

**COPPELL INDEPENDENT
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2012

RUTHERFORD, TAYLOR & COMPANY, P.C.
Certified Public Accountants
2802 Washington Street
Greenville, Texas 75401
(903) 455-6252

COPPELL INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2012

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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 auditor's report of the above named school district was reviewed and ✓ **approved**/ _____ **disapproved** for the year ended August 31, 2012, at a meeting of the board of school trustees of such school district on December 17, 2012.

Suzie Kemp
Signature of Board Secretary

Anthony Hill
Signature of Board President

If the auditor's report was checked above as disapproved, the reasons(s) therefore is/are (attach list if necessary):

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of School Trustees
Coppell Independent School District

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coppell Independent School District (District) as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements as listed in the accompanying table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Independent Auditor's Report - Continued

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The schedules identified as other supplementary information identified in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

December 3, 2012
Greenville, Texas

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

Board of School Trustees
Coppell Independent School District

Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coppell Independent School District (District) as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2012. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Report on Internal Control – Continued

This report is intended solely for the information and use of management, the Board of Trustees, the Texas Education Agency and other grantors, and is not intended to be and should not be used by anyone other than these specified parties.

December 3, 2012
Greenville, Texas

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of School Trustees
Coppell Independent School District

Members of the Board:

Compliance

We have audited the Coppell Independent School District's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.

Internal Control over Compliance

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

Internal Control over Compliance – Continued

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

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

The District's responses to the findings, if any, identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

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

December 3, 2012
Greenville, Texas

COPPELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2012

Financial Statement Findings (Section II)

NONE

COPPELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2012

Federal Award Findings and Questioned Costs (Section III)

NONE

COPPELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2012

Prior Year Findings (Section IV)

NONE

COPPELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2012

Corrective Action Plans (Section V)

NONE

COPPELL INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2012

This section of Coppell Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2012. Please read it in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

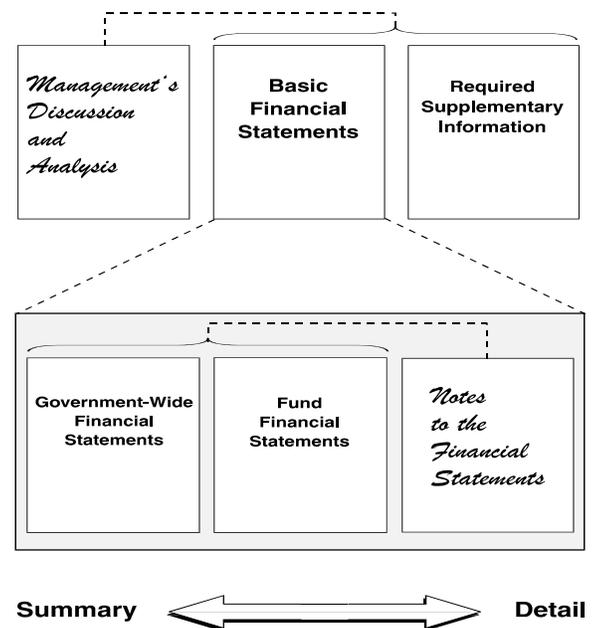
- The General Fund reported an ending fund balance of \$ 43,751,051. This was an increase in the fund balance from the prior year in the amount of \$ 6,642,657. The unassigned general fund balance increased \$ 3,340,580 from the prior year.
- Since the District is subject to recapture payments to the state, the District elects to pay for capital improvement items with bonded debt. The District's debt management practice is to utilize appropriate bond instruments, depending upon the circumstances at each instance. The District elected to issue Capital Appreciation Bonds in various refundings. The implementation of GASB 34 brings the accretion of interest related to these bonds onto the District's books as shown in Exhibit F-1 Note E – Long-Term Obligations. The accreted interest of \$ 73,919,217 is treated as a liability, and flows through the statement of net assets as a decrease in the District's net asset value. The necessity to issue long-term debt instruments to meet capital improvement requirements of facilities, and the recording of depreciation of assets has resulted in negative unrestricted net assets of \$ 28,575,182 in the governmental activities.
- General revenues accounted for \$ 115,169,151, or 88.67% of all fiscal year 2012 revenue. Program-specific revenues in the form of charges for services and grants and contributions accounted for \$ 14,713,497, or 11.33% of total fiscal year 2012 revenues.
- The District had approximately \$ 122,066,222 in expenses related to governmental activities; of which \$ 14,713,497 of these expenses were offset by program-specific charges for services or grants and contributions. General revenues of \$ 115,169,151 provided for the remaining cost of these programs, resulting in a \$ 7,816,426 increase in net assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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



COPPELL INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2012

The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

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

GOVERNMENT-WIDE STATEMENTS

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

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

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base and student population.

The government-wide financial statements of the District include the governmental activities. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

FUND FINANCIAL STATEMENTS

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

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

The District has the following kinds of funds:

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

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

<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

COPPELL INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2012

- Proprietary funds—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities.
- Fiduciary funds—The District is the trustee, or fiduciary, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net assets were \$ 3,224,854 at August 31, 2012.

Coppell Independent School District's Net Assets			Table A-1
	Governmental Activities		Percent Change
	2012	2011	2011-2012
Assets:			
Cash and Investments	\$ 51,901,726	\$ 46,162,792	12.43%
Other Assets	7,872,222	15,102,203	-47.87%
Capital Assets less Accumulated	<u>167,048,956</u>	<u>164,877,306</u>	<u>1.32%</u>
Total Assets	<u>\$ 226,822,904</u>	<u>\$ 226,142,301</u>	<u>0.30%</u>
Liabilities:			
Current Liabilities	\$ 4,583,708	\$ 5,444,424	-15.81%
Long-term Liabilities	<u>219,014,342</u>	<u>225,289,449</u>	<u>-2.79%</u>
Total Liabilities	<u>\$ 223,598,050</u>	<u>\$ 230,733,873</u>	<u>-3.09%</u>
Net Assets:			
Invested in Capital Assets, Net of Related	\$ 28,248,261	\$ 29,195,065	-3.24%
Restricted	3,551,775	2,787,958	27.40%
Unrestricted	<u>(28,575,182)</u>	<u>(36,574,595)</u>	<u>21.87%</u>
Total Net Assets	<u>\$ 3,224,854</u>	<u>\$ (4,591,572)</u>	<u>170.23%</u>

Approximately \$ 2,589,050 of the District's restricted net assets represents funds available for debt retirement. These funds are restricted for retirement of tax supported debt. The unrestricted net asset represents resources available to fund the programs of the District next year.

CHANGES IN NET ASSETS

The District's total revenues were \$129,882,648 . 77% of the District's revenue comes from local property taxes (See Table A-2). 17% comes from state aid and federal grants, while only 6% relates to charges for services and investment earnings.

The total cost of all programs and services was \$ 122,066,222 . 45% of these expenses were for instruction and instructional related support services.

The District's base tax collections (current and delinquent) percentage for FY 2012 is 99.08%. The total tax collections (base tax plus penalty and interest) percentage for FY 2012 was 99.50%.

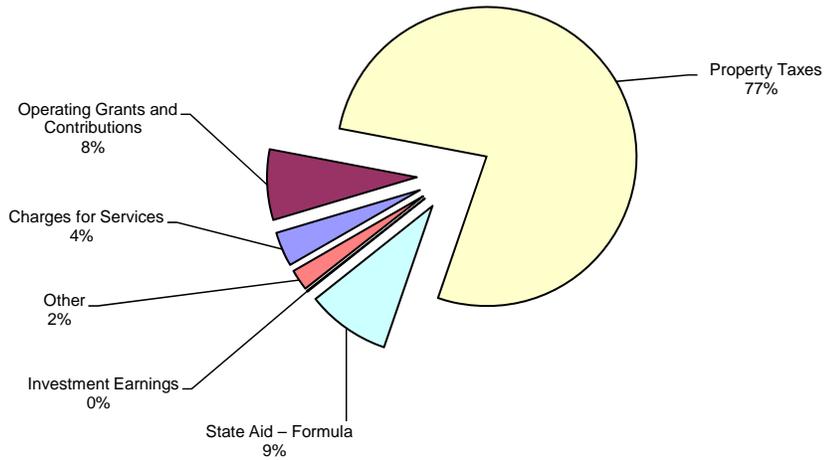
COPPELL INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2012

GOVERNMENTAL ACTIVITIES

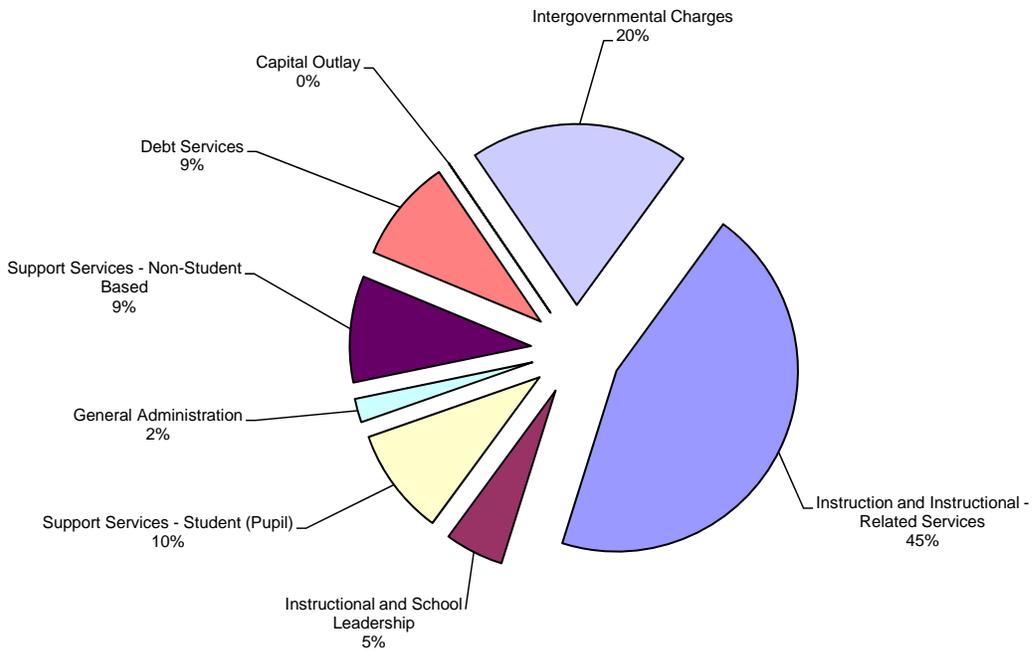
Changes in Coppell Independent School District's Net Assets			Table A-2
	Governmental Activities		Percent Change
	2012	2011	2011-2012
Program Revenues:			
Charges for Services	\$ 4,817,216	\$ 4,307,582	11.83%
Operating Grants and Contributions	9,896,281	13,413,005	-26.22%
Capital Grants and Contributions	-	449,500	100.00%
General Revenues:			
Property Taxes	100,360,025	100,945,891	-0.58%
State Aid – Formula	11,730,275	11,258,787	4.19%
Investment Earnings	139,967	99,183	41.12%
Other	2,938,884	691,736	324.86%
Total Revenues	\$ 129,882,648	\$ 131,165,684	-0.98%
Expenses:			
Instruction	\$ 52,587,463	\$ 52,432,494	0.30%
Instructional Resources and Media Services	1,349,141	1,528,438	-11.73%
Curriculum and Staff Development	794,596	834,507	-4.78%
Instructional Leadership	1,741,114	1,633,918	6.56%
School Leadership	4,652,651	4,799,627	-3.06%
Guidance, Counseling and Evaluation Services	3,245,043	3,304,777	-1.81%
Social Work Services	4,556	1,575	189.27%
Health Services	676,163	682,957	-0.99%
Student (Pupil) Transportation	1,396,251	1,441,181	-3.12%
Food Services	3,932,705	4,296,228	-8.46%
Co-curricular/Extracurricular Activities	2,414,252	2,532,464	-4.67%
General Administration	2,587,795	2,502,792	3.40%
Plant Maintenance and Operations	7,686,971	7,410,021	3.74%
Security and Monitoring Services	219,535	191,201	14.82%
Data Processing Services	3,557,902	2,284,043	55.77%
Community Services	130,561	139,814	-6.62%
Debt Service	11,272,812	10,965,997	2.80%
Capital Outlay	10,001	2,914,577	-99.66%
Contracted Instructional Services between Schools	23,306,531	23,502,063	-0.83%
Payments for Shared Service Arrangements	50,459	102,312	-50.68%
Payments to Juvenile Justice Alternative Ed. Prgm.	42,636	43,206	-1.32%
Other Intergovernmental Charges	407,084	376,902	8.01%
Total Expenses	\$ 122,066,222	\$ 123,921,094	-1.50%
Increase (Decrease) in Net Assets	\$ 7,816,426	\$ 7,244,590	7.89%
Net Assets - Beginning (September 1)	(4,591,572)	(11,836,162)	61.21%
Net Assets - Ending (August 31)	\$ 3,224,854	\$ (4,591,572)	170.23%

COPPELL INDEPENDENT SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED AUGUST 31, 2012

Government-wide Revenue for Fiscal Year 2012 - See Table A-2



Government-wide Expenses for Fiscal Year 2012 - See Table A-2



COPPELL INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2012

- Table A-3 presents the cost of selected District functions as well as the selected function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local property tax dollars.
- The cost of all governmental activities this year was \$ 122,066,222 .
- However, the amount that our taxpayers paid for these activities through local property taxes was \$ 100,360,025 .
- Some of the cost was paid by those who directly benefited from the programs \$ 4,817,216 , or
- By grants and contributions \$ 9,896,281 .

Coppell Independent School District's Net Cost of Selected District Functions Governmental Activities							Table A-3
	<u>Total Cost of Services</u>		<u>% Change</u>	<u>Net Cost of Services</u>		<u>% Change</u>	
	2012	2011		2012	2011		
Instruction	\$ 52,587,463	\$ 52,432,494	0.30%	\$ 45,269,895	\$ 41,801,989	8.30%	
School Leadership	4,652,651	4,799,627	-3.06%	4,399,345	4,537,609	-3.05%	
General Administration	2,587,795	2,502,792	3.40%	2,505,713	2,416,465	3.69%	
Plant Maintenance and Operations	7,686,971	7,410,021	3.74%	6,614,534	6,831,872	-3.18%	
Debt Service	11,272,812	10,965,997	2.80%	11,272,812	10,965,997	2.80%	
Contracted Instructional Services	23,306,531	23,502,063	-0.83%	23,306,531	23,502,063	-0.83%	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues in the governmental funds totaled \$ 129,426,919. This represents a decrease of \$ 1,677,579 from the prior year revenues of \$ 131,104,498. The change represents a decrease in local property taxes collected due to a decline in assessed property values.

Expenditures in the governmental funds totaled \$ 130,338,227. This represents an increase of \$ 227,800 from the prior year expenditures of \$ 130,110,427. The change represents District actions to maintain level operational costs including staff positions and related benefits.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised its budget to reflect activities in the District. With these adjustments, actual expenditures were \$ 5,895,049 below final General Fund budgeted amounts. The most significant positive variances in the District's budget occurred in the District's required Chapter 41 recapture payment to the State and in instruction.

Resources available were \$ 726,349 above the final budgeted amount. The favorable variance was consistent with the District's efforts to increase local revenue sources.

COPPELL INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2012, the District had invested \$ 229,395,224 in a broad range of capital assets, including land, equipment, buildings and vehicles (See Table A-4).

Coppell Independent School District's Capital Assets			Table A-4
	Governmental Activities		Total Percentage Change 2011-2012
	2012	2011	
Land	\$ 44,377,821	\$ 43,674,390	1.61%
Buildings and Improvements	167,262,827	163,279,499	2.44%
Equipment	17,022,287	14,816,331	14.89%
Vehicles	732,289	732,289	0.00%
Totals at historical cost	\$ 229,395,224	\$ 222,502,509	3.10%
Less accumulated depreciation	(62,346,268)	(57,625,203)	8.19%
Net Capital Assets	<u>\$ 167,048,956</u>	<u>\$ 164,877,306</u>	1.32%

DEBT

At year-end, the District had \$ 219,014,343 in debt outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the basic financial statements.

Bond Ratings -
The District's bonds presently carry "AAA" and "AA+" ratings.

Coppell Independent School District's Debt			Table A-5
	Governmental Activities		Total Percentage Change 2011-2012
	2012	2011	
Bonds Payable	\$ 146,969,593	\$ 152,355,820	-3.54%
Other Debt Payable	72,044,750	72,933,628	-1.22%
Total Debt Payable	<u>\$ 219,014,343</u>	<u>\$ 225,289,448</u>	-2.79%

COPPELL INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2012

ECONOMIC FACTORS

The District's property valuation continues to decline as it has in prior years. Local property tax rates are restricted by state statute, without local elections, to \$ 1.04 for maintenance and operation. In September 2011, the District's voters authorized an increase in the local tax rate cap to \$ 1.17. This change in funding and other legislative changes continue to impact the District's financial operations, including cash flows. During 2011-2012 fiscal year the district saw a reduction in state aid of approximately \$ 4.5 however, increased enrollment which generated an additional weighted average daily attendance (WADA) of approximately 380. Therefore, the increase in WADA defrayed the state aid reductions.

Changes in the student population will continue to affect state funding. Student enrollments have increased over the past year and the District continues to accept out of District transfers. Only increases in student enrollment and attendance will increase the District's overall funding.

Student enrollment rates have increased in recent periods and the District anticipates this trend to continue. The economic outlook for the area is for growth to remain relatively flat or a slight increase. The District will continue to monitor resources and staffing levels to provide for the needs of its students.

To prepare for the 2011-2013 biennium, the District elected to seek voters approval for \$ 0.13 additional pennies to the maintenance and operations tax rate in September 2011. With prior year's reductions in operational costs and the passage of the tax rate ratification election, the District has positioned itself with adequate cash flows to sustain state aid reductions in the current biennium.

The State has reduced funding levels for the 2011-2013 biennium which will reduce the revenue levels of the District by \$ 10.5 over the biennium. With these reductions in funding, the District has taken action to manage expenditures for future periods. Some potential cash flow delays could require the District to use its available cash reserves. At period end, the District believes present cash balances are in place to withstand any potential delays.

The District has joined numerous other districts across the state in challenging the funding formula used by the state to provide for a public school system. The challenge is one of several proceeding through the legal system. The various cases are expected to be presented to the court in the 2013 fiscal year. Once a decision is made, the following years will likely bring challenges to arriving at a new equitable and sound financial support system. Until the challenges are resolved, expenditures will be monitored to ensure funding sources will provide for anticipated costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kelly Penny, Chief Financial Officer for the District.

BASIC FINANCIAL STATEMENTS

COPPELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2012

Data Control Codes	1 Governmental Activities
ASSETS	
1110 Cash and Investments	\$ 51,901,726
1225 Property Taxes Receivable, Net	1,617,174
1240 Due from Other Governments	4,354,721
1267 Due from Fiduciary	41,134
1290 Other Receivables	49,192
1300 Inventories	34,750
1410 Deferred Expenses	6,000
1420 Capitalized Bond and Other Debt Issuance Costs, Net	1,769,251
Capital Assets:	
1510 Land	44,377,821
1520 Buildings and Improvements, Net	112,826,515
1530 Furniture and Equipment, Net	9,844,620
1000 Total Assets	\$ 226,822,904
LIABILITIES	
2110 Accounts Payable	\$ 240,095
2140 Interest Payable	252,183
2165 Accrued Liabilities	2,797,254
2180 Due to Other Governments	566,162
2300 Unearned Revenues	728,014
Noncurrent Liabilities:	
2501 Due within one year	5,516,707
2502 Due in more than one year	213,497,635
2000 Total Liabilities	\$ 223,598,050
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	\$ 28,248,261
Restricted For:	
3820 Federal and State Programs	920,924
3850 Debt Service	2,589,050
3890 Other Purposes	41,801
3900 Unrestricted	(28,575,182)
3000 Total Net Assets	\$ 3,224,854

The accompanying notes are an integral part of this statement.

COPPELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2012

Data Control Codes Functions/Programs	1 Expenses	3 Charges for Services	4 Operating Grants and Contributions	6 Net (Expense) Revenue and Changes in Net Assets Governmental Activities
		Program Revenues		
Governmental Activities:				
11 Instruction	\$ 52,587,463	\$ 145,636	\$ 7,171,932	\$ (45,269,895)
12 Instructional Resources and Media Services	1,349,141	-	54,278	(1,294,863)
13 Curriculum and Staff Development	794,596	-	360,995	(433,601)
21 Instructional Leadership	1,741,114	-	156,383	(1,584,731)
23 School Leadership	4,652,651	-	253,306	(4,399,345)
31 Guidance, Counseling and Evaluation Services	3,245,043	35,033	799,278	(2,410,732)
32 Social Work Services	4,556	-	1,556	(3,000)
33 Health Services	676,163	-	32,337	(643,826)
34 Student (Pupil) Transportation	1,396,251	-	4	(1,396,247)
35 Food Services	3,932,705	3,281,916	733,028	82,239
36 Co-curricular/Extracurricular Activities	2,414,252	382,092	85,758	(1,946,402)
41 General Administration	2,587,795	-	82,082	(2,505,713)
51 Plant Maintenance and Operations	7,686,971	972,539	99,898	(6,614,534)
52 Security and Monitoring Services	219,535	-	6,660	(212,875)
53 Data Processing Services	3,557,902	-	47,595	(3,510,307)
61 Community Services	130,561	-	11,191	(119,370)
72 Interest on Long-term Debt	11,061,396	-	-	(11,061,396)
73 Debt Issuance Costs and Fees	211,416	-	-	(211,416)
81 Capital Outlay	10,001	-	-	(10,001)
91 Contracted Instructional Services between Schools	23,306,531	-	-	(23,306,531)
93 Payments for Shared Services Arrangements	50,459	-	-	(50,459)
95 Payments to Juvenile Justice Alternative Ed. Prgm.	42,636	-	-	(42,636)
99 Other Intergovernmental Charges	407,084	-	-	(407,084)
TG Total Governmental Activities	<u>\$ 122,066,222</u>	<u>\$ 4,817,216</u>	<u>\$ 9,896,281</u>	<u>\$ (107,352,725)</u>
TP Total Primary Government	<u>\$ 122,066,222</u>	<u>\$ 4,817,216</u>	<u>\$ 9,896,281</u>	<u>\$ (107,352,725)</u>
General Revenues:				
MT Property Taxes, Levied for General Purpose				\$ 82,462,409
DT Property Taxes, Levied for Debt Service				17,897,616
IE Investment Earnings				139,967
GC Grants and Contributions Not Restricted to Specific Programs				11,730,275
MI Miscellaneous				<u>2,938,884</u>
TR Total General Revenues				<u>\$ 115,169,151</u>
CN Change in Net Assets				\$ 7,816,426
NB Net Assets - Beginning (September 1)				<u>(4,591,572)</u>
NE Net Assets - Ending (August 31)				<u>\$ 3,224,854</u>

The accompanying notes are an integral part of this statement.

COPPELL INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds	
ASSETS					
1110	Cash and Investments	\$ 43,409,080	\$ 2,584,618	\$ 5,883,068	\$ 51,876,766
1225	Property Taxes Receivable, Net	1,360,559	256,615	-	1,617,174
1240	Due from Other Governments	3,853,726	-	500,995	4,354,721
1260	Due from Other Funds	73,951	-	46	73,997
1290	Other Receivables	5,742	-	43,450	49,192
1300	Inventories, at cost	-	-	34,750	34,750
1410	Deferred Expenditures	6,000	-	-	6,000
1000	Total Assets	<u>\$ 48,709,058</u>	<u>\$ 2,841,233</u>	<u>\$ 6,462,309</u>	<u>\$ 58,012,600</u>
LIABILITIES					
Current Liabilities:					
2110	Accounts Payable	\$ 26,420	\$ -	\$ 213,676	\$ 240,096
2150	Payroll Deductions and Withholdings	(43,328)	-	9,800	(33,528)
2160	Accrued Wages Payable	2,722,699	-	107,462	2,830,161
2170	Due to Other Funds	46	-	32,675	32,721
2180	Due to Other Governments	564,767	-	1,395	566,162
2300	Deferred Revenue	1,687,403	256,615	401,170	2,345,188
2000	Total Liabilities	<u>\$ 4,958,007</u>	<u>\$ 256,615</u>	<u>\$ 766,178</u>	<u>\$ 5,980,800</u>
FUND BALANCES					
Nonspendable Fund Balances:					
3410	Inventories	\$ -	\$ -	\$ 34,750	\$ 34,750
3430	Prepaid Items	6,000	-	-	6,000
Restricted Fund Balances:					
3450	Federal/State Funds Grants	-	-	800,133	800,133
3480	Retirement of Long-Term Debt	-	2,584,618	-	2,584,618
3490	Other Restrictions of Fund Balance	-	-	4,580,185	4,580,185
Committed Fund Balances:					
3510	Construction	1,000,000	-	-	1,000,000
3520	Claims and Judgment	750,000	-	-	750,000
3530	Capital Expenditures for Equipment	1,000,000	-	-	1,000,000
3545	Other Committed Fund Balance	4,441,459	-	281,063	4,722,522
3600	Unassigned	36,553,592	-	-	36,553,592
3000	Total Fund Balances	<u>\$ 43,751,051</u>	<u>\$ 2,584,618</u>	<u>\$ 5,696,131</u>	<u>\$ 52,031,800</u>
4000	Total Liabilities and Fund Balances	<u>\$ 48,709,058</u>	<u>\$ 2,841,233</u>	<u>\$ 6,462,309</u>	<u>\$ 58,012,600</u>

The accompanying notes are an integral part of this statement.

COPPELL INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET (GOVERNMENTAL FUNDS)
TO THE STATEMENT OF NET ASSETS
AUGUST 31, 2012

Total fund balances - Balance Sheet (governmental funds)	\$	52,031,800
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
Capital assets used in governmental activities are not reported in the funds.		167,048,956
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		1,617,174
The assets and liabilities of internal service funds are included in governmental activities in the SNA.		24,198
Payables for bond principal which are not due in the current period are not reported in the funds.		(146,969,593)
Payables for debt interest which are not due in the current period are not reported in the funds.		(252,183)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.		(72,044,749)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.		<u>1,769,251</u>
Net assets of governmental activities - Statement of Net Assets	\$	<u><u>3,224,854</u></u>

The accompanying notes are an integral part of this statement.

COPELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES				
5700 Local and Intermediate Sources	\$ 84,784,908	\$ 17,900,597	\$ 6,007,532	\$ 108,693,037
5800 State Program Revenues	14,708,220	-	1,449,526	16,157,746
5900 Federal Program Revenues	26,800	-	4,549,336	4,576,136
5020 Total Revenues	\$ 99,519,928	\$ 17,900,597	\$ 12,006,394	\$ 129,426,919
EXPENDITURES				
Current:				
0011 Instruction	\$ 43,895,466	\$ -	\$ 5,929,296	\$ 49,824,762
0012 Instructional Resources and Media Services	1,077,704	-	149,581	1,227,285
0013 Curriculum and Staff Development	421,111	-	362,410	783,521
0021 Instructional Leadership	1,628,210	-	88,912	1,717,122
0023 School Leadership	4,560,073	-	37,487	4,597,560
0031 Guidance, Counseling and Evaluation Services	2,490,189	-	728,278	3,218,467
0032 Social Work Services	3,000	-	1,556	4,556
0033 Health Services	664,680	-	1,079	665,759
0034 Student (Pupil) Transportation	1,361,829	-	-	1,361,829
0035 Food Services	-	-	3,753,195	3,753,195
0036 Co-curricular/Extracurricular Activities	1,758,419	-	138,910	1,897,329
0041 General Administration	2,428,142	-	30,453	2,458,595
0051 Plant Maintenance and Operations	7,034,739	-	1,679,239	8,713,978
0052 Security and Monitoring Services	219,040	-	495	219,535
0053 Data Processing Services	1,549,507	-	3,345,786	4,895,293
0061 Community Services	125,553	-	4,260	129,813
0071 Principal on Long-term Debt	-	5,386,228	-	5,386,228
0072 Interest on Long-term Debt	-	11,982,067	-	11,982,067
0073 Debt Issuance Cost and Fees	-	4,362	-	4,362
0081 Capital Outlay	-	-	3,690,261	3,690,261
0091 Contracted Instructional Services between Schools	23,306,531	-	-	23,306,531
0093 Payments for Shared Service Arrangements	50,459	-	-	50,459
0095 Payments to Juvenile Justice Alternative Ed. Prgm.	42,636	-	-	42,636
0099 Other Intergovernmental Charges	407,084	-	-	407,084
6030 Total Expenditures	\$ 93,024,372	\$ 17,372,657	\$ 19,941,198	\$ 130,338,227
1100 Excess (Deficiency) of Revenues Over Expenditures	\$ 6,495,556	\$ 527,940	\$ (7,934,804)	\$ (911,308)
OTHER FINANCING SOURCES (USES)				
7912 Sale of Real or Personal Property	\$ 147,101	\$ -	\$ 187,247	\$ 334,348
7915 Transfers In	-	-	7,527	7,527
8911 Transfers Out	-	-	(7,527)	(7,527)
7080 Net Other Financing Sources (Uses)	\$ 147,101	\$ -	\$ 187,247	\$ 334,348
1200 Net Changes in Fund Balances	\$ 6,642,657	\$ 527,940	\$ (7,747,557)	\$ (576,960)
0100 Fund Balance - Beginning (September 1)	37,108,394	2,056,678	13,443,688	52,608,760
3000 Fund Balance - Ending (August 31)	\$ 43,751,051	\$ 2,584,618	\$ 5,696,131	\$ 52,031,800

The accompanying notes are an integral part of this statement.

COPPELL INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED AUGUST 31, 2012

Net change in fund balances - total governmental funds	\$ (576,960)
<p>Amounts reported for governmental activities in the statement of activities ("SOA") are different because:</p>	
Capital outlays are not reported as expenses in the SOA.	6,892,715
The depreciation of capital assets used in governmental activities is not reported in the funds.	(4,721,065)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	121,381
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(261,914)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	5,386,227
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(207,054)
The accretion of interest on capital appreciation bonds is not reported in the funds.	1,150,794
(Increase) decrease in accrued interest from beginning of period to end of period.	31,792
The net revenue (expense) of internal service funds is reported with governmental activities.	<u>510</u>
Change in net assets of governmental activities - statement of activities	<u>\$ 7,816,426</u>

The accompanying notes are an integral part of this statement.

COPPELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS
AUGUST 31, 2012

Data Control Codes	Internal Service Fund <hr/> Print Shop Fund <hr/>
ASSETS	
Current Assets:	
1110 Cash and Investments	\$ 24,960
Total Current Assets	<hr/> \$ 24,960
Noncurrent Assets:	
Capital Assets:	
1530 Furniture and Equipment	\$ 29,685
1570 Accumulated Depreciation	<hr/> (29,685)
Total Noncurrent Assets	<hr/> \$ -
1000 Total Assets	<hr/> \$ 24,960
LIABILITIES	
Current Liabilities:	
2150 Payroll Deduction & Withholdings	\$ 37
2160 Accrued Wages Payable	584
2170 Due to Other Funds	<hr/> 141
2000 Total Liabilities	<hr/> \$ 762
NET ASSETS	
3900 Unrestricted Net Assets	<hr/> \$ 24,198
3000 Total Net Assets	<hr/> \$ 24,198

The accompanying notes are an integral part of this statement.

COPPELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED AUGUST 31, 2012

		Internal Service Fund
		Print Shop Fund
Cash Flows from Operating Activities:		
Operating Transactions with Other Funds	\$	43,853
Cash Payments to Employees for Services		(15,465)
Cash Payments to Other Suppliers for Goods and Services		(27,266)
Net Cash Provided by (Used for) Operating Activities	\$	1,122
Cash Flows from Non-capital Financing Activities:		
NONE		
Cash Flows from Capital and Related Financing Activities:		
NONE		
Cash Flows from Investing Activities:		
NONE		
Net Increase (Decrease) in Cash and Investments	\$	1,122
Cash and Investments - Beginning (September 1)		23,838
Cash and Investments - Ending (August 31)	\$	24,960
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Change in Net Assets	\$	510
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation		
Change in Assets and Liabilities:		
(Increase) Decrease in Other Receivables		380
Increase (Decrease) in Interfund Payables		141
Increase (Decrease) in Accrued Wages Payable		89
Increase (Decrease) in Payroll Liabilities Payable		2
Net Cash Provided by (Used for) Operating Activities	\$	1,122

The accompanying notes are an integral part of this statement.

COPPELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
AUGUST 31, 2012

Data Control Codes		Agency Funds
ASSETS		
1110	Cash and Investments	\$ 1,162,150
1000	Total Assets	\$ 1,162,150
LIABILITIES		
Current Liabilities:		
2110	Accounts Payable	\$ 1,311
2170	Due to Other Funds	41,135
2190	Due to Student Groups	1,119,704
2000	Total Liabilities	\$ 1,162,150
NET ASSETS		
3000	Total Net Assets	\$ -

The accompanying notes are an integral part of this statement.

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies

The basic financial statements of the Coppell Independent School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units in conjunction with the Texas Education Agency's *Financial Accountability System Resource Guide (Guide)*. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees (Board), a seven member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and as a body corporate has 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 Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

2. Basis of Presentation – Basis of Accounting

a. Basis of Presentation

Government-wide Statements – The statement of net assets (SNA) and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities (SOA) presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements – The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

The District reports the following major governmental funds:

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

Debt Service Fund – This fund is used to account for tax revenues and for the payment of principal, interest and related costs on long-term debts for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund.

In addition, the District reports the following fund types:

Special Revenue Funds – The District accounts for resources restricted to or designated for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods. The Board can commit specific types of resources to specific purposes which are included as special revenue funds.

Capital Projects Fund – This fund is used to account for proceeds of long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

Internal Service Funds – These funds are proprietary type funds. These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District’s governmental activities, this fund type is included in the “Governmental Activities” column of the government-wide financial statements. The District operates a print shop as an internal service fund.

Agency Funds – These funds are reported in the fiduciary fund financial statements. These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

b. Measurement Focus – Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements – These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital lease are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

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 of 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.

3. Budgetary Data

The official budget was prepared for adoption for the general, food service and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1.
- b. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
- c. Prior to the expenditure of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the function level by personnel responsible for organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

4. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. End-of-year outstanding encumbrances that were provided for in the subsequent year's budget are:

General Fund	\$	-0-
Special Revenue Fund		-0-
Debt Service Fund		-0-
Capital Projects Fund		-0-
Total	\$	<u>-0-</u>

5. Financial Statement Amounts

Cash and Investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District's cash and temporary investments.

For the purpose of the statement of cash flows, highly liquid investments are considered to be investments if they have a maturity of three months or less when purchased.

Fund Balance

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned fund balance – represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated the authority. The Board has delegated the authority to assign fund balances to the Superintendent.

Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

The following schedule provides information about the specific fund balance classification by fund:

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total</u>
Nonspendable				
Inventory	\$ -	\$ -	\$ 34,750	\$ 34,750
Prepays	6,000	-	-	6,000
Restricted				
Child Nutrition Program	-	-	746,828	746,828
AP Incentives	-	-	53,305	53,305
Technology Allotment	-	-	-	-
State Textbook Fund	-	-	13,207	13,207
Tennis Center	-	-	(5,802)	(5,802)
College Prep Testing	-	-	36,104	36,104
Education Foundation Grants	-	-	11,497	11,497
Retirement of Long Term Debt	-	2,584,618	-	2,584,618
Capital Projects	-	-	4,525,179	4,525,179
Committed				
Land Acquisition	1,000,000	-	-	1,000,000
Claims and Judgements	750,000	-	-	750,000
Capital Expenditures for Equipment	1,000,000	-	-	1,000,000
Residential Set Asides	250,000	-	-	250,000
Future Budget Deficits	4,191,459	-	86,041	4,277,500
Insurance Recovery Fund	-	-	95,595	95,595
Campus Activity Funds	-	-	99,427	99,427
Unassigned	<u>36,553,592</u>	<u>-</u>	<u>-</u>	<u>36,553,592</u>
Totals	<u>43,751,051</u>	<u>2,584,618</u>	<u>5,696,131</u>	<u>52,031,800</u>

Inventories

On government-wide financial statements, inventories are presented at cost using the weighted average method and are expensed when used. On fund financial statements, inventories of governmental funds are valued at cost. For all funds, cost is determined using the weighted average method, and are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time of purchase. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they do not represent available spendable resources.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$ 5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	15-70
Vehicles	5-10
Other Equipment	3-15

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

Debt Issuance Costs

Debt issuance costs are included in noncurrent assets. Unamortized premium or discounts and refunding gains or losses are reflected in net long-term obligations. Both debt issuance costs and other debts are amortized over the lives of the related debt issues using the straight-line method.

Accretion

Accretion is an adjustment of the difference between the price of a bond issued at an original discount and the par value of the bond. For governmental activities debt, the accreted value is recognized as it accrues by fiscal year.

6. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

7. Interfund Activities

Interfund activity results from loans, service provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfer" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

8. Vacation, Sick Leave and Other Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave accrues at various rates established by the State and adopted by the Board of Trustees. Sick leave vests, accumulates and is recorded as an expense as it incurs.

9. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from these estimates.

10. Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the *Guide*. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

11. Accounting System

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the *Guide*. Mandatory codes are utilized in the form provided in that section.

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

B. Deposits, Securities and Investments

The District's funds are deposited and invested under the terms of a depository contract. The contract requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At August 31, 2012, all District cash deposits appear to have been covered by FDIC insurance or by pledged collateral held by the District's agent bank in the name of the District. The District's deposits appear to have been properly secured throughout the fiscal year.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The District appears to have been in substantial compliance with the requirements of the Act.

State statutes and local policy authorize the District to invest in the following types of investment goods:

- a. obligations of the U.S. or its agencies or instrumentalities,
- b. obligations of the State of Texas or its agencies,
- c. obligations guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
- d. obligations of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
- e. guaranteed or secured certificates of deposit issued by a bank domiciled in the State of Texas, or
- f. fully collateralized repurchase agreements.

District investments include deposits in external investment pools, such as Lone Star Investment Pool, TexSTAR, TexPool, LOGIC, TexasTERM and Texas CLASS. All Lone Star Investment Pool, TexSTAR, TexPool, LOGIC and Texas CLASS accounts are reported at share price (fair value) and are presented as cash and investments.

The *Lone Star Investment Pool* is an investment pool available to governmental entities. The pool was established under the guidance of the Texas Public Funds Investment Act. A board of directors made up of members of the pool is responsible for the overall operation of the pool. The Board has employed various third party organizations to assist in the operations. These third parties are as follows: American Beacon Advisors and BNY Mellon Cash Investment Strategies – Investment Managers, RBC Wealth Management – Investment Consultant, Bank of New York Mellon – Custodian, First Public – Administration. In combination with these third party organizations, the pool has received a AAAM rating from Standard and Poor's. This rating allows the pool to meet the standards required by the Texas Public Funds Investment Act.

Texas Local Government Investment Pool (TexPool) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments.

The Comptroller of Public Accounts (Comptroller) is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, (Trust Company), which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. (Federated), under an agreement with the Comptroller, acting on behalf of the Trust Company.

The Comptroller maintains oversight of the services provided to TexPool by Federated. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

B. Deposits, Securities and Investments (Continued)

Texas Short Term Asset Reserve Program (TexSTAR) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools (including TexSTAR) and authorize eligible governmental entities (Participants) to invest their public funds and funds under their control through the investment pools.

J. P. Morgan Investment Management, Inc. (JPMIM) and First Southwest Asset Management, Inc. (FSAM) serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors (Board). JPMIM provides investment services, and FSAM provides participant services and marketing. Custodial, transfer agency, fund accounting and depository services are provided by JPMorgan Chase Bank and/or its subsidiary J.P. Morgan Investor Services Co.

The Board may establish separate Funds within TexSTAR from time to time. Participants choose the Funds in which their deposits are invested. Participants' assets in the Funds are represented by units of beneficial interest (units). The Board may issue an unlimited number of units in each Fund.

TexSTAR is rated AAAM by Standard & Poor's rating agency. This rating and the fund's operational settings allow the fund to comply with the requirement of the Public Funds Investment Act.

Local Government Investment Cooperative (LOGIC) was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Public Funds Investment Act allows eligible local governments, state agencies, and nonprofit corporations of the State of Texas to jointly invest their funds in permitted investments.

The Cooperative's governing body is a six-member Board of Directors (Board) comprised of employees, officers or elected officials of participant Government Entities or individuals who do not have a business relationship with LOGIC and are qualified to advise it. A maximum of two advisory board members represent the Co-Administrators of LOGIC.

Day to day administration of LOGIC will be performed by First Southwest Asset Management, Inc. and JPMorgan Chase Investment Management, Inc. First Southwest will provide administrative, participant support and marketing services. JPMorgan Chase will provide investment management, custody, fund accounting and transfer agency services.

Portfolios will maintain a AAA or equivalent rating from at least one nationally recognized rating agency in compliance with the requirements of the Public Funds Investment Act. Class A Units of LOGIC I are currently rated AAAM by Standard & Poor's.

The Texas Cooperative Liquid Assets Securities System Trust (TexasCLASS), was created as an investment pool for it participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. The TexasCLASS Trust Agreement (Trust) is an agreement of indefinite term regarding the investment, reinvestment and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate (Participants), MBIA Municipal Investors Service Corporation as Program Administrator (Program Administrator), and Wells Fargo Bank Texas, NA as Custodian (Custodian).

TexasCLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. The Board administers the affairs of the Trust. It also selects the consultants for TexasCLASS, including the Program Administrator and the Custodian.

COPPELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2012

B. Deposits, Securities and Investments (Continued)

The Board of Trustees has appointed an Advisory Board composed of Participants and other persons who do not have a business relationship with the Trust and are qualified to advise the Trust. The Advisory Board provides advice to the Board of Trustees and the Program Administrator about the Investment Policy and Investment Strategy of the Trust and about other matters as requested by the Board of Trustees and the Program Administrator.

The Fund is rated AAAM by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

Texas TERM Local Government Investment Pool (TexasTERM) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (PFIA). TexasTERM offers a series of professionally managed portfolios that are available to municipalities, counties, school districts, special districts and other governmental entities in the State of Texas.

An Advisory Board is responsible for the overall management of TexasTERM. With respect to TexasTERM, the Advisory Board's responsibilities include formulation and implementation of its investment and operating policies. The Advisory Board selects and oversees the activities of the Investment Advisor/Administrator and the Custodian for TexasTERM and monitor TexasTERM investment performance and the method of valuing its shares. Board members serve a term of two years. Annually, Board members are elected by the Participants for positions for staggered two-year term.

TexasTERM purchases only investments of the type in which Texas local governments are permitted to invest their own funds. TexasTERM complies with statutory investment restrictions for Texas local governments as provided in the PFIA.

The Investment Advisor and Administrator for TexasTERM is PFM Asset Management LLC. The Custodian for TexasTERM is U. S. Bank, N. A.

The TexasTERM portfolio is a fixed rate, fixed term portfolio option rated AAAf by Standard and Poor's Corporation rating agency.

The following table identifies the District's investment at August 31, 2012:

	<u>Credit Rating</u>	<u>Fair Value</u>
Lone Star Investment Pool	AAAm	\$ 15,527,485
TexasCLASS	AAAm	11,437,949
TexSTAR	AAAm	3,696,409
LOGIC	AAA	5,961,714
TexPool	AAAm	5,257,091
TexasTERM	AAAf	9,900,682
Total		<u>\$ 51,781,330</u>

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

B. Deposits, Securities and Investments (Continued)

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

- a. Name of bank: Chase Bank, Coppell, Texas.
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$ 7,560,000.
- c. Largest cash, savings and time deposit combined account balances amounted to \$ 7,296,653, and occurred during the month of July 2012.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$ 263,721.

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

C. Property Taxes

Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the October 1 levy date. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Property taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Section 33.05, Property Tax Code, requires the tax collector for the District to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting this criteria may not be canceled if litigation concerning these taxes is pending.

The District levied taxes on property within the District at \$ 1.1700 to fund general operations and \$ 0.2542 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$ 7,073,590,226.

D. Capital Assets

Capital asset activities during the year ended August 31, 2012 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
<u>Governmental Activities</u>				
Capital Assets not Being Depreciated:				
Land	\$ 43,674,390	\$ 703,431	\$ -	\$ 44,377,821
Total Capital Assets not being Depreciated	\$ 43,674,390	\$ 703,431	\$ -	\$ 44,377,821
Capital Assets being Depreciated:				
Building and Improvements	\$ 163,279,499	\$ 3,983,328	\$ -	\$ 167,262,827
Equipment	14,816,331	2,205,956	-	17,022,287
Vehicles	732,289	-	-	732,289
Total Capital Assets being Depreciated	\$ 178,828,119	\$ 6,189,284	\$ -	\$ 185,017,403
Less Accumulated Depreciation for :				
Buildings and Improvements	\$ 51,144,407	\$ 3,291,905	\$ -	\$ 54,436,312
Equipment	5,967,543	1,374,118	-	7,341,661
Vehicles	513,253	55,042	-	568,295
Total Accumulated Depreciation	\$ 57,625,203	\$ 4,721,065	\$ -	\$ 62,346,268
Total Capital Assets being Depreciated, Net	\$ 121,202,916	\$ 1,468,219	\$ -	\$ 122,671,135
Governmental Activities Capital Assets, Net	\$ 164,877,306	\$ 2,171,650	\$ -	\$ 167,048,956

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

D. Capital Assets (Continued)

Depreciation was charged to governmental activities functions as follows:

Instruction	\$ 2,838,062
Instructional Resources and Media Services	121,856
Curriculum and Staff Development	11,075
Instructional Leadership	23,992
School Leadership	55,091
Guidance, Counseling and Evaluation Services	26,576
Health Services	10,404
Student (Pupil) Transportation	34,422
Food Services	179,510
Co-curricular/Extracurricular Activities	516,923
General Administration	137,335
Plant Maintenance and Operations	145,837
Data Processing Services	619,234
Community Services	748
	<hr/>
Totals	<u><u>\$ 4,721,065</u></u>

E. Long Term Obligations

Long Term Obligation Activity

Long-term activities during the year ended August 31, 2012 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 152,355,820	\$ -	\$ 5,386,227	\$ 146,969,593	\$ 5,516,707
Accreted Interest Payable	75,070,010	5,217,979	6,368,772	73,919,217	-
Unamortized Premium (Discount)	454,313	-	(13,900)	468,213	-
Refunding Gain (Loss)	(2,590,694)	-	(248,014)	(2,342,680)	-
	<hr/>				
Total Governmental Activities	<u>\$ 225,289,449</u>	<u>\$ 5,217,979</u>	<u>\$ 11,493,085</u>	<u>\$ 219,014,343</u>	<u>\$ 5,516,707</u>

Bonds

The District has issued various series of general obligation bonds to fund facility construction and improvements. Bonds mature at various times with varying rates of interest. The bonds issued require the District to levy and ad valorem tax annually to retire the current maturities.

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

E. Long Term Obligations (Continued)

The following bonded debt issues are outstanding at August 31, 2012:

Description	Rate	Balance
Unlimited Tax Refunding Bonds, Series 1995	5.00%-7.00%	\$ 7,873,051
Unlimited School Building & Refunding Bonds, Series 2001	5.25%-5.67%	8,920,940
Unlimited School Building Bonds, Series 2006	4.50%	20,585,000
Unlimited Tax Refunding Bonds, Series 2007A	3.80%-4.21%	1,953,732
Unlimited Tax Refunding Bonds, Series 2007B	3.75%-4.09%	36,731,131
Unlimited Tax School Building Bonds, Series 2007	4.25%-5.00%	15,045,000
Unlimited Tax School Building & Refunding Bonds, Series 2009A	4.29%	25,115,000
Unlimited Tax Refunding Bonds, Series 2009B	4.29%	17,746,584
Unlimited Tax Building Bonds, Series 2011	4.37%	12,999,154
Total		<u>\$ 146,969,592</u>

Maturity requirements on bonded debt at August 31, 2012, are as follows:

Year Ending August 31	Principal	Interest	Total
2013	\$ 5,516,707	\$ 12,313,797	\$ 17,830,504
2014	4,265,565	14,150,538	18,416,103
2015	4,601,472	14,180,057	18,781,529
2016	6,481,684	12,673,445	19,155,129
2017	7,143,082	12,388,747	19,531,829
2018 - 2022	54,224,852	49,489,490	103,714,342
2023 - 2027	47,111,300	40,826,117	87,937,417
2028 - 2032	13,537,683	39,266,317	52,804,000
2033 - 2037	4,087,249	3,371,251	7,458,500
Totals	<u>\$ 146,969,594</u>	<u>\$ 198,659,759</u>	<u>\$ 345,629,353</u>

In prior years, the District has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial purposes, the debt has been defeased and therefore removed as a liability from the basic financial statements. As of August 31, 2012, the amount of defeased debt outstanding but removed from the basic financial statements amounted to \$ 20,297,256 including current year defeased amounts.

There are a number of limitations and restrictions contained in the general obligation bond indentures. The District appears to be in compliance with all significant limitations and restrictions as of August 31, 2012.

Voters have authorized the issuance of additional bonds for construction and improvements. The following presents these authorizations:

Date of Authorization	Amount Authorized	Amount Issued	Remaining Unissued
May 9, 2009	\$ 40,900,000	\$ 27,000,000	\$ 13,900,000

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

F. Pension Plan

1. 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 primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions. The System includes a publicly available financial report that include financial statements and required supplementary information for the District. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 223-8778 or by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS publication heading.

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year; (2) State statute prohibits benefit improvements, if as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2012, 2011 and 2010, and a state contribution rate of 6.0% for fiscal year 2012 and 6.644% for fiscal years 2011 and 2010. In certain instances, the reporting district is required to make all or a portion of the state's 6.4% contribution, increased to 6.644% for the 2011 and 2010 fiscal years. The District's employees' contributions to the System for the periods ended August 31, 2012, 2011 and 2010 were \$ 3,434,215, \$ 3,460,756 and \$ 3,494,130 respectively. Contributions from private grants and from the District for salaries above the statutory minimum for the periods ended August 31, 2012, 2011, and 2010 were \$ 787,199, \$ 867,271 and \$ 952,450 respectively.

3. On-Behalf Payments

In accordance with GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," on-behalf payments (payments made by the State) of \$ 2,653,854 are reflected in the basic financial statements.

G. School District Retiree Health Plan

1. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 223-8778 or by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS publication heading.

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

G. School District Retiree Health Plan (Continued)

2. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2012, 2011 and 2010. Per Texas Insurance Code, Chapters 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school.

3. On Behalf Payments

In accordance with GASB Statement 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," on-behalf payments (payments made by the State) of \$ 399,436 are reflected in the basic financial statements for Retiree Health Plan contributions. Additionally, the District benefited from payments made by the State totaling \$ 270,183 for subsidies for Medicare Part D and participation in the Early Retirement Reissuance Programs.

H. Risk Management

Health Care

During the year ended August 31, 2012, employees of the Coppell Independent School District were covered by a health insurance plan (the Plan). The District paid premiums of up to \$ 311 per month per full time employee and \$ 225 per month per part time employee, and employees, at their option, authorized payroll withholdings to provide dependents coverage under the Plan. All premiums were paid to Teacher Retirement System of Texas (Blue Cross/Blue Shield). The Plan was authorized by Article 3.51-2, Texas Insurance Code, and was documented by contractual agreement.

The contract between the Coppell Independent School District and Teacher Retirement System of Texas (Blue Cross/Blue Shield) is renewable September 1 of each year and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for Blue Cross/Blue Shield are available for the year ended December 31, 2011 and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

Workers' Compensation

During the year ended August 31, 2012, Coppell Independent School District 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 \$ 1,500,000. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2011, the Fund carries a discounted reserve of \$ 73,157,884 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2011, the fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

H. Risk Management (Continued)

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, 2011, are available at the TASB offices and have been filed with the Texas State Board of Insurance of Austin.

Property and Casualty

During the year ended August 31, 2012, Coppell Independent School District participated in the TASB Risk Management Fund's (the Fund's) Property Program with Coverage in Auto Physical Damage, Crime, Equipment Breakdown and Property.

The Fund was created and is operating under the provisions of the Interlocal Cooperation Act, Charter 791 of the Texas Government Code. All members participating in the Fund executed Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2012, the Fund anticipates Coppell Independent School District has no additional liability beyond the 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 accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2011, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Liability Coverage Program

During the year ended August 31, 2012, Coppell Independent School District participated in the TASB Risk Management Fund's (the Fund's) Liability Program with coverage in Sexual Misconduct Endorsement, SP Legal Liability, Auto Liability and General Liability.

The Fund was created and is operating under the provisions of the Interlocal Cooperation Act, Charter 791 of the Texas Government Code. All members participating in the Fund executed Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2012, the Fund anticipates Coppell Independent School District has no additional liability beyond the 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 accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2011, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

H. Risk Management (Continued)

Unemployment Compensation Pool

During the year ended August 31, 2012, Coppell Independent School District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operating under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool.

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 accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2011, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

I. Litigation

The District appears to have no pending litigation at August 31, 2012.

J. Commitments and Contingencies

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2012, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

K. Interfund Balances and Activities

Interfund Receivables and Payables

The composition of interfund balances as of August 31, 2012, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Fund	\$ 41,135
General Fund	Internal Service Fund	141
Food Service Fund	General Fund	46
General Fund	Special Revenue Fund	<u>32,675</u>
Totals		<u>\$ 73,997</u>

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

K. Interfund Balances and Activities (Continued)

Transfers To and From Other Funds

Transfer to and from other funds during the year ended August 31, 2012, consisted of the following:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>	<u>Reason</u>
Technology Fund	Textbook Fund	\$ 7,527	TEA Closed Fund

L. Revenue from Local and Intermediate Sources

During the year ended August 31, 2012, the District received revenue from local and intermediate sources consisting of the following:

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total</u>
Property Tax Collections	\$ 82,364,965	\$ 17,873,682	\$ -	\$ 100,238,647
Rent	299,069	-	-	299,069
Tuition and Fees	52,003	-	35,033	87,036
Investment Income	101,643	26,915	11,407	139,965
Food Service Income	-	-	3,281,916	3,281,916
Gifts and Bequests	45,676	-	866,333	912,009
Co-curricular/Extracurricular Activities	390,502	-	32,240	422,742
Insurance Proceeds	-	-	1,742,796	1,742,796
Other Miscellaneous	1,531,050	-	37,807	1,568,857
Totals	<u>\$ 84,784,908</u>	<u>\$ 17,900,597</u>	<u>\$ 6,007,532</u>	<u>\$ 108,693,037</u>

M. Shared Service Arrangement

The District participates in cooperative programs with other local districts. The District does not account for revenue or expenditures of these programs and does not disclose them in these financial statements.

<u>Shared Service Agreement</u>	<u>Fiscal Agent</u>	<u>Service</u>
Regional Day School for the Deaf	Plano Independent School District	Deaf Education Services

N. Receivables

Receivables at August 31, 2012, for the District's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Other Nonmajor</u>	<u>Total</u>
Due from Other Governments	\$ 3,853,726	\$ -	\$ 500,996	\$ 4,354,722
Property Taxes	1,511,732	285,128	-	1,796,860
Less Allowance for Uncollectible Property Taxes	(151,173)	(28,513)	-	(179,686)
Other Receivables	5,742	-	43,450	49,192
Net Receivables	<u>\$ 5,220,027</u>	<u>\$ 256,615</u>	<u>\$ 544,446</u>	<u>\$ 6,021,088</u>

COPPELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

O. Subsequent Events

The District's management has evaluated subsequent events through December 3, 2012, the date which the financial statements were available for use.

P. State Aid Reconciliation

The State provides various types of funding for local school districts as provided for in state statute. The following reconciliation presents funding earned by the District in each category presented. Because of the State's delay in reconciling the funding to local districts, the summary below represents an estimate of earnings. The settleup with the State will occur some 9 to 10 months following the fiscal year end.

Funding is earned for: 1) Available – annual allocation based on prior year enrollment; 2) Foundation – annual allocation based on student attendance, property tax collections and valuations, and special student population; 3) Instructional Facilities Allotment – based on property wealth; and 4) Existing Debt Allotment – based on eligible debt, student attendance and property wealth. Various other sources are received but not reconciled here as these are the major sources of funding.

	<u>Available</u>	<u>Foundation</u>	<u>IFA</u>	<u>EDA</u>
CY Summary of Finances (SOF)	\$ 2,471,145	\$ 9,590,009	Not	Not
Prior Year Settle Ups	-	55,092	Eligible	Eligible
TxVSN	-	4,240	-	-
August Instructional Days Change	<u>12,125</u>	<u>(402,336)</u>	-	-
Financial Statement Earnings	<u>\$ 2,483,270</u>	<u>\$ 9,247,005</u>	<u>\$ -</u>	<u>\$ -</u>
Financial Statement Amounts				
SOF Receivable (Overpayment)		3,853,001		
Chapter 41 Recapture Refund		458,432		
August Instructional Days Receivable	121,254	35,797		

* Overpayments are represented in the financial statements as Unearned Revenue (government-wide) or Deferred Revenue (governmental).

REQUIRED SUPPLEMENTARY INFORMATION

COPPELL INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 82,721,046	\$ 83,432,338	\$ 84,784,908	\$ 1,352,570
5800	State Program Revenues	15,161,241	15,361,241	14,708,220	(653,021)
5900	Federal Program Revenues	1,487,904	-	26,800	26,800
5020	Total Revenues	\$ 99,370,191	\$ 98,793,579	\$ 99,519,928	\$ 726,349
EXPENDITURES					
Instruction and Instructional Related Services:					
0011	Instruction	\$ 47,928,092	\$ 46,413,270	\$ 43,895,466	\$ 2,517,804
0012	Instructional Resources and Media Services	1,127,213	1,158,913	1,077,704	81,209
0013	Curriculum and Staff Development	408,723	464,246	421,111	43,135
	Total Instruction and Instr. Related Services	\$ 49,464,028	\$ 48,036,429	\$ 45,394,281	\$ 2,642,148
Instructional and School Leadership:					
0021	Instructional Leadership	\$ 1,687,718	\$ 1,710,577	\$ 1,628,210	\$ 82,367
0023	School Leadership	4,599,021	4,608,810	4,560,073	48,737
	Total Instructional and School Leadership	\$ 6,286,739	\$ 6,319,387	\$ 6,188,283	\$ 131,104
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	\$ 2,525,845	\$ 2,543,200	\$ 2,490,189	\$ 53,011
0032	Social Work Services	-	3,500	3,000	500
0033	Health Services	670,468	683,262	664,680	18,582
0034	Student (Pupil) Transportation	1,545,000	1,545,000	1,361,829	183,171
0036	Co-curricular/Extracurricular Activities	1,997,775	2,022,606	1,758,419	264,187
	Total Support Services - Student (Pupil)	\$ 6,739,088	\$ 6,797,568	\$ 6,278,117	\$ 519,451
Administrative Support Services:					
0041	General Administration	\$ 2,744,786	\$ 2,734,964	\$ 2,428,142	\$ 306,822
	Total Administrative Support Services	\$ 2,744,786	\$ 2,734,964	\$ 2,428,142	\$ 306,822
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	\$ 7,946,460	\$ 7,951,110	\$ 7,034,739	\$ 916,371
0052	Security and Monitoring Services	228,009	234,616	219,040	15,576
0053	Data Processing Services	1,572,303	1,603,792	1,549,507	54,285
	Total Support Services - Nonstudent Based	\$ 9,746,772	\$ 9,789,518	\$ 8,803,286	\$ 986,232
Ancillary Services:					
0061	Community Services	\$ 142,672	\$ 142,672	\$ 125,553	\$ 17,119
	Total Ancillary Services	\$ 142,672	\$ 142,672	\$ 125,553	\$ 17,119
Intergovernmental Charges:					
0091	Contracted Inst. Services between Public Schools	\$ 24,598,704	\$ 24,598,704	\$ 23,306,531	\$ 1,292,173
0093	Payments for Shared Service Agreements	99,500	50,459	50,459	-
0095	Payments to Juvenile Justice AEP	35,000	42,636	42,636	-
0099	Other Intergovernmental Charges	407,084	407,084	407,084	-
	Total Intergovernmental Charges	\$ 25,140,288	\$ 25,098,883	\$ 23,806,710	\$ 1,292,173
6030	Total Expenditures	\$ 100,264,373	\$ 98,919,421	\$ 93,024,372	\$ 5,895,049
1100	Excess(Deficiency) of Revenues Over Expenditures	\$ (894,182)	\$ (125,842)	\$ 6,495,556	\$ 6,621,398
OTHER FINANCING SOURCES (USES)					
7912	Sale of Real or Personal Property	\$ -	\$ 6,282	\$ 147,101	\$ 140,819
7080	Net Other Financing Sources (Uses)	\$ -	\$ 6,282	\$ 147,101	\$ 140,819
1200	Net Change in Fund Balance	\$ (894,182)	\$ (119,560)	\$ 6,642,657	\$ 6,762,217
0100	Fund Balance - Beginning (September 1)	37,108,394	37,108,394	37,108,394	-
3000	Fund Balance - Ending (August 31)	\$ 36,214,212	\$ 36,988,834	\$ 43,751,051	\$ 6,762,217

OTHER SUPPLEMENTARY INFORMATION

COPPELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED AUGUST 31, 2012

Tax Roll Year	Last Ten Years Ended August 31	1 Tax Rates		3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/2011	20 Current Year's Total Levy	30 Maintenance Tax Collections	30a Debt Service Tax Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2012
		Maintenance	2 Debt Service							
XXXX	2002 and Prior Years	Various	Various	Various	\$ 418,867	\$ -	\$ 204	\$ 29	\$ (293)	\$ 418,341
2003	2004	1.500000	0.235000	5,440,440,000	205,322	-	-	-	-	205,322
2004	2005	1.500000	0.235000	5,910,792,683	74,528	-	296	46	-	74,186
2005	2006	1.500000	0.229000	6,045,593,233	63,119	-	9,068	1,384	(1)	52,666
2006	2007	1.370000	0.229000	6,342,768,417	33,818	-	5,597	936	(1,448)	25,837
2007	2008	1.040000	0.229000	7,001,508,112	70,328	-	5,112	1,126	(1,903)	62,187
2008	2009	1.040000	0.239000	7,488,790,227	104,405	-	15,211	3,496	(2,409)	83,289
2009	2010	1.040000	0.243400	7,453,681,498	253,559	-	44,164	10,336	(10,770)	188,289
2010	2011	1.170000	0.254200	7,165,643,028	438,048	-	31,802	6,909	(208,920)	190,417
2011	2012	1.170000	0.254200	7,073,590,226	-	100,742,072	81,891,861	17,792,211	(561,674)	496,326
1000	TOTALS				\$ 1,661,994	\$ 100,742,072	\$ 82,003,315	\$ 17,816,473	\$ (787,418)	\$ 1,796,860

COPPELL INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST 2013-2014
 GENERAL AND SPECIAL REVENUE FUNDS
 YEAR ENDED AUGUST 31, 2012

FUNCTION 41 - GENERAL ADMINISTRATION AND FUNCTION 99 - APPRAISAL DISTRICT COST

Account Number		1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ -	\$ -	\$ 386,731	\$ 1,511,138	\$ -	\$ -	\$ 1,897,869
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)							-
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)							-
6211	Legal Services	10,378				120,430		130,808
6212	Audit Services				47,946			47,946
6213	Tax Appraisal and Collection		432,694					432,694
621X	Other Prof. Services							-
6220	Tuition and Transfer Payments							-
6230	Education Service Centers				22,536			22,536
6240	Contr. Maint. And Repair					822		822
6250	Utilities							-
6260	Rentals				17,018			17,018
6290	Miscellaneous Contr.	162		10	98,471			98,643
6310	Operational Supplies, Materials							-
6320	Textbooks and Reading			126	4,928			5,054
6330	Testing Materials							-
63XX	Other Supplies, Materials			178	41,222			41,400
6410	Travel, Subsistence, Stipends	12,946			25,709			38,655
6420	Ins. And Bonding Costs							-
6430	Election Costs	11,278						11,278
6490	Miscellaneous Operating	3,759	-	6,860	95,780			106,399
6500	Debt Service							-
6600	Capital Outlay							-
TOTAL		\$ 38,523	\$ 432,694	\$ 393,905	\$ 1,864,748	\$ 121,252	\$ -	\$ 2,851,122

Total expenditures for General and Special Revenue Funds:

(9) \$ 103,081,825

LESS: Deductions and Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)

(10) \$ 199,732

Total Debt & Lease (6500)

(11) -

Plant Maintenance (Function 51, 6100-6400)

(12) 7,050,104

Food (Function XX, 6341 and 6499)

(13) 1,431,512

Stipend (6413)

(14) -

Column 4 (above) - Total Indirect Cost

1,864,748

Subtotal

10,546,096

Net Allowed Direct Cost

\$ 92,535,729

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)

(15) 167,262,827

Historical Cost of Buildings 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) 17,724,891

Historical Cost of Furniture & Equipment over 16 years old

(19) -

Amount of Federal Money in Furniture & Equipment (Net of # 19)

(20) -

(8) Note A - No Function 53 expenditures and \$ 407,084 in Function 99 expenditures are included in this report on administrative costs.

COPPELL INDEPENDENT SCHOOL DISTRICT
 SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 3,503,500	\$ 3,503,500	\$ 3,284,111	\$ (219,389)
5800	State Program Revenues	93,000	93,000	88,377	(4,623)
5900	Federal Program Revenues	617,050	617,050	644,438	27,388
5020	Total Revenues	\$ 4,213,550	\$ 4,213,550	\$ 4,016,926	\$ (196,624)
EXPENDITURES					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	\$ 4,175,033	\$ 4,302,033	\$ 3,752,982	\$ 549,051
	Total Support Services - Student (Pupil)	\$ 4,175,033	\$ 4,302,033	\$ 3,752,982	\$ 549,051
6030	Total Expenditures	\$ 4,175,033	\$ 4,302,033	\$ 3,752,982	\$ 549,051
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ 38,517	\$ (88,483)	\$ 263,944	\$ 352,427
1200	Net Change in Fund Balance	\$ 38,517	\$ (88,483)	\$ 263,944	\$ 352,427
0100	Fund Balances - Beginning (September 1)	603,675	603,675	603,675	-
3000	Fund Balances - Ending (August 31)	\$ 642,192	\$ 515,192	\$ 867,619	\$ 352,427

COPPELL INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 17,660,516	\$ 17,660,516	\$ 17,900,597	\$ 240,081
5020	Total Revenues	\$ 17,660,516	\$ 17,660,516	\$ 17,900,597	\$ 240,081
EXPENDITURES					
Debt Service:					
0071	Principal on Long-term Debt	\$ 5,386,228	\$ 5,386,228	\$ 5,386,228	\$ -
0072	Interest on Long-term Debt	12,004,262	12,004,262	11,982,067	22,195
0073	Debt Issuance Costs and Fees	10,000	10,000	4,362	5,638
	Total Debt Service	\$ 17,400,490	\$ 17,400,490	\$ 17,372,657	\$ 27,833
6030	Total Expenditures	\$ 17,400,490	\$ 17,400,490	\$ 17,372,657	\$ 27,833
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ 260,026	\$ 260,026	\$ 527,940	\$ 267,914
1200	Net Change in Fund Balance	\$ 260,026	\$ 260,026	\$ 527,940	\$ 267,914
0100	Fund Balance - Beginning (September 1)	2,056,678	2,056,678	2,056,678	-
3000	Fund Balance - Ending (August 31)	\$ 2,316,704	\$ 2,316,704	\$ 2,584,618	\$ 267,914

COPPELL INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 AS OF AUGUST 31, 2012

<u>Data Control Codes</u>		<u>Response</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weakness in internal codes?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year end?	\$ 73,919,217

FEDERAL AWARDS SECTION

COPPELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2012

Federal Grantor/ Pass Through Grantor/ Program Title	(02) Federal CFDA Number	(2A) Pass-Through Grantor's Number	(03) Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through Education Service Center, Region X:			
ESEA Title III Part A - LEP	84.365	12671001057950	\$ 84,300
ESEA Title II Part A - Teacher & Principal Training	84.367	11694501057950	98,237
ESEA Title II Part A - Teacher & Principal Training	84.367	12694501057950	<u>9,204</u>
Total passed through Education Service Center, Region X			<u>\$ 191,741</u>
Passed through the Texas Education Agency:			
ESEA Title I Part A - Improving Basic Programs *	84.010	12610101057922	\$ 420,636
ESEA Title I Part A - Improving Basic Programs *	84.010	13610101057922	1,443
IDEA-B Formula	84.027	126600010579226600	1,424,227
IDEA-B Formula	84.027	126600010579226600	175,335
IDEA-B Preschool	84.173	126610010579226610	36,392
ARRA - IDEA-B Formula	84.391	12554001057922	66,869
Education Jobs Fund *	84.410	11557001057922	1,522,427
Vocational Education - Basic Grant	84.048	1242000605792210	56,949
Summer School LEP	84.369	69551102	<u>8,879</u>
Total passed through the Texas Education Agency			<u>\$ 3,713,157</u>
Total Department of Education			<u>\$ 3,904,898</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Texas Department of Agriculture:			
School Breakfast Program	10.553	71401201	\$ 54,249
National School Lunch Program	10.555	71301201	443,739
Commodity Supplemental Food Program	10.565	057027A	<u>146,450</u>
Total Department of Agriculture			<u>\$ 644,438</u>
Total Expenditure of Federal Awards			<u>\$ 4,549,336</u>

* Denotes Major Program

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

COPPELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED AUGUST 31, 2012

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Coppell Independent School District and is presented on the modified accrual basis of accounting. Expenditures are recognized in the accounting period in which a fund liability occurs. Funds are considered earned to the extent of expenditures made.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. No provision has been made for amounts on hand at August 31, 2012.

C. Reconciliation of Federal Revenue with Financial Statements

The District records amounts received from the federal government or other recipients of federal grant as federal revenue in the financial statements. This reconciliation identifies the difference between the financial statement revenues and the schedule of expenditures of federal awards:

Total Federal Expenditures (Exhibit K-1)		\$	4,549,336
Federal Program Indirect Cost:			
ESEA Title I Part A	\$		1,463
IDEA-B Formula			24,436
Carl Perkins – Vocational Ed			<u>901</u>
Total Federal Program Indirect Cost			<u>26,800</u>
Federal Revenue (Exhibit C-3)		\$	<u>4,576,136</u>