053,341</u>

COPPELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED AUGUST 31, 2006

**NOTE 14. CONTINGENT LIABILITIES**

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments which exceed bond issue stated interest rates. The exact amount of liability, if any, will not be known until as long as five years from the bond issuance date. At August 31, 2006 the estimated rebate liability was zero.

**NOTE 15. LITIGATION AND CONTINGENCIES**

Minimum foundation funding received from the Agency is based primarily upon information concerning average daily attendance at the District's schools which is compiled by the District and supplied to the Agency. Federal funding for Food Services under child nutrition programs is based primarily upon the number and type of meals served and on user charges as reported to the USDA. Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made in compliance with program guidelines to the grantor agencies.

The programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, that the District has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of funding monies may be required. In the opinion of the District's administration, there are no significant contingent liabilities relating to matters of compliance and, accordingly, no provision has been made in the accompanying financial statements for such contingencies.

The Dallas Central Appraisal District is a defendant in various lawsuits involving the property values assigned to property located within the District's boundaries on which the District assesses property taxes. The District could be required to refund property taxes paid on values which were greater than the ultimate final assessed valuation assigned by the court. Such lawsuits could continue several years into the future.

**NOTE 16. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES**

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$90,876,817	\$ -	\$13,867,091	\$ -	\$104,743,908
Food Sales	-	3,286,837	-	-	3,286,837
Investment Income	1,816,303	54,349	499,443	143,681	2,513,776
Penalties, interest and other tax related income	624,807	-	73,594	-	698,401
Gifts and bequests	2,811,382	123,711	-	-	2,935,093
Co-curricular student activities	235,788	-	-	-	235,788
Other	<u>677,136</u>	<u>97,527</u>	<u>-</u>	<u>-</u>	<u>774,663</u>
Total	<u>\$97,042,233</u>	<u>\$3,562,424</u>	<u>\$14,440,128</u>	<u>\$ 143,681</u>	<u>\$115,188,466</u>



COPPELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED AUGUST 31, 2006

**NOTE 17. DEFERRED REVENUE**

Deferred revenue at year-end consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Net Tax Revenue	\$ 733,978	\$ -	\$112,755	\$ 846,733
Athletic Receipts	101,150	-	-	101,150
Student Fees	142,375	-	-	142,375
LEP Early Childhood	-	87	-	87
Emergency Impact Aid	-	3,705	-	3,705
Summer School LEP	-	6,555	-	6,555
College Prep Testing	-	24,058	-	24,058
Advanced Placement Incentives	-	55,106	-	55,106
Other Grants	-	7,743	-	7,743
Lunchroom Receipts	-	276,071	-	276,071
	<u>\$ 977,503</u>	<u>\$373,325</u>	<u>\$112,755</u>	<u>\$1,463,583</u>

**NOTE 18. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at August 31, 2006, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	\$1,200,074	\$1,436,454	\$2,163,454	\$ 32,868	\$4,832,850
Debt Service Fund	169,535	-	2,338	-	171,873
Capital Projects Fund	-	-	-	-	-
Special Revenue Fund	-	616,887	1,581	10,384	628,852
Total - Governmental Activities	<u>\$1,369,609</u>	<u>\$2,053,341</u>	<u>\$2,167,373</u>	<u>\$ 43,252</u>	<u>\$5,633,575</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 522,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522,876</u>
Business-type Activities:					
Enterprise Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Business-type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COPPELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED AUGUST 31, 2006

Payables at August 31, 2006, were as follows:

	<u>Accounts</u>	<u>Loans, Leases</u>		<u>Salaries</u>	<u>Due To</u>	<u>Due To</u>	<u>Total</u>
		<u>and Bonds</u>	<u>Payable -</u>	<u>and</u>	<u>Other</u>	<u>Other</u>	<u>Payables</u>
		<u>Current Year</u>	<u>Benefits</u>	<u>Funds</u>	<u>Governments</u>	<u>Other</u>	<u>Payables</u>
<b>Governmental Activities:</b>							
General Fund	\$385,765	\$ -	\$4,732,689	\$ 2,371	\$ 81,007	\$ -	\$5,201,832
Debt Service Fund	-	-	-	-	-	-	-
Capital Projects Fund	205,833	-	-	1,875,000	-	-	2,080,833
Special Revenue Funds	<u>184,569</u>	<u>-</u>	<u>58,118</u>	<u>288,190</u>	<u>4,816</u>	<u>-</u>	<u>535,693</u>
Total - Governmental Activities	<u>\$776,167</u>	<u>\$ -</u>	<u>\$4,790,807</u>	<u>\$2,165,561</u>	<u>\$ 85,823</u>	<u>\$ -</u>	<u>\$7,818,358</u>
Amounts not scheduled for payment during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Business-type Activities:</b>							
Enterprise Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Business-type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 19. COMMITMENTS UNDER LEASES**

Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of August 31, 2006, as follows:

Year Ending <u>August 31,</u>	
2007	\$ 345,622
2008	271,006
2009	191,693
2010	191,693
2011	63,689
2012	<u>63,689</u>
Total Minimum Rentals	<u>\$1,127,392</u>
Rental Expenditures in Fiscal Year 2006	<u>\$ 370,135</u>

**NOTE 20. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION**

The Texas Education Agency requires the budgets for the 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 six functional categories in the General Fund for the year ended August 31, 2006.

COPPELL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED AUGUST 31, 2006

**NOTE 21. GENERAL FUND FEDERAL SOURCES REVENUES**

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>	<u>Total Grant or Entitlement</u>
General Fund:			
Medicaid Reimbursement	N/A	\$ 4,263	\$ 4,263
Indirect Costs	N/A	<u>23,077</u>	<u>23,077</u>
Total for General Fund		<u>\$ 27,340</u>	<u>\$ 27,340</u>

## COMBINING SCHEDULES

COPPELL INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2006

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	222 Learn and Serve America	224 IDEA - Part B Formula	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ (4,297)	\$ (34,808)	\$ (128,656)
1240	Due from Other Governments	-	4,297	34,808	182,101
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,445</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2150	Payroll Deductions and Withholdings Payable	-	-	-	2,440
2160	Accrued Wages Payable	-	-	-	43,389
2170	Due to Other Funds	-	-	-	7,616
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,445</u>
Fund Balances:					
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,445</u>

225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	244 Vocational Ed Basic Grant	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	269 Title V, Pt.A Innovative Programs	288 Emergency Impact Aid
\$ (15,449)	\$ (514)	\$ (6,899)	\$ (6,931)	\$ -	\$ (826)	\$ -	\$ (285,385)
18,034	514	6,907	8,359	-	826	-	289,090
-	-	-	-	-	-	-	-
<u>\$ 2,585</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 1,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,705</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62	-	-	82	-	-	-	-
2,238	-	-	846	-	-	-	-
285	-	8	500	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	3,705
<u>2,585</u>	<u>-</u>	<u>8</u>	<u>1,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,705</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 2,585</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 1,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,705</u>

COPPELL INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2006

Data Control Codes	289 Summer School LEP	390 (LEP) Early Childhood Summer Prog.	397 Advanced Placement Incentives	404 Accelerated Reading
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 6,555	\$ 87	\$ 55,106	\$ (46,022)
1240 Due from Other Governments	-	-	-	46,348
1290 Other Receivables	-	-	-	-
1000 Total Assets	<u>\$ 6,555</u>	<u>\$ 87</u>	<u>\$ 55,106</u>	<u>\$ 326</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ 326
2150 Payroll Deductions and Withholdings Payable	-	-	-	-
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	-	-	-	-
2180 Due to Other Governments	-	-	-	-
2300 Deferred Revenues	6,555	87	55,106	-
2000 Total Liabilities	<u>6,555</u>	<u>87</u>	<u>55,106</u>	<u>326</u>
Fund Balances:				
Unreserved and Undesignated:				
3610 Reported in Special Revenue Funds	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 6,555</u>	<u>\$ 87</u>	<u>\$ 55,106</u>	<u>\$ 326</u>

411 Technology Allotment	418 Employee Health Insurance	426 Read to Succeed	497 College Prep Testing	498 CISD Educ. Foundation Grants	Total Nonmajor Governmental Funds
\$ -	\$ 4,694	\$ -	\$ 24,058	\$ 35,948	\$ (403,339)
-	-	-	-	-	591,284
-	-	-	-	10,384	10,384
<u>\$ -</u>	<u>\$ 4,694</u>	<u>\$ -</u>	<u>\$ 24,058</u>	<u>\$ 46,332</u>	<u>\$ 198,329</u>
\$ -	\$ -	\$ -	\$ -	\$ 646	\$ 972
-	-	-	-	-	2,584
-	-	-	-	-	46,473
-	-	-	-	-	8,409
-	4,694	-	-	-	4,694
-	-	-	24,058	7,743	97,254
<u>-</u>	<u>4,694</u>	<u>-</u>	<u>24,058</u>	<u>8,389</u>	<u>160,386</u>
-	-	-	-	37,943	37,943
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,943</u>	<u>37,943</u>
<u>\$ -</u>	<u>\$ 4,694</u>	<u>\$ -</u>	<u>\$ 24,058</u>	<u>\$ 46,332</u>	<u>\$ 198,329</u>



COPPELL INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	222 Learn and Serve America	224 IDEA - Part B Formula
<b>REVENUES:</b>				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	18,127	141,136	50,036
5020	Total Revenues	<u>18,127</u>	<u>141,136</u>	<u>50,036</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011	Instruction	10,992	127,642	44,262
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	-	13,494	2,387
0021	Instructional Leadership	-	-	3,387
0023	School Leadership	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	397,813
0032	Social Work Services	-	-	8,700
0033	Health Services	-	-	-
0035	Food Services	-	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-
0041	General Administration	7,135	-	-
0051	Plant Maintenance and Operations	-	-	-
0052	Security and Monitoring Services	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	-	-
6030	Total Expenditures	<u>18,127</u>	<u>141,136</u>	<u>50,036</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	244 Vocational Ed Basic Grant	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	269 Title V, Pt.A Innovative Programs	288 Emergency Impact Aid
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
48,604	37,105	40,867	136,190	2,736	36,859	20,294	296,385
<u>48,604</u>	<u>37,105</u>	<u>40,867</u>	<u>136,190</u>	<u>2,736</u>	<u>36,859</u>	<u>20,294</u>	<u>296,385</u>
45,979	37,105	34,019	658	-	32,159	20,294	296,385
-	-	-	-	-	-	-	-
2,305	-	6,848	135,532	2,736	3,203	-	-
320	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,497	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>48,604</u>	<u>37,105</u>	<u>40,867</u>	<u>136,190</u>	<u>2,736</u>	<u>36,859</u>	<u>20,294</u>	<u>296,385</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COPPELL INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	289 Summer School LEP	390 (LEP) Early Childhood Summer Prog.	397 Advanced Placement Incentives	404 Accelerated Reading
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	41,489	78,195
5900 Federal Program Revenues	1,501	-	-	-
5020 Total Revenues	<u>1,501</u>	<u>-</u>	<u>41,489</u>	<u>78,195</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	1,501	-	29,867	68,077
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	11,622	7,956
0021 Instructional Leadership	-	-	-	2,162
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Cocurricular/Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	<u>1,501</u>	<u>-</u>	<u>41,489</u>	<u>78,195</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

411 Technology Allotment	418 Employee Health Insurance	426 Read to Succeed	497 College Prep Testing	498 CISD Educ. Foundation Grants	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 63,290	\$ 157,394	\$ 220,684
248,836	502,369	110	-	-	870,999
-	-	-	-	-	2,242,285
<u>248,836</u>	<u>502,369</u>	<u>110</u>	<u>63,290</u>	<u>157,394</u>	<u>3,333,968</u>
248,836	374,473	110	63,290	83,546	2,500,098
-	8,790	-	-	-	8,790
-	208	-	-	8,464	211,915
-	3,124	-	-	-	16,862
-	13,831	-	-	-	13,831
-	17,872	-	-	-	417,182
-	-	-	-	-	8,700
-	7,395	-	-	-	7,395
-	34,777	-	-	-	34,777
-	7,154	-	-	-	7,154
-	7,041	-	-	32,632	46,808
-	21,351	-	-	-	21,351
-	521	-	-	-	521
-	5,374	-	-	-	5,374
-	458	-	-	-	458
<u>248,836</u>	<u>502,369</u>	<u>110</u>	<u>63,290</u>	<u>124,642</u>	<u>3,301,216</u>
-	-	-	-	32,752	32,752
-	-	-	-	5,191	5,191
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,943</u>	<u>\$ 37,943</u>

COPELL INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2006

	BALANCE SEPTEMBER 1 2005	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2006
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 653,084	\$ 2,536,473	\$ 2,503,008	\$ 686,549
Liabilities:				
Due to Student Groups	\$ 653,084	\$ 2,536,473	\$ 2,503,008	\$ 686,549
<b>E-COMMERCE CLEARING FUND</b>				
Assets:				
Cash and Temporary Investments	\$ 1,278	\$ 338,971	\$ 337,491	\$ 2,758
Liabilities:				
Accounts Payable	\$ (43)	\$ 91,841	\$ 90,899	\$ 899
Due to Other Funds	1,307	247,130	246,592	1,845
Deferred Revenue	14	-	-	14
Total Liabilities	\$ 1,278	\$ 338,971	\$ 337,491	\$ 2,758
<b>SUPPORT SERVICES SUNSHINE FUND</b>				
Assets:				
Cash and Temporary Investments	\$ 1,038	\$ 791	\$ 560	\$ 1,269
Liabilities:				
Due to Others	\$ 988	\$ 791	\$ 510	\$ 1,269
Deferred Revenue	50	-	50	-
Total Liabilities	\$ 1,038	\$ 791	\$ 560	\$ 1,269
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 655,400	\$ 2,876,235	\$ 2,841,059	\$ 690,576
Liabilities:				
Accounts Payable	\$ (43)	\$ 91,841	\$ 90,899	\$ 899
Due to Other Funds	1,307	247,130	246,592	1,845
Due to Others	988	791	510	1,269
Due to Student Groups	653,084	2,536,473	2,503,008	686,549
Deferred Revenue	64	-	50	14
Total Liabilities	\$ 655,400	\$ 2,876,235	\$ 2,841,059	\$ 690,576

REQUIRED T.E.A. SCHEDULES

COPPELL INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2006

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
1997 and prior years	Various	Various	\$ 2,504,913,966
1998	1.442000	0.158000	2,839,882,937
1999	1.452440	0.147560	3,380,862,188
2000	1.454297	0.145703	3,937,459,872
2001	1.452000	0.148000	4,409,913,062
2002	1.465000	0.190000	4,792,368,338
2003	1.495000	0.210000	5,187,755,953
2004	1.500000	0.235000	5,440,440,000
2005	1.500000	0.235000	5,910,792,683
2006 (School year under audit)	1.500000	0.229000	6,045,593,233
1000 TOTALS			

(10) Beginning Balance 9/1/2005	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2006
\$ 73,637	\$ -	\$ 311	\$ 44	\$ (53,410)	\$ 19,872
24,606	-	-	-	-	24,606
33,809	-	205	21	-	33,583
66,606	-	-	-	-	66,606
169,173	-	61,758	6,295	14,547	115,667
258,097	-	139,238	18,058	54,032	154,833
152,216	-	107,070	15,040	109,974	140,080
536,899	-	(78,244)	(12,258)	(395,606)	231,795
898,767	-	298,898	46,827	(358,137)	194,905
-	102,892,357	90,347,581	13,793,064	1,635,950	387,662
<u>\$ 2,213,810</u>	<u>\$ 102,892,357</u>	<u>\$ 90,876,817</u>	<u>\$ 13,867,091</u>	<u>\$ 1,007,350</u>	<u>\$ 1,369,609</u>



COPPELL INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2007-2008  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2006

**FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION**

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 304,142	\$ 1,392,112	\$ -	\$ 7,134	\$ 1,703,388
6211	Legal Services	-	-	154,912	-	-	-	154,912
6212	Audit Services	-	-	-	23,050	-	-	23,050
6213	Tax Appraisal and Collection	-	394,977	-	-	-	-	394,977
621X	Other Professional Services	-	-	-	11,000	-	-	11,000
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	22,355	-	-	22,355
6240	Contr. Maint. and Repair	-	-	-	-	22,224	-	22,224
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	19,809	-	-	19,809
6290	Miscellaneous Contr.	909	-	6,267	179,364	-	-	186,540
6320	Textbooks and Reading	202	-	420	2,396	-	-	3,018
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	-	-	2,627	56,329	-	-	58,956
6410	Travel, Subsistence, Stipends	9,163	-	10,773	30,721	-	-	50,657
6420	Ins. and Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	34,460	-	-	-	-	-	34,460
6490	Miscellaneous Operating	2,614	-	24,935	233,516	-	-	261,065
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	8,265	-	-	8,265
6000	<b>TOTAL</b>	<u>\$ 47,348</u>	<u>\$ 394,977</u>	<u>\$ 504,076</u>	<u>\$ 1,978,917</u>	<u>\$ 22,224</u>	<u>\$ 7,134</u>	<u>\$ 2,954,676</u>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 110,948,420

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 1,361,127
Total Debt & Lease(6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	7,982,830
Food (Function 35, 6341 and 6499)	(13)	1,429,051
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>1,978,917</u>

SubTotal: 12,751,925

Net Allowed Direct Cost \$ 98,196,495

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 155,367,795
Historical Cost of Building over 50 years old	(16)	\$ -
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 26,665,965
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ -
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 262,500

(8) NOTE A: \$21,316 in Function 53 expenditures are included in this report on administrative costs.

COPPELL INDEPENDENT SCHOOL DISTRICT  
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET  
 GENERAL FUND AS OF AUGUST 31, 2006

**UNAUDITED**

1	Total General Fund Balance as of 8/31/06 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 17,733,218
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 124,739	
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	-	
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	11,607,998	
5	Estimate of one month's average cash disbursements during the regular school session (9/1/06-5/31/07).	8,126,758	
6	Estimate of delayed payments from state sources (58xx) including August payment delays	237,240	
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-	
8	Estimate of delayed payments from federal sources (59xx)	-	
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-	
10	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)		<u>20,096,735</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)		<u>\$ (2,363,517)</u>

COPPELL INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 2,933,700	\$ 3,200,541	\$ 3,341,740	\$ 141,199
5800 State Program Revenues	98,121	98,121	94,497	(3,624)
5900 Federal Program Revenues	429,250	479,250	528,902	49,652
5020 Total Revenues	<u>3,461,071</u>	<u>3,777,912</u>	<u>3,965,139</u>	<u>187,227</u>
<b>EXPENDITURES:</b>				
0035 Food Services	<u>3,671,026</u>	<u>4,253,576</u>	<u>4,181,753</u>	<u>71,823</u>
6030 Total Expenditures	<u>3,671,026</u>	<u>4,253,576</u>	<u>4,181,753</u>	<u>71,823</u>
1200 Net Change in Fund Balances	(209,955)	(475,664)	(216,614)	259,050
0100 Fund Balance - September 1 (Beginning)	<u>1,000,079</u>	<u>1,000,079</u>	<u>1,000,079</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 790,124</u>	<u>\$ 524,415</u>	<u>\$ 783,465</u>	<u>\$ 259,050</u>

COPPELL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 13,974,739	\$ 13,974,739	\$ 14,440,128	\$ 465,389
5020	Total Revenues	13,974,739	13,974,739	14,440,128	465,389
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	10,121,030	10,121,030	8,494,887	1,626,143
0072	Debt Service - Interest on Long Term Debt	3,844,009	3,844,009	5,425,663	(1,581,654)
0073	Debt Service - Bond Issuance Cost and Fees	9,700	9,700	3,328	6,372
6030	Total Expenditures	13,974,739	13,974,739	13,923,878	50,861
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	516,250	516,250
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	-	815,659	815,659
7080	Total Other Financing Sources (Uses)	-	-	815,659	815,659
1200	Net Change in Fund Balances	-	-	1,331,909	1,331,909
0100	Fund Balance - September 1 (Beginning)	2,702,350	2,702,350	2,702,350	-
3000	Fund Balance - August 31 (Ending)	\$ 2,702,350	\$ 2,702,350	\$ 4,034,259	\$ 1,331,909

FEDERAL AWARDS SECTION

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

Board of Trustees  
Coppell Independent School District  
Coppell, Texas

Members of the Board of Trustees:

We have audited the financial statements of Coppell Independent School District (the "District") as of and for the year ended August 31, 2006, and have issued our report thereon dated October 18, 2006. 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.

Compliance

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 grants, 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Texas Education Agency, and appropriate federal agencies and is not intended to be used and should not be used by anyone other than these specified parties.

*"Authorized signatures available on the reports filed with TEA"*

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

October 18, 2006

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133

Board of Trustees  
Coppell Independent School District  
Coppell, Texas

Members of the Board of Trustees:

**Compliance**

We have audited the compliance Coppel 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, 2006. 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 on 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, 2006. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District’s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be a material weakness.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

*“Authorized signatures available on the reports filed with TEA”*

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

October 18, 2006



COPPELL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2006

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unqualified.
2. No internal control findings required to be reported in this schedule were disclosed in the audit of the financial statements.
3. Noncompliance which is material to the financial statements: None
4. No internal control findings required to be reported in this schedule were disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unqualified.
6. Did the audit disclose findings which are required to be reported under Sec. 5 I O (a): No
7. Major programs include:

84.027; 84.173	IDEA, Part B Cluster
10.555; 10.550	Child Nutrition Cluster
8. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
9. Low risk auditee: No

II. Findings Related to the Financial Statements: None

COPPELL INDEPENDENT SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2006

Finding 2005-1	Child Nutrition Cluster
Criteria	The fund balance of the child nutrition fund should not exceed three month's average expenditures.
Condition Found	The August 31, 2005 child nutrition fund balance of \$1,000,079 exceeded the three month's average expenditures amount of \$934,701 by \$65,378.
Questioned Costs	None
Status	The District identified a number of needed equipment replacements and additions, and completed those acquisitions during fiscal year 2006. As a result, the August 31, 2006 fund balance has been reduced to an allowable level.

COPPELL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2006

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	06610101057922	\$ 141,136
IDEA - Part B, Formula	84.027	666000105792266	1,294,569
IDEA - Part B, Formula	84.027	766000105792266	109,514
IDEA - Part B, Cap. Bldg & Impr	84.027	66600040579226604	8,362
IDEA - Part B, Discretionary - Residential	84.027	66600020579226677	37,105
Total CFDA Number 84.027			1,449,550
Vocational Education - Basic Grant	84.048	642000605792210	34,481
Vocational Education-Basic Grant	84.048	742000605792210	6,386
Total CFDA Number 84.048			40,867
IDEA - Part B, Preschool	84.173	66610010579226610	27,651
IDEA - Part B, Preschool	84.173	76610010579226610	2,870
IDEA - Part B, Preschool	84.173	057-922	16,996
IDEA - Part B, Preschool	84.173	057-922	1,087
Total CFDA Number 84.173			48,604
Safe and Drug Free School Fund	84.186A	057-922	18,127
Title V, Part A - Innovative Programs	84.298	057-922	20,294
Title II, Part D - Enhancing Ed Through Technology	84.318X	0663001057922	2,736
Title III, Part A - English Lang. Acquisition	84.365	057-922	36,033
Title III, Part A - English Lang. Acquisition	84.365	057-922	826
Total CFDA Number 84.365			36,859
ESEA Title II, Part A, Teacher & Principal Training	84.367	057-922	127,831
ESEA Title II, Part A, Teacher & Principal Training	84.367	057-922	8,359
Total CFDA Number 84.367			136,190
Title VI, Part A - Summer School LEP	84.369A	057-922	1,501
Temporary Emergency Impact Aid	84.938C	06520301057922	289,090
Temporary Emergency Impact Aid	84.938C	057-922	7,295
Total CFDA Number 84.938C			296,385
Total Passed Through State Department of Education			\$ 2,192,249
<b>TOTAL DEPARTMENT OF EDUCATION</b>			\$ 2,192,249
<b>CORPORATION FOR NATIONAL COMMUNITY SERVICE</b>			
<u>Direct Programs</u>			
National and Community Service Trust Act	94.004	03KSWTX001	\$ 50,036
Total Direct Programs			\$ 50,036
<b>TOTAL CORP. FOR NATIONAL COMMUNITY SERVICE</b>			\$ 50,036
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast & Lunch Program*	10.555	057-922	\$ 355,314
Commodities	10.550	057-922	173,588
Total Passed Through the State Department of Agriculture			\$ 528,902
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			\$ 528,902
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 2,771,187

\*Clustered Programs as required by Compliance Supplement March, 2005

COPPELL INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2006

1. 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. Generally, unused balances are returned to the grantor at the close of specified project periods.
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 funds 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 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.

3. The District participates in numerous state and Federal grant programs that 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, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2006, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions has been recorded in the accompanying combined financial statements for such contingencies.