

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

  
IRVING

*Independent School District*  
Irving, Texas

for the  
**Fiscal Year Ended August 31, 2008**

Jack Singley  
Superintendent of Schools

Prepared By Irving ISD Business Office

Debbie Cabrera, CPA  
Assistant Superintendent - Business and Finance

Jan Arrington, CPA  
Director of Business Operations

**IRVING INDEPENDENT SCHOOL DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED  
 AUGUST 31, 2008**

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# CERTIFICATE OF BOARD

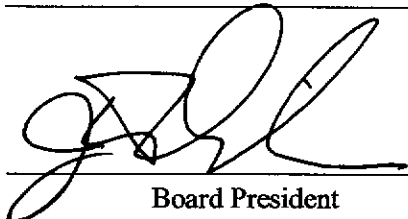
Irving Independent School District  
Name of School District

Dallas  
County


057-912  
Co-District Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2008 at a meeting of the board of school trustees of such school district on the 12<sup>th</sup> day of January, 2009.

---

  
Board President  
Jerry Christian

---

  
Board Secretary  
Valerie Jones

If the board of trustees disapproved of the auditors' report, the reason(s) for disapproving is (are):  
(attach list as necessary).





DEBBIE CABRERA, CPA, MBA  
Assistant Superintendent  
Business & Finance

JACK SINGLEY  
Superintendent of Schools

January 8, 2009

Board of Trustees  
Irving Independent School District  
2621 W. Airport Freeway  
Irving, Texas 75062

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of Irving Independent School District ("the District") for the fiscal year ended August 31, 2008 is submitted herewith. The District's Business Office has prepared this report, with responsibility for the accuracy and completeness of the report resting solely with the District. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner to fairly represent the financial position and results of operations of the District and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included. The CAFR for the year ended August 31, 2008, is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

The CAFR is presented in four sections: introductory, financial, and statistical, and federal financial assistance. The Introductory Section includes this transmittal letter, the District's organizational chart, the GFOA and ASBO Certificates, and a list of principal officers. The Financial Section includes the basic financial statements, the combining and individual fund financial statements and schedules, as well as the auditor's report on the basic financial statements and schedules. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The Federal Financial Assistance Section includes the Single Audit Report.

GAAP also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the independent auditors' report.

This report provides valuable information for management as well as other users of the financial statements. Copies will be made available to the public libraries, the Texas Education Agency, financial rating services, and other interested parties.



## PROFILE OF THE DISTRICT

The District is one of 1,035 school districts in the State of Texas. It provides a program of public education from pre-kindergarten through grade twelve.

The Irving Independent School District Board of Trustees ("the Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. Because members of the Board are elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined in GASB Statement No.14 and as amended by GASB Statement 39. Also, there are no component units for which the District or the Board are financially accountable.

The District receives funding from local, state and federal funding sources and must comply with the requirements of the entities providing those funds.

### **Major Initiatives and Points of Distinction**

During a five year period from 1999 to 2003, the District earned a Recognized District rating from the Texas Education Agency. The IISD has had an Academically Acceptable rating in 2004, 2005, 2006, 2007 and 2008 with the implementation of the more rigorous and comprehensive TAKS Assessment. In 2008, nine individual Irving schools earned campus Recognized ratings.

The United States Department of Education designated MacArthur High School as a National Blue Ribbon School in May 2002 following on the heels of Good Elementary School's National Blue Ribbon School designation in May 2001 and Lamar Middle School's in May of 2000. Good Elementary was also one of 12 schools in the U.S. and the only school in Texas to receive special recognition in technology in 2001.

From more than 1,200 applicants across the United States, MacArthur High School was named one of the two best high schools at the Intel/Scholastic 21<sup>st</sup> Century Schools of Distinction Awards in 2004.

Microsoft Corporation has selected the Irving ISD as the first Microsoft Center of Excellence. With this designation, the IISD is being recognized as an innovator in the use of technology to enhance the teaching and learning process.

Full-day kindergarten classes are available at all 20 elementary schools. The District has three early childhood schools for pre-kindergarten students that opened in the 1999-2000 school year.

Results of the 2007-2008 National Merit Scholarship competition included: two Semifinalists, nine Commended students, five National Hispanic Scholars, and two Outstanding Participants for African American students.

Over the past four years, Irving has seen a steady increase in the number of high school students who receive a score of 3 or higher on the Advanced Placement exam. Exams are scored on a scale of 1 to 5. For 2004-05, 522 students scored a 3 or higher, increasing to 691 in 2007-08. The number of AP scholars has also increased from 69 in 2004 to 107 in 2008.

Graduating seniors in the Class of 2008 earned \$30.7 million in scholarship offers.

The District received the highest possible rating under the state's Schools FIRST financial accountability rating system. The Superior Achievement Rating confirms its excellence in managing and reporting taxpayer dollars. The District has received this rating in all six years of the system's existence.

The Partnerships in Education Program has more than 200 active alliances with businesses and other organizations with over 1,500 volunteers.

In November 2007, Irving voters approved a \$249,975,000 School Bond Package, the largest bond issue in the District's history. Divided into four phases, the projects in the bond package include funding for new and renovated facilities, equipment, instructional technology, and land to build new schools.

Students have access to computer technology through numerous classroom computers, computer labs and mobile multimedia stations. Beginning in August 2003, all students in grades 9-12 have laptop computers for use at home and school. All teachers receive laptop computers with connections to the IISD network. In October 1997, \$47 million in bond funds were approved that funded a five-year instructional technology plan that included networking schools and other facilities with various software including e-mail and Internet access. In October 2001, \$54.8 million in bond funds were approved to replace aging equipment and to provide equipment for new facilities and new programs. In November 2007, \$49.8 million in bond funds were approved to replace aging equipment and to provide a new telephone system and student information system for the entire District.

## GENERAL EDUCATION SERVICES

The mission statement of the Irving Independent School District is "The Irving ISD, in partnership with families and the community, resolves to meet the educational needs of students by cultivating the skills of learning, thinking, and communicating."

### **Instruction**

The District, established by the Texas Legislature in 1909, provides a comprehensive curriculum of educational services appropriate for over 30,000 students enrolled in pre-kindergarten through Grade 12, as well as a preparation course for the General Education Development examination. Instructional offerings include a strong core curriculum in language arts, mathematics, science, social studies, performing arts, compensatory education, bilingual and limited English proficient education, gifted and talented education for grades 2-12, career and technological education, special education for the handicapped, athletics and JROTC programs. The District's special programs include a regional school for the deaf, early childhood schools for four year-olds who are limited English proficient and/or economically disadvantaged, an extensive elementary health/safety instruction, and an array of elective courses at the secondary level.

The District's facilities include three early childhood schools (PK), twenty elementary schools (K-5), seven middle schools (6-8), three high schools (9-12), a high school academy (9-12), two reassignment schools and two learning centers. All campuses are air-conditioned facilities complete with cafeterias and gymnasiums. In addition, the District owns and operates nine

other facilities, which include an administration building, a learning resource center, a food service center, an athletic stadium and a facility service center.

The District provides students access to a variety of application oriented computer labs, mobile multimedia stations, and an automated library circulation and research system. Campus libraries are designed to reflect the goal of being the center of learning by providing ample research materials and integrating all segments of learning in innovative ways. The District's librarians and classroom teachers work together so that information and lessons determined by curriculum needs include hands-on experience and reinforcement through library research and classroom assignments.

## ECONOMIC OUTLOOK

The District is located in the heart of the Dallas-Fort Worth metropolitan area (the "Metroplex") in the western portion of Dallas County, Texas, the third most populous county in the state. The District encompasses 48.55 square miles, which includes the major portion of the City of Irving ("Irving") and portions of the cities of Dallas and Grand Prairie. On a per pupil basis, the District ranks in the top 16% of the wealthiest Texas school districts.

Irving offers its residents learning opportunities to last a lifetime. Irving boasts three institutions of higher learning located on 744 rolling acres in the City proper. These three fully accredited institutions of higher learning are the University of Dallas, North Lake College and DeVry University.

Irving represents a diverse and dynamic business environment, well established as a headquarters location for companies, with excellent access to domestic and international air service. Businesses recognize the many advantages offered by Irving's location and quality of life. Irving's proximity to major airports, commercial centers, and recreational and cultural attractions offers the convenience of a major metropolitan area with the comfort and charm of a suburban lifestyle.

Major corporations are drawn to Irving not only because of its accessibility to major transportation systems, availability of affordable land, high quality of life, large skilled work force and host of hotels and conference centers, but also because its commercial properties are designed to hold or increase in value over the long term. These key factors will assist continued business growth in the future.

Major industries in Irving include high technology, manufacturing, transportation, utilities, oil and gas, and tourism. Names like: Microsoft, Exxon, Verizon, Quaker State, Kimberly Clark, Zale Corporation, Boy Scouts of America, Nokia Inc., Citigroup and NCH Corporation have chosen to maintain their headquarters in the District, and they are testaments to the economic potential of the region. Inexpensive land and available office space are major contributing factors for corporate relocation consideration.

## LONG RANGE PLANNING

Much of the District's planning effort is focused on the District's Improvement Plan. The plan demonstrates the commitment to increase student achievement for all students. Campus Improvement Plans, which work in concert with the District's plan address specific needs of students at individual campuses. The District and Campus Improvement Plans include annual

goals for improving student achievement and objective evaluation criteria for measuring success.

The Department of Planning and Research starts off the budget development planning cycle when they release the projected student enrollment for the following fall in early January. Staffing charts are updated, and new campus staff additions to accommodate student growth are estimated by the Personnel department using this projection model. The Budget office develops a forecast document that compares the prior year's actual expenditures to the current year budget and projects the financial position of the district for the next three years. The parameters for this forecast model are developed early in the budget cycle by the Finance Committee, which is made up of three members of the Board of Trustees, the Superintendent, the Assistant Superintendent of Support Services, and the Assistant Superintendent of Business and Finance. Such things as taxable assessed value growth, optional homestead exemption, employee raises, fund balance levels, and state funding assumptions are determined in February. This allows the District several months of planning for developing budgets for district wide staffing, and non-payroll campus and department needs, before the first budget draft is presented to the Board of Trustees in May, with the final adoption of the Budget in August.

## FINANCIAL INFORMATION

The Comprehensive Annual Financial Report for the year ended August 31, 2008 is prepared in accordance with GAAP and in conformance with standards of financial reporting established by the GASB using guidelines recommended by the GFOA. All funds of the District are covered by this report. Presented funds are organized into three types dictated by the nature of the activities involved.

### Governmental Funds:

- General Fund
- Food Service Fund
- Debt Service Fund
- Capital Projects Fund
- Non Major Funds

### Proprietary Funds:

- Internal Service Funds

### Fiduciary Funds:

- Agency Funds

## Single Audit

As a recipient of Federal financial assistance, the District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to Federal programs, and is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended in 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. As a part of the District's single audit, tests are made to determine the adequacy of internal controls, including that portion related to Federal financial assistance programs, as well as to determine the District's compliance with applicable laws and regulations. The results of the District's single audit for the fiscal year ended August 31, 2008 provided no conditions that would be considered a material weakness in relation to a Federal financial

assistance program, and no material instances of noncompliance with applicable laws and regulations were noted. Information related to this single audit, including the schedule of expenditure of federal awards, findings and recommendations, and independent auditors' reports on internal controls and compliance with applicable laws and regulations, is included in this report.

### **Budgetary Controls**

The District maintains budgetary controls to ensure compliance with the legal provisions of the Texas Education Code, as well as to provide management with an instrument for planning and controlling operations. Annual budgets are legally adopted for the General Fund, Food Service Special Revenue Fund, and the Debt Service Fund at the functional level within each fund. The remaining Special Revenue Funds and the Capital Projects Fund adopt project-length budgets. The District maintains an encumbrance accounting system as a method of ascertaining the availability of funds. The encumbrance accounting method provides for recording commitments in the budgetary control accounts. Appropriations are encumbered at the time purchase orders are issued or contracts awarded. Appropriations lapse at fiscal year-end and encumbrances outstanding at that time are generally re-appropriated in the subsequent year's budget.

### **Cash Management**

The District's investments were allocated between local government investment pools (Texpool, and TexStar) and U.S. Government Agencies. All investments made by the District comply with the regulations of the Public Funds Investment Act. The average yield on the portfolio was 3.65% with earnings of \$7,590,752 on all governmental and internal service funds for the year ended August 31, 2008. This may be compared with earnings of \$7,551,678 for the year ending August 31, 2007. The average yield on the portfolio was 5.22% the prior year.

Under Texas law the District's depository bank must have the District's deposits insured by Federal depository insurance or fully secured by instruments pledged in the District's name on file with an independent third party holding administrator. To comply with the reporting requirements set forth in House Bill 2459, quarterly investment reports were prepared and submitted to the Board of Trustees. The reports detailed the District's investment position as of the end of each quarter and reflected the compliance with the District's investment strategy and the investment policies.

### **Risk Management**

The District's administration is charged with the responsibility of supervising the protection of the District's assets by employing various risk management techniques and procedures to reduce, absorb, minimize or transfer risk. The District carries insurance for general liability and auto liability and is self-insured for health, workers' compensation, unemployment insurance, and benefit administration. District property is insured for its replacement value. The administration is also responsible for directing the District's fringe benefits program, which includes the administration of health, life and other benefits for full-time employees.

#### Health Insurance

On August 31, 2008, the District recorded health claim liabilities totaling \$1,207,616 in the Health Insurance Internal Service Fund representing claims incurred but not paid and accounts payable of \$360,876 for total liabilities of \$1,568,492. This internal service fund has net assets of \$2,359,524 as of August 31, 2008.

### Workers' Compensation

Professional Actuarial Services, Inc., actuarial consultants, has established the unpaid losses and loss adjustment expenses (LAE) at the mean level of confidence at \$960,983, of which \$576,590 is current. Accounts payable are \$4,439 for total liabilities of \$965,422. This internal service fund has net assets of \$4,419,441 as of August 31, 2008.

Various risk control practices have been implemented to minimize accident-related losses, including monthly safety meetings and periodic safety audits performed by safety engineers.

### Unemployment

Unemployment insurance accrued expenses are set at \$8,286. This internal service fund has net assets of \$174,175 as of August 31, 2008.

### Benefit Administration

The Board established a benefit administration internal service fund through a one-dollar-per-month per employee allocation to provide for third party administration of the District's various benefit plans in 2007. This internal fund has net assets of \$11,517 as of August 31, 2008.

## OTHER INFORMATION

### **Independent Audit**

State law and District policy require an annual audit by independent certified public accountants. Weaver and Tidwell, LLP was selected to fulfill this requirement. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirement of the federal Single Audit Act of 1984, as amended in 1996, and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The independent auditors' report on the basic financial statements is included in the financial section of this report.

### **Awards**

The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended August 31, 2007 as reproduced on page 12. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended August 31, 2007 as reproduced on page 11. In order to be awarded these certificates, the District must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. This is the twentieth consecutive year that the District has prepared this report and won these prestigious awards.

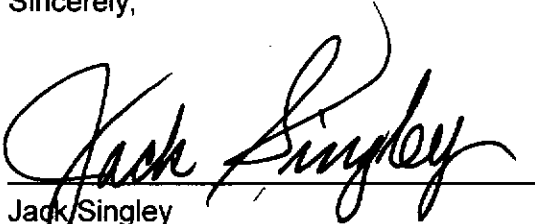
These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year 2008 certificates.

## Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Business Department. We would like to express our appreciation to all members of the Department who assisted and contributed to its preparation, especially, Miranda MacDonald, Helen Wilshire, Ruth Loehr-Moffatt, and Winell Inman. Jan Arrington, Director of Business Operations, coordinated the efforts of the Business Office staff, and is the person primarily responsible for the production of this report.

We also wish to thank the members of the Board of Trustees for their continued leadership and support, and for planning and conducting the financial operations of the District in a responsible and progressive manner.

Sincerely,



Jack Singley  
Superintendent



Debbie Cabrera, CPA  
Assistant Superintendent-Business and Finance

## LIST OF PRINCIPAL OFFICIALS

### BOARD OF TRUSTEES

| <u>Name</u>                  | <u>Length of Service</u> | <u>Term Expires</u> | <u>Occupation</u>            |
|------------------------------|--------------------------|---------------------|------------------------------|
| Jerry Christian, President   | 5 years                  | 2010                | Retired                      |
| Nita Patrick, Vice President | 5 years                  | 2010                | Retired                      |
| Valerie Jones, Secretary     | 3 years                  | 2009                | Community Volunteer          |
| Ronda Huffstetler, Member    | 8 years                  | 2010                | Salon Owner                  |
| Randy Stipes, Member         | 9 years                  | 2009                | Sales Representative         |
| A. D. Jenkins, Member        | 1 year                   | 2011                | Software Engineer            |
| Nancy Jones, Member          | 1 year                   | 2011                | Director of Student Services |

---

### ADMINISTRATIVE OFFICIALS

| <u>Name</u>         | <u>Position</u>                                          | <u>Length of Service</u> |
|---------------------|----------------------------------------------------------|--------------------------|
| Jack Singley        | Superintendent                                           | 43 years                 |
| Marie Morris, Ed.   | Assistant Superintendent of Instruction                  | 6 years                  |
| Scott Layne         | Assistant Superintendent of Support Services             | 17 years                 |
| Neil Dugger         | Assistant Superintendent of Personnel and Administration | 29 years                 |
| Debbie Cabrera, CPA | Assistant Superintendent of Business Finance             | 11 years                 |
| Ralph Diaz          | Administrative Assistant to the Superintendent           | 10 years                 |

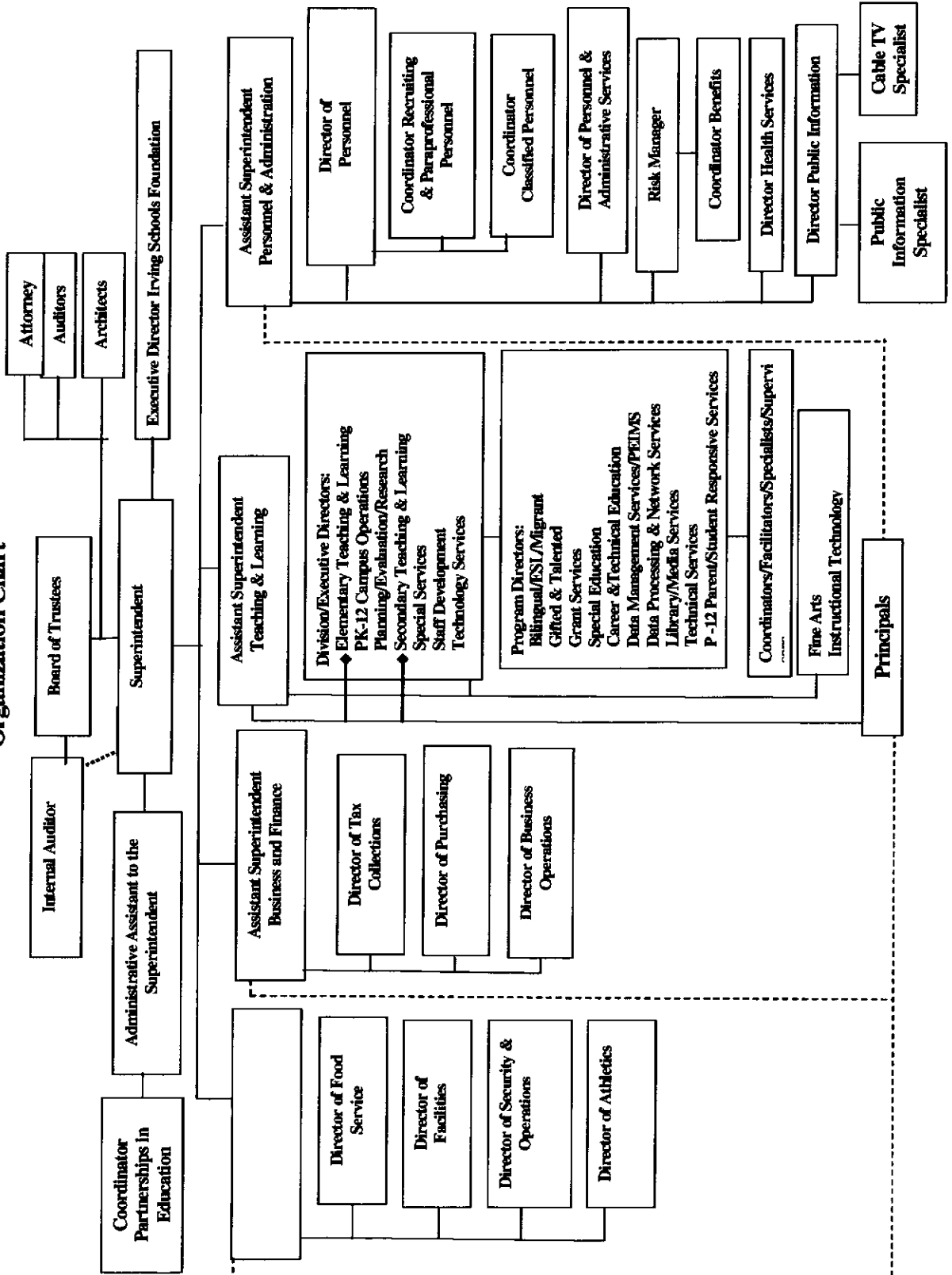
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### CONSULTANTS AND ADVISORS

|                                         |                      |
|-----------------------------------------|----------------------|
| Weaver and Tidwell<br>Dallas, Texas     | Independent Auditors |
| Vinson & Elkins LLP<br>Dallas, Texas    | Bond Counsel         |
| RBC Capital Markets<br>Dallas, Texas    | Financial Advisor    |
| James Deatherage<br>Irving, Texas       | General Counsel      |
| Comerica Bank – Irving<br>Irving, Texas | Official Depository  |



# Irving Independent School District Organization Chart



**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Irving Independent School  
District, Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
August 31, 2007

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



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Egan".

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

**IRVING INDEPENDENT SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)**  
For the Fiscal Year Ended August 31, 2007

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

*Grove E. Brendel*

President

*John D. Messer*

Executive Director



**WEAVER  
AND  
TIDWELL**

*L.L.P.*

CERTIFIED PUBLIC  
ACCOUNTANTS  
AND CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees  
Irving Independent School District  
Irving, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Irving Independent School District, Texas (the "District") as of and for the year ended August 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Irving Independent School District, Texas, as of August 31, 2008, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2009, on our consideration of the Irving Independent School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our 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.

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HOUSTON

The accompanying management's discussion and analysis (on pages 15 through 25) and the budgetary comparison schedule-general fund (on page 61 through 63) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplementary information, required T.E.A. section, and statistical section as listed in the table of contents are presented for purposes 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 purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and in addition to the other supplementary information, required T.E.A. schedules listed in the table of contents, are not a required part of the basic financial statements of the District. Such information, excluding the Fund Balance and Cash Flow Calculation Worksheet - General Fund (Exhibit J-3) and the statistical section marked unaudited on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Weaver and Tidwell, L.L.P.*

**WEAVER AND TIDWELL, L.L.P.**

January 8, 2009

Dallas, Texas

**IRVING INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2008 (UNAUDITED)**

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As management of the Irving Independent School District (the "District"), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 to 8 of this report.

**FINANCIAL HIGHLIGHTS**

- General revenues accounted for \$256,505,960, or 85.3% of all fiscal year 2008 revenues. Program-specific revenues in the form of charges for services and grants and contributions accounted for \$44,047,061, or 14.7% of total fiscal year 2008 revenues.
- The District had \$292,020,145 in expenses related to governmental activities. \$44,047,061 of these expenses was offset by program-specific charges for services or grants and contributions. General revenues of \$256,505,960 were adequate to provide for the remaining costs of these programs, resulting in an \$8,532,876 increase in net assets.
- Among major funds, the General Fund had \$220,126,510 in fiscal year 2008 revenues, which primarily consisted of state aid and property taxes, and \$212,397,290 in expenditures. The General Fund's fund balance increased \$7,843,256, from \$67,779,716 as of August 31, 2007 to \$75,622,972 as of August 31, 2008.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. These statements include the statement of net assets and the statement of activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters.

The statement of net assets presents information on all of the District's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unpaid salary).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, and operation of non-instructional services.

**Fund financial statements.** The *fund financial statements* report the District's operations in more detail than the government-wide statements by providing information about the District's major funds, as opposed to the District as a whole as presented in the government-wide financial statements. The District's major funds are the general fund, food service fund, debt service fund, and capital projects fund. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District and how the sales revenues covered the expenses of the goods or services. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

**Notes to the basic financial statements.** The notes provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

**Other information.** The combining and individual fund statements contain even more information about the District's individual funds. The section labeled compliance schedules contains data used by monitoring or regulatory agencies, such as TEA, for assurance that the District is using funds supplied in compliance with the terms of grants.

The combining and individual fund statements referred to earlier are presented immediately following the general fund and food service fund budgetary comparison.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$55,026,463 as of August 31, 2008. This is an increase of \$8,532,876 over the prior year, indicating an overall positive position for the District.

A portion of the District's net assets represents resources subject to external restrictions on how they may be used. As of August 31, 2008, the District's restricted net assets for food service were \$6,482,598 and restricted net assets for future debt service payments were \$3,866,540. Unrestricted net assets can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. As of August 31, 2008, the District's unrestricted net assets were \$31,999,108.

Net assets invested in capital assets net of related debt is \$12,678,217. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



The following table presents a summary of the District's net assets for the fiscal years ended August 31, 2008 and August 31, 2007.

**Table I**  
**Net Assets**  
Governmental  
Activities

|                                                    | <b>2008</b>          | <b>2007</b>          | <b>Difference</b>   |
|----------------------------------------------------|----------------------|----------------------|---------------------|
| Current and other assets                           | \$ 228,196,258       | \$ 149,182,330       | \$ 79,013,928       |
| Capital assets (net)                               | 369,739,073          | 367,882,441          | 1,856,632           |
| <b>Total assets</b>                                | <b>597,935,331</b>   | <b>517,064,771</b>   | <b>80,870,560</b>   |
| Current liabilities                                | 16,606,187           | 23,781,795           | (7,175,608)         |
| Long-term liabilities                              | 526,302,681          | 446,789,389          | 79,513,292          |
| <b>Total liabilities</b>                           | <b>542,908,868</b>   | <b>470,571,184</b>   | <b>72,337,684</b>   |
| Invested in capital assets,<br>Net of related debt | 12,678,217           | 17,326,732           | (4,648,515)         |
| Restricted                                         | 10,349,138           | 6,312,234            | 4,036,904           |
| Unrestricted                                       | 31,999,108           | 22,854,621           | 9,144,487           |
| <b>Total net assets</b>                            | <b>\$ 55,026,463</b> | <b>\$ 46,493,587</b> | <b>\$ 8,532,876</b> |

The following are significant current-year transactions that have had an impact on the statement of net assets:

- The District invested \$19.9 million in capital assets through school improvements and equipment acquisitions and recognized \$18.0 million in depreciation expense.
- The District issued \$87 million in new money bonds and made other debt retirements totaling \$15.5 million.
- The District recognized \$8.9 million in accreted interest during the year.

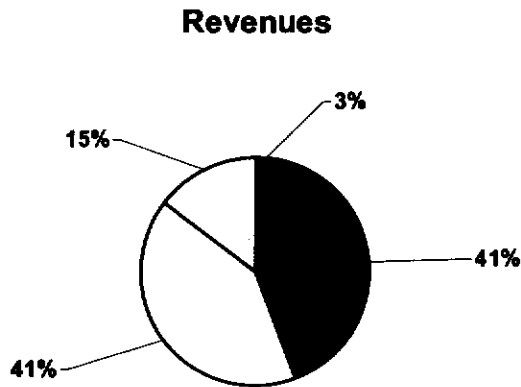
The District's total revenues for the fiscal year ended August 31, 2008 were \$300,553,021. The total cost of all programs and services was \$292,020,145. The following table presents a summary of the changes in net assets for the fiscal years ended August 31, 2008 and August 31, 2007.

**Table II**  
**Change in Net Assets**  
Governmental  
Activities

|                                                                       | <u>2008</u>          | <u>2007</u>          | <u>Difference</u>   |
|-----------------------------------------------------------------------|----------------------|----------------------|---------------------|
| Revenues:                                                             |                      |                      |                     |
| Program revenues:                                                     |                      |                      |                     |
| Charges for services                                                  | \$ 5,218,845         | \$ 6,586,599         | \$ (1,367,754)      |
| Operating grants and contributions                                    | 38,828,216           | 32,270,600           | 6,557,616           |
| General revenues:                                                     |                      |                      |                     |
| Maintenance and operations taxes                                      | 91,437,264           | 114,148,984          | (22,711,720)        |
| Debt service taxes                                                    | 32,112,354           | 26,892,668           | 5,219,686           |
| State grants                                                          | 123,663,032          | 99,077,027           | 24,586,005          |
| Investment earnings                                                   | 7,590,752            | 7,551,678            | 39,074              |
| Miscellaneous                                                         | 1,702,558            | 1,764,629            | (62,071)            |
| Total revenue                                                         | <u>300,553,021</u>   | <u>288,292,185</u>   | <u>12,260,836</u>   |
| Expenses:                                                             |                      |                      |                     |
| Instruction, curriculum, and media services                           | 177,438,191          | 164,516,938          | 12,921,253          |
| Instructional and school leadership                                   | 22,495,303           | 21,002,367           | 1,492,936           |
| Student support services, child nutrition<br>co-curricular activities | 35,934,263           | 32,892,971           | 3,041,292           |
| General administration                                                | 7,024,356            | 6,831,531            | 192,825             |
| Plant maintenance, security, and data<br>processing                   | 24,508,742           | 23,909,164           | 599,578             |
| Community services                                                    | 1,088,711            | 858,752              | 229,959             |
| Interest and fiscal charges                                           | 22,865,771           | 21,739,963           | 1,125,808           |
| Intergovernmental charges                                             | 166,095              | -                    | 166,095             |
| Payments to TIF                                                       | 498,713              | 121,135              | 377,578             |
| Total expenses                                                        | <u>292,020,145</u>   | <u>271,872,821</u>   | <u>20,147,324</u>   |
| Change in net assets                                                  | 8,532,876            | 16,419,364           | (7,886,488)         |
| Beginning Net Assets                                                  | <u>46,493,587</u>    | <u>30,074,223</u>    | <u>16,419,364</u>   |
| Ending Net Assets                                                     | <u>\$ 55,026,463</u> | <u>\$ 46,493,587</u> | <u>\$ 8,532,876</u> |

Net assets of the District's governmental activities increased from \$46,493,587 to \$55,026,463, or \$8,532,876.

The District's reliance upon tax revenues is demonstrated by the graph below, which indicates that 41% total revenues for governmental activities come from local taxes.



■ Other General Revenues ■ State Grants □ General Tax Revenues □ Program Revenues

The cost of all governmental activities this year was \$292,020,145. However, as shown in the statement of activities, the amount that our taxpayers ultimately financed for these activities through district taxes was \$123,549,618 because some of the costs were paid by those who directly benefited from the programs (\$5,218,845), by other governments and organizations that subsidized certain programs with grants and contributions (\$38,828,216), or by state aid (\$123,663,032), investment income (\$7,590,752), and other miscellaneous income (\$1,702,558).

The following table presents the total cost of the District's major functional activities and the net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs):

|                                                                           | <u>Total<br/>Expenses</u> | <u>Net<br/>Expenses</u> |
|---------------------------------------------------------------------------|---------------------------|-------------------------|
| Instruction, curriculum, and media services                               | \$ 177,438,191            | \$ 154,712,627          |
| Instructional and school leadership                                       | 22,495,303                | 20,798,626              |
| Student support services, child nutrition<br>and co-curricular activities | 35,934,263                | 17,933,317              |
| General Administration                                                    | 7,024,356                 | 7,001,816               |
| Plant maintenance, security, and data processing                          | 24,508,742                | 24,301,515              |
| Community services                                                        | 1,088,711                 | 193,317                 |
| Interest and fiscal charges                                               | 22,865,771                | 22,865,771              |
| Intergovernmental charges                                                 | 166,095                   | 166,095                 |
| Payments to TIF                                                           | 498,713                   | -                       |
| <b>Total expenses</b>                                                     | <b>\$ 292,020,145</b>     | <b>\$ 247,973,084</b>   |

#### THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$199,240,216 which is an increase of \$78,185,087 from the prior year.

The schedule below indicates the fund balance by fund type as of August 31, 2008 and August 31, 2007.

|                  | <u>Fund Balance<br/>August 31, 2008</u> | <u>Fund Balance<br/>August 31, 2007</u> | <u>Change in<br/>Fund Balance</u> |
|------------------|-----------------------------------------|-----------------------------------------|-----------------------------------|
| General Fund     | \$ 75,622,972                           | \$ 67,779,716                           | \$ 7,843,256                      |
| Food Service     | 6,482,598                               | 5,829,135                               | 653,463                           |
| Debt Service     | 12,331,569                              | 13,439,971                              | (1,108,402)                       |
| Capital Projects | 104,020,753                             | 32,858,019                              | 71,162,734                        |
| Other Funds      | 782,324                                 | 1,148,288                               | (365,964)                         |
| <b>Total</b>     | <b>\$ 199,240,216</b>                   | <b>\$ 121,055,129</b>                   | <b>\$ 78,185,087</b>              |

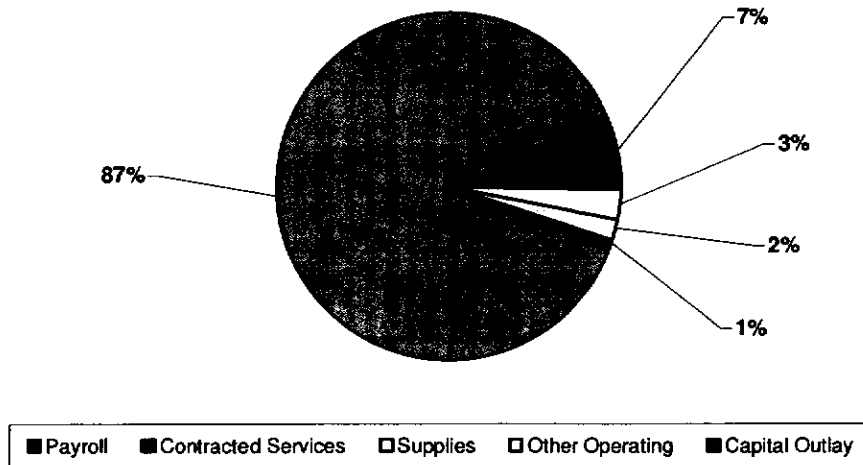
*General Fund*

The fund balance of the General Fund increased \$7,843,256 from the prior year. \$2.0 million more state revenue from increased student attendance was realized than originally expected. Investment earnings increased \$686,000 million more than originally anticipated. An additional \$629,000 was received from the District's participation in the School Health and Related Services (SHARS) program, when the Third Party Administrator was changed and identified more qualifying costs. The District's participation in a Tax Increment Finance Zone generated \$374,000 in new revenue for the 2008 fiscal year. General Fund expenditures were \$5 million less than originally budgeted with the majority of the savings realized as average salaries for the year decreased due to an increase in the number of resignations/retirements of higher paid teachers the previous summer.

The District is a service entity; therefore, the largest portions of the General Fund expenditures are related to payroll and contracted services such as utilities, as illustrated below.

| Expenditures<br>by Object | August 31, 2008<br>Amounts | August 31, 2007<br>Amounts | Increase (Decrease)<br>from Prior Year |
|---------------------------|----------------------------|----------------------------|----------------------------------------|
| Payroll                   | \$ 186,000,706             | \$ 175,451,738             | \$ 10,548,968                          |
| Contracted Services       | 15,015,930                 | 13,795,974                 | 1,219,956                              |
| Supplies                  | 6,119,912                  | 5,496,670                  | 623,242                                |
| Other Operating           | 4,067,156                  | 3,289,989                  | 777,167                                |
| Capital Outlay            | 1,193,586                  | 1,553,286                  | (359,700)                              |
| <b>Total</b>              | <b>\$ 212,397,290</b>      | <b>\$ 199,587,657</b>      | <b>\$ 12,809,633</b>                   |

**General Fund Expenditures**



### *Food Service Fund*

The fund balance of the Food Service fund increased \$653,463 from the prior year. The majority of this increase can be attributed to the increase in the District's free and reduced qualified students from the prior year. This generated \$1,251,370 in additional federal reimbursements for the National School Lunch and Breakfast program. USDA commodity revenue decreased \$800,534 of which approximately half was due to a timing difference on their delivery of the commodities.

### *Debt Service Fund*

The Debt Service fund balance decreased \$1,108,402. This decrease was a planned use of the fund balance. Investment earnings decreased \$304,158 due to interest rate declines throughout the year.

### *Capital Projects Fund*

The Capital Projects fund balance increased \$71,162,734 from the prior year due to the sale of \$87 million of 2007 voter approved bonds during the fiscal year and was offset with funds spent during the year for the completion of construction projects. Although these and other capital expenditures reduce available fund balances as projects are completed, they create new assets for the District as reported in the statement of net assets and as discussed in Note 5 in the financial statements.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, budget amendments are necessary to realign funds. Realignment of funds will increase and/or decrease various function levels and object series within the budget. All necessary budget amendments, which change the function level for appropriations and object series for revenues, are formally approved by the School Board and recorded in the board minutes each month. The difference between the original budget and the final amended budget were necessary amendments for changes in situations and estimates. There were minor budget amendments to expenditures and other financing sources. Revenues had budget amendments of \$5,292,154 and the major components of the changes are reflected on Exhibit G-1 and the key factors for the changes can be summarized as follows:

\$2,229,000 increase to state revenue for better than anticipated average daily attendance and an increase in FTE's for special student populations.

\$374,000 increase to local revenue for participation in the Tax Increment Finance Zone with the City of Irving.

\$600,000 increase to local revenue for investment earnings.

\$649,000 increase in SHARS (School Health and Related Services) program budget due to identification of additional eligible expenses by a new Third Party Administrator.

\$418,800 increase in state TRS on-behalf state revenue due to recording GASB 24 expenses.

\$499,000 increase in Tax Increment Finance Zone local tax revenues.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of August 31, 2008, the District had invested \$369,739,073 in capital assets, net of accumulated depreciation of \$218,281,324, including land and improvements, facilities, and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase in capitalized cost of \$18,161,763 from last year. The increase is primarily due to completing various construction projects and equipment acquisitions.

The total depreciation expense for the year was \$17,976,292.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended August 31, 2008:

|                            |    |                    |
|----------------------------|----|--------------------|
| Land and Improvements      | \$ | 31,566,014         |
| Furniture and Equipment    |    | 16,963,807         |
| Buildings and Improvements |    | 311,254,879        |
| Construction in Progress   |    | 9,954,373          |
| Total                      | \$ | <u>369,739,073</u> |

More detailed information about the District's capital assets is presented in Note 5 in the financial statements.

### Debt

As of August 31, 2008, the District had \$526,670,907 in general obligation bonds payable and \$384,393 in claims payable. The District had \$16,779,392 in bonds payable that are due within one year.

The District continues to have favorable general obligation bond ratings indicated by Aaa and AAA rating from Moody's Investors Service and Standard & Poor's Ratings Group, respectively.

State statutes currently limit the amount of general obligation debt a District may issue to 10% of its total assessed valuation. The current debt limitation for the District is \$958,230,916, which is more than the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 8 in the financial statements.

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

The District's elected and appointed officials considered many factors when setting the 2008-2009 budget and 2008 tax rates. One of those factors was the economy. Going into the 2008 tax year the District experienced a 4.6% increase in property values. This is the fifth year of an increase in property values after several years of declining values, which caused the gradual elimination of the District's 20% optional homestead exemption.

With 61% of the District's tax base in commercial and business personal property, this was the third year since the tragic events of September 11, 2001 that the District continued to experience a significant increase in its values in this category. The residential property values for the 2009 fiscal year also continued to increase with 2.3% additional value.

The increase in the property values and additional revenue from House Bill 1 as approved by the Texas State Legislature allowed the Board of Trustees to increase the 2008-2009 operating budget \$9,817,219 and to provide for an average 5% employee pay raise which cost the District \$8,083,120 of this overall budget increase. A use of fund balance reserves of \$5,810,462 was also part of the adopted 2008-2009 budget.

The maintenance and operating tax rate was increased by 2 cents as part of House Bill 1's local option tax rate increase. A total of 4 cents is allowable at the local level. The bill also provided the funds to the District from the loss in tax revenues from the rate reduction as well as a hold harmless guarantee for future years that provides the District with the same funds per weighted pupil as the current year. In addition to the hold harmless, the District is able to access an additional \$2.3 million in state funding generated by the state equalization formulas that apply to the local option 2 pennies.

The debt service tax rate was increased by 2.25 cents to pay for the current outstanding bonded debt which includes the issuance of \$87 million of newly authorized voter approved bonds from an October, 2007 election.

The District will continue to review its priorities to maintain the level of service to its children and taxpayers for future budget years.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office at Irving Independent School District, 2621 W. Airport Freeway, Irving, Texas, 75062.





# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**IRVING INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
AUGUST 31, 2008**

**EXHIBIT A-1**

| DATA<br>CONTROL<br>CODES |                                                                       | GOVERNMENTAL<br>ACTIVITIES |
|--------------------------|-----------------------------------------------------------------------|----------------------------|
|                          | <b>ASSETS</b>                                                         |                            |
| 1110                     | Cash & Cash Equivalents                                               | \$ 130,000,447             |
| 1120                     | Investments                                                           | 73,836,200                 |
| 1220                     | Delinquent Taxes Receivable - Net of<br>Estimated Uncollectible Taxes | 3,549,020                  |
| 1240                     | Due from Other Governments                                            | 12,503,033                 |
| 1250                     | Accrued Interest                                                      | 1,280,340                  |
| 1290                     | Other Receivables                                                     | 1,235,441                  |
| 1310                     | Inventories                                                           | 1,157,928                  |
| 1410                     | Deferred Expenses                                                     | 4,497,036                  |
| 1490                     | Other Assets                                                          | 136,813                    |
| 1510                     | Land                                                                  | 19,256,809                 |
| 1515                     | Land Improvements                                                     | 17,243,668                 |
| 1520                     | Buildings and Improvements                                            | 464,771,422                |
| 1580                     | Construction in Progress                                              | 9,954,373                  |
| 1530                     | Furniture and Equipment                                               | 76,794,125                 |
| 1570                     | Accumulated Depreciation                                              | (218,281,324)              |
| 1000                     | <b>TOTAL ASSETS</b>                                                   | <b>597,935,331</b>         |
|                          | <b>LIABILITIES</b>                                                    |                            |
| 2110                     | Accounts Payable and Claims Liabilities                               | 6,459,490                  |
| 2150                     | Payroll Deductions and Withholdings                                   | 451,071                    |
| 2160                     | Accrued Wages Payable                                                 | 5,347,255                  |
| 2140                     | Interest Payable                                                      | 2,959,888                  |
| 2180                     | Due to Other Governments                                              | 284,403                    |
| 2300                     | Unearned Revenue                                                      | 527,490                    |
|                          | Noncurrent Liabilities:                                               |                            |
|                          | Due Within One Year:                                                  |                            |
| 2121                     | Bonds Payable                                                         | 16,779,392                 |
| 2123                     | Claims Payable                                                        | 576,590                    |
|                          | Due in More than One Year:                                            |                            |
| 2800                     | Claims Payable                                                        | 384,393                    |
| 2510                     | Bonds Payable                                                         | 509,138,896                |
| 2000                     | <b>TOTAL LIABILITIES</b>                                              | <b>542,908,868</b>         |
|                          | <b>NET ASSETS</b>                                                     |                            |
| 3800                     | Invested in Capital Assets, Net of Related Debt                       | 12,678,217                 |
| 3840                     | Restricted for Food Service                                           | 6,482,598                  |
| 3850                     | Restricted for Debt Service                                           | 3,866,540                  |
| 3430                     | Unrestricted Net Assets                                               | 31,999,108                 |
| 3000                     | <b>TOTAL NET ASSETS</b>                                               | <b>\$ 55,026,463</b>       |

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

**IRVING INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2008**

**EXHIBIT B-1**

| Data<br>Control<br>Codes | Functions/Programs                                         | 1<br>Expenses         | 3<br>Program Revenues        |                                          | Net (Expense)<br>Revenue and<br>Changes in<br>Net Assets |                                     |
|--------------------------|------------------------------------------------------------|-----------------------|------------------------------|------------------------------------------|----------------------------------------------------------|-------------------------------------|
|                          |                                                            |                       | 2<br>Charges for<br>Services | Operating<br>Grants and<br>Contributions |                                                          | Total<br>Governmental<br>Activities |
|                          |                                                            |                       |                              |                                          |                                                          |                                     |
|                          | <b>Governmental Activities:</b>                            |                       |                              |                                          |                                                          |                                     |
| 11                       | Instruction                                                | \$ 168,804,073        | \$ 827,006                   | \$ 19,756,149                            | \$ (148,220,918)                                         |                                     |
| 12                       | Instructional Resources and Media Services                 | 4,710,352             | -                            | 14,959                                   | (4,695,393)                                              |                                     |
| 13                       | Curriculum Development and Instructional Staff Development | 3,923,766             | -                            | 2,127,450                                | (1,796,316)                                              |                                     |
| 21                       | Instructional Leadership                                   | 5,225,582             | -                            | 1,311,957                                | (3,913,625)                                              |                                     |
| 23                       | School Leadership                                          | 17,269,721            | -                            | 384,720                                  | (16,885,001)                                             |                                     |
| 31                       | Guidance, Counseling, and Evaluation Services              | 11,014,134            | -                            | 1,265,702                                | (9,748,432)                                              |                                     |
| 32                       | Social Work Services                                       | 451,833               | -                            | -                                        | (451,833)                                                |                                     |
| 33                       | Health Services                                            | 2,352,144             | -                            | -                                        | (2,352,144)                                              |                                     |
| 34                       | Student (Pupil) Transportation                             | 3,294,523             | -                            | 598,614                                  | (2,695,909)                                              |                                     |
| 35                       | Food Services                                              | 13,916,614            | 2,996,746                    | 11,867,837                               | 947,969                                                  |                                     |
| 36                       | Co-Curricular/Extracurricular Activities                   | 4,905,015             | 1,262,648                    | 9,399                                    | (3,632,968)                                              |                                     |
| 41                       | General Administration                                     | 7,024,356             | -                            | 22,540                                   | (7,001,816)                                              |                                     |
| 51                       | Plant Maintenance and Operations                           | 18,582,655            | 132,445                      | -                                        | (18,450,210)                                             |                                     |
| 52                       | Security and Monitoring Services                           | 2,221,348             | -                            | 10,801                                   | (2,210,547)                                              |                                     |
| 53                       | Data Processing Services                                   | 3,704,739             | -                            | 63,981                                   | (3,640,758)                                              |                                     |
| 61                       | Community Services                                         | 1,088,711             | -                            | 895,394                                  | (193,317)                                                |                                     |
| 71                       | Debt Service - Interest and Fiscal Charges                 | 22,865,771            | -                            | -                                        | (22,865,771)                                             |                                     |
| 95                       | Payments to Juvenile Justice Alternative Education Program | 166,095               | -                            | -                                        | (166,095)                                                |                                     |
| 97                       | Payments to TIF                                            | 498,713               | -                            | 498,713                                  | -                                                        |                                     |
|                          | <b>Total Governmental Activities</b>                       | <b>\$ 292,020,145</b> | <b>\$ 5,218,845</b>          | <b>\$ 38,828,216</b>                     | <b>\$ (247,973,084)</b>                                  |                                     |

| Data<br>Control<br>Codes | General Revenues:                               |                      |
|--------------------------|-------------------------------------------------|----------------------|
|                          | <b>Taxes:</b>                                   |                      |
| MT                       | M & O Property Taxes                            | 91,437,264           |
| DT                       | Debt Service Property Taxes                     | 32,112,354           |
| SF                       | State Aid - Not Restricted to Specific Programs | 123,663,032          |
| IE                       | Investment Income                               | 7,590,752            |
| MI                       | Miscellaneous                                   | 1,702,558            |
| TG                       | Total General Revenues and Direct Allocation    | 256,505,960          |
| CN                       | Change in Net Assets                            | 8,532,876            |
| NB                       | Net Assets - Beginning                          | 46,493,587           |
| NE                       | Net Assets - Ending                             | <u>\$ 55,026,463</u> |

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

# **FUND FINANCIAL STATEMENTS**



**IRVING INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2008**

| DATA<br>CONTROL<br>CODES |                                           | MAJOR                |                     |
|--------------------------|-------------------------------------------|----------------------|---------------------|
|                          |                                           | GENERAL              | FOOD<br>SERVICE     |
|                          | <b>ASSETS</b>                             |                      |                     |
|                          | Current Assets:                           |                      |                     |
| 1110                     | Cash & Cash Equivalents                   | \$ 33,047,891        | \$ 6,344,893        |
| 1120                     | Investments                               | 34,909,000           | -                   |
|                          | Receivables:                              |                      |                     |
| 1220                     | Property Taxes - Delinquent               | 3,914,279            | -                   |
| 1230                     | Allowance for Uncollectible Taxes         | (1,195,189)          | -                   |
| 1240                     | Due from Other Governments                | 10,624,086           | 315,488             |
| 1250                     | Accrued Interest                          | 940,982              | -                   |
| 1260                     | Due from Other Funds                      | 1,415,412            | -                   |
| 1290                     | Other Receivables                         | 1,184,129            | -                   |
| 1310                     | Inventories, at cost                      | 989,716              | 156,150             |
| 1410                     | Deferred Expenditures                     | 246,081              | -                   |
| 1490                     | Other Current Assets                      | 2,980                | -                   |
| 1000                     | <b>TOTAL ASSETS</b>                       | <b>\$ 86,079,367</b> | <b>\$ 6,816,531</b> |
|                          | <b>LIABILITIES</b>                        |                      |                     |
|                          | Current Liabilities:                      |                      |                     |
| 2110                     | Accounts Payable                          | \$ 1,369,421         | \$ 333,933          |
| 2150                     | Payroll Deductions and Withholdings       | 451,071              | -                   |
| 2160                     | Accrued Wages Payable                     | 5,337,765            | -                   |
| 2170                     | Due to Other Funds                        | 207,201              | -                   |
| 2180                     | Due to Other Governments                  | 8,300                | -                   |
| 2300                     | Deferred Revenue                          | 3,082,637            | -                   |
| 2000                     | <b>TOTAL LIABILITIES</b>                  | <b>10,456,395</b>    | <b>333,933</b>      |
|                          | <b>FUND BALANCE</b>                       |                      |                     |
|                          | Reserved Fund Balances:                   |                      |                     |
| 3410                     | Investments in Inventory                  | 989,716              | 156,150             |
| 3420                     | Retirement of Long-Term Debt              | -                    | -                   |
| 3430                     | Prepaid Items                             | 246,081              | -                   |
| 3440                     | Outstanding Encumbrances                  | 638,099              | 8,509               |
| 3450                     | Food Service                              | -                    | 6,317,939           |
|                          | Unreserved, Designated Fund Balances:     |                      |                     |
| 3530                     | Capital Expenditures                      | -                    | -                   |
| 3540                     | Self Insurance                            | 1,163,106            | -                   |
| 3590                     | Campus and Other Activities               | 1,913,859            | -                   |
|                          | Unreserved, Undesignated Fund Balance:    |                      |                     |
| 3600                     | Reported in the General Fund              | 70,672,111           | -                   |
| 3610                     | Reported in Special Revenue Funds         | -                    | -                   |
| 3000                     | <b>TOTAL FUND BALANCE</b>                 | <b>75,622,972</b>    | <b>6,482,598</b>    |
| 4000                     | <b>TOTAL LIABILITIES AND FUND BALANCE</b> | <b>\$ 86,079,367</b> | <b>\$ 6,816,531</b> |

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



EXHIBIT C-1

| MAJOR                |                       | NONMAJOR            | TOTALS                |
|----------------------|-----------------------|---------------------|-----------------------|
| DEBT SERVICE         | CAPITAL PROJECTS      | OTHER FUNDS         | GOVERNMENTAL FUNDS    |
| \$ 5,270,846         | \$ 74,861,525         | \$ 984,494          | \$ 120,509,649        |
| 7,000,000            | 31,927,200            | -                   | 73,836,200            |
| 1,056,653            | -                     | -                   | 4,970,932             |
| (226,723)            | -                     | -                   | (1,421,912)           |
| -                    | -                     | 1,563,459           | 12,503,033            |
| 89,546               | 249,812               | -                   | 1,280,340             |
| 207,201              | -                     | -                   | 1,622,613             |
| -                    | -                     | -                   | 1,184,129             |
| -                    | 2,007                 | -                   | 1,147,873             |
| -                    | -                     | -                   | 246,081               |
| -                    | -                     | -                   | 2,980                 |
| <u>\$ 13,397,523</u> | <u>\$ 107,040,544</u> | <u>\$ 2,547,953</u> | <u>\$ 215,881,918</u> |
| \$ 17,561            | \$ 3,019,791          | \$ 119,144          | \$ 4,859,850          |
| -                    | -                     | -                   | 451,071               |
| -                    | -                     | 9,490               | 5,347,255             |
| -                    | -                     | 1,415,412           | 1,622,613             |
| 218,463              | -                     | 57,640              | 284,403               |
| 829,930              | -                     | 163,943             | 4,076,510             |
| <u>1,065,954</u>     | <u>3,019,791</u>      | <u>1,765,629</u>    | <u>16,641,702</u>     |
| -                    | 2,007                 | -                   | 1,147,873             |
| 12,331,569           | -                     | -                   | 12,331,569            |
| -                    | -                     | -                   | 246,081               |
| -                    | 1,882,625             | -                   | 2,529,233             |
| -                    | -                     | -                   | 6,317,939             |
| -                    | 102,136,121           | -                   | 102,136,121           |
| -                    | -                     | -                   | 1,163,106             |
| -                    | -                     | -                   | 1,913,859             |
| -                    | -                     | -                   | 70,672,111            |
| -                    | -                     | 782,324             | 782,324               |
| <u>12,331,569</u>    | <u>104,020,753</u>    | <u>782,324</u>      | <u>199,240,216</u>    |
| <u>\$ 13,397,523</u> | <u>\$ 107,040,544</u> | <u>\$ 2,547,953</u> | <u>\$ 215,881,918</u> |



**IRVING INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
AUGUST 31, 2008**

**EXHIBIT C-1R**

Total Fund Balances - Governmental Funds \$ 199,240,216

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$588,014,349, and the accumulated depreciation is \$218,280,720. 369,733,629

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 3,549,020

Internal Service Funds are used by the district's management to charge the cost of health insurance, workers compensation, unemployment, and benefits administration to the funds. The assets and liabilities of the Internal Service Funds are included with governmental activities. 7,130,819

Bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the funds. Bonds payable and related accounts at year-end consist of:

|                                  |                  |               |
|----------------------------------|------------------|---------------|
| Bonds Payable                    | \$ (526,670,907) |               |
| Premium on Bonds Payable         | (7,986,011)      |               |
| Discount on Bonds Payable        | 2,254,256        |               |
| Deferred Loss on Refunding Bonds | 6,484,374        |               |
| Interest Payable                 | (2,959,888)      |               |
| Bond Issuance Costs              | 4,250,955        |               |
|                                  |                  | (524,627,221) |

Net Assets - Governmental Activities \$ 55,026,463

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

**IRVING INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2008**

| DATA<br>CONTROL<br>CODES              |                                                              | MAJOR                |                     |
|---------------------------------------|--------------------------------------------------------------|----------------------|---------------------|
|                                       |                                                              | GENERAL              | FOOD<br>SERVICE     |
| <b>REVENUES</b>                       |                                                              |                      |                     |
| 5700                                  | Local and Intermediate Sources                               | \$ 101,874,858       | \$ 3,162,463        |
| 5800                                  | State Program Revenues                                       | 117,027,220          | 111,329             |
| 5900                                  | Federal Program Revenues                                     | 1,224,432            | 11,756,508          |
| 5020                                  | <b>TOTAL REVENUES</b>                                        | <b>220,126,510</b>   | <b>15,030,300</b>   |
| <b>EXPENDITURES</b>                   |                                                              |                      |                     |
| Current:                              |                                                              |                      |                     |
| 0011                                  | Instruction                                                  | 136,671,077          | -                   |
| 0012                                  | Instructional Resources and Media Services                   | 4,132,675            | -                   |
| 0013                                  | Curriculum Development and Instructional Staff Development   | 1,865,497            | -                   |
| 0021                                  | Instructional Leadership                                     | 3,881,131            | -                   |
| 0023                                  | School Leadership                                            | 16,256,129           | -                   |
| 0031                                  | Guidance, Counseling, and Evaluation Services                | 9,363,065            | -                   |
| 0032                                  | Social Work Services                                         | 452,623              | -                   |
| 0033                                  | Health Services                                              | 2,244,232            | -                   |
| 0034                                  | Student (Pupil) Transportation                               | 2,439,417            | -                   |
| 0035                                  | Food Services                                                | 272,420              | 13,100,859          |
| 0036                                  | Co-Curricular/Extracurricular Activities                     | 4,492,092            | -                   |
| 0041                                  | General Administration                                       | 6,607,065            | -                   |
| 0051                                  | Plant Maintenance and Operations                             | 17,916,759           | 547,543             |
| 0052                                  | Security and Monitoring Services                             | 2,214,373            | -                   |
| 0053                                  | Data Processing Services                                     | 2,695,379            | -                   |
| 0061                                  | Community Services                                           | 228,548              | -                   |
| Debt Service:                         |                                                              |                      |                     |
| 0071                                  | Principal on Long-Term Debt                                  | -                    | -                   |
| 0072                                  | Interest and Charges on Long-Term Debt                       | -                    | -                   |
| 0073                                  | Bond Issuance Costs and Fees                                 | -                    | -                   |
| 0081                                  | Facilities Acquisition and Construction                      | -                    | 728,435             |
| 0095                                  | Payments to Juvenile Justice Alternative Education Program   | 166,095              | -                   |
| 0097                                  | Payments to TIF                                              | 498,713              | -                   |
| 6030                                  | <b>TOTAL EXPENDITURES</b>                                    | <b>212,397,290</b>   | <b>14,376,837</b>   |
| 1100                                  | Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | <b>7,729,220</b>     | <b>653,463</b>      |
| <b>OTHER FINANCING SOURCES (USES)</b> |                                                              |                      |                     |
| 7912                                  | Proceeds from Sale of Capital Assets                         | 114,036              | -                   |
| 7911                                  | Issuance of Bonds                                            | -                    | -                   |
| 7916                                  | Premium on Issuance of Debt                                  | -                    | -                   |
| 7080                                  | <b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>              | <b>114,036</b>       | <b>-</b>            |
| 1200                                  | Net Change in Fund Balances                                  | 7,843,256            | 653,463             |
| 0100                                  | Fund Balance - September 1 (Beginning) as Restated           | 67,779,716           | 5,829,135           |
| 3000                                  | Fund Balance - August 31 (Ending)                            | <b>\$ 75,622,972</b> | <b>\$ 6,482,598</b> |

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

EXHIBIT C-2

| MAJOR                |                       | NONMAJOR          | TOTALS                |
|----------------------|-----------------------|-------------------|-----------------------|
| DEBT SERVICE         | CAPITAL PROJECTS      | OTHER FUNDS       | GOVERNMENTAL FUNDS    |
| \$ 32,834,524        | \$ 2,338,211          | \$ 184,027        | \$140,394,083         |
| 6,635,812            | -                     | 6,588,004         | 130,362,365           |
| -                    | -                     | 18,312,218        | 31,293,158            |
| <u>39,470,336</u>    | <u>2,338,211</u>      | <u>25,084,249</u> | <u>302,049,606</u>    |
| -                    | 6,776,334             | 19,001,003        | 162,448,414           |
| -                    | 550,017               | 14,387            | 4,697,079             |
| -                    | -                     | 2,046,132         | 3,911,629             |
| -                    | 28,152                | 1,261,810         | 5,171,093             |
| -                    | 1,759                 | 370,015           | 16,627,903            |
| -                    | 4,312                 | 1,217,323         | 10,584,700            |
| -                    | -                     | -                 | 452,623               |
| -                    | 8,961                 | -                 | 2,253,193             |
| -                    | 252,202               | 575,733           | 3,267,352             |
| -                    | 95,777                | -                 | 13,469,056            |
| -                    | 117,710               | 9,040             | 4,618,842             |
| -                    | 448,912               | 21,678            | 7,077,655             |
| -                    | 130,662               | -                 | 18,594,964            |
| -                    | 18,514                | 10,388            | 2,243,275             |
| -                    | 187,177               | 61,535            | 2,944,091             |
| -                    | -                     | 861,169           | 1,089,717             |
| 15,542,222           | -                     | -                 | 15,542,222            |
| 24,943,371           | -                     | -                 | 24,943,371            |
| 813,384              | -                     | -                 | 813,384               |
| -                    | 10,554,988            | -                 | 11,283,423            |
| -                    | -                     | -                 | 166,095               |
| -                    | -                     | -                 | 498,713               |
| <u>41,298,977</u>    | <u>19,175,477</u>     | <u>25,450,213</u> | <u>312,698,794</u>    |
| <u>(1,828,641)</u>   | <u>(16,837,266)</u>   | <u>(365,964)</u>  | <u>(10,649,188)</u>   |
| -                    | -                     | -                 | 114,036               |
| -                    | 87,020,000            | -                 | 87,020,000            |
| 720,239              | 980,000               | -                 | 1,700,239             |
| <u>720,239</u>       | <u>88,000,000</u>     | <u>-</u>          | <u>88,834,275</u>     |
| (1,108,402)          | 71,162,734            | (365,964)         | 78,185,087            |
| 13,439,971           | 32,858,019            | 1,148,288         | 121,055,129           |
| <u>\$ 12,331,569</u> | <u>\$ 104,020,753</u> | <u>\$ 782,324</u> | <u>\$ 199,240,216</u> |

**IRVING INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2008**

**EXHIBIT C-3**

Total Net Change in Fund Balances - Governmental Funds \$ 78,185,087

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$17,975,687) exceeded capital outlays (\$19,853,357) in the current period. 1,877,670

The disposal of capital assets is not recognized in the governmental funds. (26,482)

Because some property taxes will not be collected for several months after the district's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues, net of bad debt, decreased by this amount this year. (1,574,743)

Internal Service Funds are used by the district's management to charge the cost of health insurance, workers compensation, unemployment, and benefits administration to the funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 358,377

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 15,542,222

Bond issuances and refundings and related costs are shown as "Other Sources" and "Other Uses" in the governmental funds, but are shown on the statement of net assets with related costs amortized over the life of the bonds. Differences consist of the following:

|                                       |    |              |              |
|---------------------------------------|----|--------------|--------------|
| Bond Proceeds                         | \$ | (87,020,000) |              |
| Discount/Premium on Bonds Issued      |    | (1,700,239)  |              |
| Bond Issue Costs                      |    | 720,239      |              |
| Amortization of Issue Costs           |    | (220,317)    |              |
| Amortization of Refunding Loss        |    | (491,073)    |              |
| Amortization of Bond Premium/Discount |    | 504,861      | (88,206,529) |

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Differences consist of the following:

|                            |    |             |           |
|----------------------------|----|-------------|-----------|
| Change in Accrued Interest | \$ | 432,781     |           |
| Interest Accretion         |    | (8,863,285) |           |
| Accretion Retirement       |    | 10,807,778  | 2,377,274 |

Change in Net Assets - Governmental Activities \$8,532,876

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

**IRVING INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AUGUST 31, 2008**

**EXHIBIT D-1**

| DATA<br>CONTROL<br>CODES |                                                 | GOVERNMENTAL<br>ACTIVITIES-<br>INTERNAL SERVICE<br>FUNDS |
|--------------------------|-------------------------------------------------|----------------------------------------------------------|
|                          | <b>ASSETS</b>                                   |                                                          |
|                          | Current Assets:                                 |                                                          |
| 1110                     | Cash and Temporary Investments                  | \$ 9,490,798                                             |
| 1290                     | Other Receivables                               | 51,312                                                   |
| 1310                     | Inventories, at cost                            | 10,055                                                   |
| 1490                     | Other Current Assets                            | 133,833                                                  |
|                          | Total Current Assets                            | <u>9,685,998</u>                                         |
|                          | Non-Current Assets:                             |                                                          |
| 1500                     | Furniture and Equipment, net                    | 5,444                                                    |
|                          | Total Non-Current Assets                        | <u>5,444</u>                                             |
| 1000                     | <b>TOTAL ASSETS</b>                             | <u><u>9,691,442</u></u>                                  |
|                          | <b>LIABILITIES</b>                              |                                                          |
|                          | Current Liabilities:                            |                                                          |
| 2110                     | Accounts Payable and Claims Liabilities         | 2,176,230                                                |
|                          | Total Current Liabilities                       | <u>2,176,230</u>                                         |
|                          | Long-Term Liabilities:                          |                                                          |
| 2800                     | Long-Term Claim Reserve                         | 384,393                                                  |
|                          | Total Long-Term Liabilities                     | <u>384,393</u>                                           |
| 2000                     | <b>TOTAL LIABILITIES</b>                        | <u><u>2,560,623</u></u>                                  |
|                          | <b>NET ASSETS</b>                               |                                                          |
| 3800                     | Invested in Capital Assets, Net of Related Debt | 5,444                                                    |
| 3900                     | Unrestricted Net Assets                         | 7,125,375                                                |
| 3000                     | <b>TOTAL NET ASSETS</b>                         | <u><u>\$ 7,130,819</u></u>                               |

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

**IRVING INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2008**

**EXHIBIT D-2**

| DATA<br>CONTROL<br>CODES |                                            | GOVERNMENTAL<br>ACTIVITIES-<br>INTERNAL SERVICE<br>FUNDS |
|--------------------------|--------------------------------------------|----------------------------------------------------------|
|                          | OPERATING REVENUES                         |                                                          |
| 5700                     | Charges for Services                       | <u>\$ 16,799,383</u>                                     |
| 5020                     | Total Operating Revenues                   | <u>16,799,383</u>                                        |
|                          | OPERATING EXPENSES                         |                                                          |
| 6100                     | Payroll Costs                              | 303,682                                                  |
| 6200                     | Professional/Contracted Services           | 87,604                                                   |
| 6300                     | Supplies and Materials                     | 272,771                                                  |
| 6400                     | Claims, Administration, and Other Expenses | <u>15,855,107</u>                                        |
| 6030                     | Total Operating Expenses                   | <u>16,519,164</u>                                        |
|                          | OPERATING INCOME                           | 280,219                                                  |
|                          | NON-OPERATING REVENUES                     |                                                          |
| 7955                     | Interest Income                            | <u>78,158</u>                                            |
|                          | CHANGE IN NET ASSETS                       | 358,377                                                  |
| 0100                     | Total Net Assets - September 1 (Beginning) | <u>6,772,442</u>                                         |
| 3000                     | Total Net Assets - August 31 (Ending)      | <u><u>\$ 7,130,819</u></u>                               |

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



**IRVING INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2008**

**EXHIBIT D-3**

|                                                                                            | GOVERNMENTAL<br>ACTIVITIES-<br>INTERNAL SERVICE<br>FUNDS |
|--------------------------------------------------------------------------------------------|----------------------------------------------------------|
| Cash Flows from Operating Activities:                                                      |                                                          |
| Cash Received for Premiums and Services                                                    | \$ 16,667,874                                            |
| Cash Paid to Employees                                                                     | (303,682)                                                |
| Cash Paid for Claims and Administration, and Other Costs                                   | (16,067,726)                                             |
| Net Cash Provided by Operating Activities                                                  | <u>296,466</u>                                           |
| Cash Flows from Financing Activities:                                                      |                                                          |
| Cash Received from Other Funds                                                             | 5,900,000                                                |
| Acquisition of Capital Assets                                                              | (6,049)                                                  |
| Net Cash Provided by Noncapital Financing Activities                                       | <u>5,893,951</u>                                         |
| Cash Flows from Investing Activities:                                                      |                                                          |
| Interest Received                                                                          | 78,158                                                   |
| Net Cash Provided by Investing Activities                                                  | <u>78,158</u>                                            |
| Net Increase in Cash and Cash Equivalents                                                  | 6,268,575                                                |
| Cash and Cash Equivalents at Beginning of the Year                                         | 3,222,223                                                |
| Cash and Cash Equivalents at End of the Year                                               | <u>\$ 9,490,798</u>                                      |
| Reconciliation of Operating Income to Net Cash<br>Provided by Operating Activities:        |                                                          |
| Operating Income                                                                           | <u>\$ 280,219</u>                                        |
| Adjustments to Reconcile Operating Income to<br>Net Cash Provided by Operating Activities: |                                                          |
| Change in Current Assets and Liabilities:                                                  |                                                          |
| Depreciation                                                                               | 605                                                      |
| Increase in Other Receivables                                                              | (51,312)                                                 |
| Increase in Inventories                                                                    | (6,830)                                                  |
| Increase in Other Current Assets                                                           | (131,509)                                                |
| Decrease in Accounts Payable and Claims Liability                                          | 858,472                                                  |
| Increase in Long-term Claims Reserve                                                       | (653,179)                                                |
|                                                                                            | <u>16,247</u>                                            |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                                           | <u><b>\$ 296,466</b></u>                                 |

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

**IRVING INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AUGUST 31, 2008**

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**EXHIBIT E-1**

|                                | <u>AGENCY<br/>FUNDS</u> |
|--------------------------------|-------------------------|
| <b>ASSETS</b>                  |                         |
| Cash and Temporary Investments | \$ 562,460              |
| <b>TOTAL ASSETS</b>            | <u>\$ 562,460</u>       |
| <br>                           |                         |
| <b>LIABILITIES</b>             |                         |
| Accounts Payable               | \$ 33,998               |
| Due to Student Groups          | 278,619                 |
| Due to Flex Excess Funds       | <u>249,843</u>          |
| <b>TOTAL LIABILITIES</b>       | <u>\$ 562,460</u>       |

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

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008**

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

Irving Independent School District's (the "District") basic financial statements have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units in conjunction with the Texas Education Agency's (TEA) Financial Accountability System Resource Guide (FASRG). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**A. REPORTING ENTITY**

The Board of Trustees, a seven-member group, has financial accountability for all activities related to public elementary and secondary education within the jurisdiction of the District. Because members of the board are elected by the public, they have the authority to make decisions and to appoint administrators and managers. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. In addition, there are no component units which meet the financial accountability criteria as defined in Governmental Accounting Standards Board Statement No. 14 and amended by GASB 39 which are included in the District's reporting entity.

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from these statements. An exception to this general rule would be amounts that are reasonably equivalent in value to the interfund services provided. The *governmental activities* are supported by tax revenues and intergovernmental revenues. The District has no *business-type activities* that rely, to a significant extent, on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008**

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**B. GOVERNMENT-WIDE AND FUND ACCOUNTING STATEMENTS, cont'd.**

The District reports the following Major Funds:

**General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.

**Food Service Fund** - This fund is established to account for Food Service Program transactions. The District's Food Service Fund is considered a special revenue fund since it meets the following criteria: (1) User fees are charged to supplement the National School Lunch Program (NSLP), (2) The General Fund subsidizes the Food Service Program for all expenditures in excess of NSLP, and (3) The District does not consider the Food Service Program completely self-supporting. Food Service fund balances are used exclusively for child nutrition program purposes.

**Debt Service Fund** - This governmental fund is established to account for payment of principal and interest on long term general obligation debt and other long term debts for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.

**Capital Projects Fund** - This governmental fund is established to account for proceeds, on the modified accrual basis, from the sale of bonds and other resources to be used for Board authorized acquisition, construction or renovation, and furnishing and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

The District reports the following Proprietary Funds:

**Internal Service Funds** - The District utilizes Internal Service Funds to account for its health, workers' compensation, unemployment, and benefit administration self-insurance plans, for science kit refurbishment, the district wide print shop, and for the Irving.net project to improve connectivity between schools and the community. The General Fund is contingently liable for liabilities of these funds. Sub-fund accounting is employed to maintain the integrity of these activities of the District. See Note 1 (O), (P), (Q), (R), and (S) for additional discussion of the District's self-insurance plans.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges to other funds for services. Operating expenses for internal service funds include the cost of providing the services, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008**

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**B. GOVERNMENT-WIDE AND FUND ACCOUNTING STATEMENTS, cont'd.**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Texas 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. Grant funds are considered earned to the extent of the expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until the related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount. In accordance with the Financial Accountability System Resource Guide (FASRG), the District has adopted and installed an accounting system that exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the

Accounting Code Section of the FASRG. Mandatory codes are utilized in the form provided in that section.

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008**

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**D. BUDGETARY DATA**

Formal budgetary accounting is employed for the General, Food Service, and Debt Service funds, as required in TEA's FASRG. The budget is prepared and controlled at the fund and function level (See Note 1 in the Notes to Required Supplementary Information). The official school budget is prepared for adoption for required Governmental Funds prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The Board of Trustees formally adopts the budget at a public meeting held at least ten days after public notice has been given.

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

**E. ENCUMBRANCE ACCOUNTING**

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or provided for in the subsequent year's budget. Outstanding encumbrances at August 31, 2008 that were subsequently provided for in the 2008-2009 budget totaled \$638,099 for the General Fund, \$8,509 for the Food Service Fund, and \$1,882,625 for the Capital Projects Fund. These amounts are reflected as reserves of fund balance in those funds.

**F. DEPOSITS AND INVESTMENTS**

**Cash and Cash Equivalents** - For purposes of the Statement of Cash Flows, the Internal Service Funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Investments** - Other investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**G. DUE FROM (TO) OTHER FUNDS**

Interfund receivables and payables arise from interfund transactions and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations. See Note 10 for additional discussion of interfund receivables and payables.

**IRVING INDEPENDENT SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 AUGUST 31, 2008**

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**H. INVENTORIES**

The consumption method is used to account for inventories of food products, school supplies and athletic equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. Inventories in the Capital Projects Fund represent computers purchased with bond funds but not yet distributed to the schools. The General Fund and Capital Projects inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources. The Food Service (Special Revenue Fund) commodity inventories received through the U.S. Department of Agriculture are offset with deferred revenue.

**I. DEFERRED EXPENDITURES**

Deferred expenditures of \$246,081 in the General Fund are prepaid items, which benefit the next school year. Deferred expenses on government-wide financial statements include these prepaid items and bond issuance costs of \$4,250,955, net of accumulated amortization of \$720,239. These bond issuance costs will be amortized using the straight-line method over the life of the bonds.

**J. CAPITAL ASSETS**

Capital assets, which include land, buildings, furniture and equipment, and construction in progress, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as land, land improvements, and buildings with an initial cost of any amount and furniture and equipment with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed. Land and construction in progress are not depreciated.

Buildings, land improvements, furniture and equipment are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u>                   | <u>Years</u> |
|---------------------------------|--------------|
| Buildings and Improvements      | 40           |
| Land Improvements               | 20           |
| Portable Buildings              | 20           |
| Furniture, Fixtures & Equipment | 10           |
| Computer Equipment              | 5            |
| Software                        | 3            |
| Automobiles                     | 5            |
| Food Service Equipment          | 15           |

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008**

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**K. LONG TERM DEBT**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Deferred losses on refundings are amortized over the shorter of the life of the old debt or the life of the new debt.

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

**L. FUND EQUITY**

In the fund financial statements, unreserved undesignated fund equity for governmental funds indicate available amounts for the budgeting of future operations. The unreserved designated fund equity for governmental funds indicates unreserved funds that have been earmarked by Board Resolution for specific purposes and are therefore not available for general expenditures to be appropriated in the following period unless amended by future Board action. Reserved fund balance is that portion of fund equity which is not available for appropriation or which has been legally separated for specific purposes. As of August 31, 2008, General Fund Reserved Fund Balance includes \$989,716 for inventories, \$246,081 for prepaid items and \$638,099 for year-end encumbrances. The Food Service Fund Balance includes \$156,150 for inventories and reserves, \$8,509 for year-end encumbrances and \$6,317,939 for food service. Debt Service Fund reserves \$12,331,569 for retirement of bonded indebtedness. The Capital Projects Fund Reserved Fund Balance includes \$2,007 for inventories and \$1,882,625 for year-end encumbrances.

Unreserved Designated Fund Balance includes \$1,163,106 for self-insurance and \$1,913,859 for campus and other activities in the General Fund. A total of \$102,136,121 has been designated for authorized construction projects in the Capital Projects Fund. The General Fund and Non-Major Special Revenue Funds Unreserved, Undesignated Fund Balance is \$70,672,111 and \$782,324 respectively.

**M. VACATION AND SICK LEAVE**

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying basic financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying basic financial statements.



**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008**

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**N. DATA CONTROL CODES**

Data control codes refer to the account code structure prescribed by the Texas Education Agency, Financial Accountability System Resource Guide.

**O. HEALTH CARE**

The health self-insurance plan was established September 1, 1992. The revenues of this fund are received from both the General and Special Revenue Funds and its expenses are comprised of administrative fees, stop-loss coverage and claims paid on behalf of District employees. The District contributed \$262 per month per employee to the plan for a total of \$12,863,107. The employees, at their option may authorize payroll withholdings to pay premiums for dependents' health insurance coverage. Health claim payments are processed by a third party administrator acting on behalf of the District. As of August 31, 2008, the total liabilities of the health self-insurance fund of \$1,568,492 include accounts payable of \$1,568,492 and current health claim short term liabilities of \$0 representing claims reported but not paid and incurred but not reported. Net assets of the health self-insurance fund were \$2,359,524.

Claims incurred after September 1, 2002 are subject to an individual stop-loss of \$200,000 per participant annually and \$1,000,000 lifetime maximum benefit for the PPO plan and \$200,000 per participant annually and unlimited lifetime maximum benefit for the OAP plan. Individual employee health claims are self-insured by the District up to \$200,000 annually and stop-loss benefits above \$200,000 are provided by Cigna Healthcare of Texas, Inc. up to an aggregate district wide attachment point of \$14,999,155.

The latest financial statements available for Cigna Healthcare of Texas, Inc. are filed with the Texas State Board of Insurance, Austin, Texas, and are public records. The District does not provide any post-retirement health benefits to its employees.

Changes in the medical claims liability amounts in fiscal 2007 and 2008 are presented below:

|              | <b>Beginning of<br/>Fiscal-Year<br/>Liability</b> | <b>Current-Year<br/>Claims &amp; Changes<br/>in Estimates</b> | <b>Claim<br/>Payments</b> | <b>Balance at<br/>Fiscal<br/>Year-End</b> |
|--------------|---------------------------------------------------|---------------------------------------------------------------|---------------------------|-------------------------------------------|
| 2007 Medical | \$ 1,553,174                                      | \$ 9,778,262                                                  | \$ 10,300,807             | \$ 1,030,629                              |
| 2008 Medical | \$ 1,030,629                                      | \$ 12,274,369                                                 | \$ 12,097,382             | \$ 1,207,616                              |

**P. SELF-INSURED WORKERS' COMPENSATION**

On September 1, 1992, the District established its self-funded Workers' Compensation program. The District currently maintains a self-insured retention of \$500,000 per occurrence. The District currently purchases excess coverage to statutory limits from Midwest Employer's Casualty Company. The District does not purchase aggregate excess insurance. Claims administration is currently provided by the third party administrator Tristar Inc., and the Texas Association of School Boards maintains claims processing for liabilities between September 1, 1986 and July 31, 1992.

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008**

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**P. SELF-INSURED WORKERS' COMPENSATION, cont'd.**

The total liabilities for the Workers' Compensation self-insurance fund of \$965,422 include incurred but not reported claims in the amount of \$384,393, of which \$576,590 is expected to be paid within one year, and accounts payable of \$581,029. The claims liability reported in the fund at August 31, 2008 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount. Professional Actuarial Services, Inc. through its actuarial review of the Workers' Compensation self-insurance program, projected an estimated discounted liability of \$384,393 as of August 31, 2008 for the ultimate loss reserve of the fund. The fund had net assets as August 31, 2008 of \$4,419,441.

Changes in the workers' compensation claims liability amounts in fiscal 2007 and 2008 are presented below:

|                            | <u>Beginning of<br/>Fiscal-Year<br/>Liability</u> | <u>Current-Year<br/>Claims &amp; Changes<br/>in Estimates</u> | <u>Claim<br/>Payments</u> | <u>Balance at<br/>Fiscal<br/>Year-End</u> |
|----------------------------|---------------------------------------------------|---------------------------------------------------------------|---------------------------|-------------------------------------------|
| 2007 Workers' Compensation | \$ 1,348,194                                      | \$ 225,669                                                    | \$ 536,291                | \$ 1,037,572                              |
| 2008 Workers' Compensation | \$ 1,037,572                                      | \$ 549,622                                                    | \$ 626,211                | \$ 960,983                                |

**Q. SELF-INSURED UNEMPLOYMENT**

The District through a reimbursement program provides unemployment insurance protection through the Texas Workforce Commission (TWC), should an employee experience a job loss through no fault of his own. As a reimbursing employer (IISD employees receive unemployment benefits directly from the Texas Workforce Commission), the District refunds unemployment benefit claims on a quarterly basis to TWC. Unemployment liabilities have been established at \$8,286 and net assets as of August 31, 2008 were \$174,175.

**R. BENEFITS ADMINISTRATION**

Benefit administrative expenses for the self-insurance programs are funded at the rate of \$1 per month per employee. The August 31, 2008 net assets were \$11,517.

**S. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2005, the District executed an Interlocal agreement with the TASB Risk Management Fund. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008**

**NOTE 2. DEPOSITS AND INVESTMENTS**

Under Texas state law, a bank serving as the school depository must have a bond or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

At August 31, 2008, the carrying amount of the District's cash, not including fiduciary funds, was \$48,574 including petty cash funds of \$48,574. The bank balance was \$367,315. During 2007-2008, the District's combined deposits were fully insured by federal depository insurance or collateralized with securities pledged to the District and held in the District's name by the District's agent. In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

1. Name of bank: Comerica, Texas – Irving.
2. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$79,801,506 and occurred on August 31, 2008.
3. Largest combined collected cash account balance required to be collateralized amounted to \$57,309,659 and occurred on August 31, 2008.
4. Total amount of FDIC coverage at the time of the largest combined balance was \$100,000.

State statutes and Board policy authorize the District to invest in: (1) obligations of the U.S. or its agencies and instrumentalities, (2) obligations of the State of Texas or its agencies, (3) other obligations guaranteed by the U.S. or the State of Texas or their agencies and instrumentalities, (4) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent, (5) guaranteed or secured certificates of deposit issued by state or national banks domiciled in Texas, and (6) fully collateralized repurchase agreements. Temporary investments are reported at cost or fair market, and are secured, when necessary, by the Federal Deposit Insurance Corporation (FDIC) or obligations that comply with the Public Funds Collateral Act. The District's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). The District's management believes that it complied with the requirements of the PFIA and the District's investment policies. The investments owned at period-end are held by the District or its agent in the District's name (Category 1 securities). The District holds securities at fair value.

The investments held at period-end are as follows:

|                            | <u>Fair Value</u>     | <u>WAM</u>      |
|----------------------------|-----------------------|-----------------|
| Cash and Imprest Funds     | \$ 48,574             | 1 Day           |
| Certificates of Deposit    | 56,000,000            | 509 Days        |
| U.S. Agencies              | 17,836,200            | 931 Days        |
| Investments in Texpool     | 24,430,835            | 1 Day           |
| Investments in TexStar     | 8,577,504             | 1 Day           |
| Investments in Lone Star   | 89,931,688            | 1 Day           |
| Investments in Texas Class | 7,011,846             | 1 Day           |
| <b>Total</b>               | <b>\$ 203,836,647</b> | <b>220 Days</b> |

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008**

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**NOTE 2. DEPOSITS AND INVESTMENTS, cont'd.**

Texpool and TexStar are local government investment pools which operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. These types of local government investment pools use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool.

The Texas Local Government Investment Pool ("Texpool"), the Texas Short Term Asset Reserve Program ("TexStar") and Lone Star Investment Pool are 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. TexStar is co-administered by JP Morgan Fleming Asset Management, Inc. and First Southwest Asset Management under an agreement with the TexStar Board of Directors. The TexStar Board is comprised of participants in the pool and other persons who do not have a business relationship with TexStar. The Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate Texpool. In addition, the Texpool Advisory Board advises on Texpool's Investment Policy. This 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.

Lone Star Investment Pool is administered by First Public which is a wholly owned subsidiary of the Texas Association of School Boards (TASB). First Public is also a registered broker-dealer with the Securities and Exchange Commission. The Lone Star Investment Pool is overseen by a Board of Trustees comprised of pool participants.

Texas CLASS (Texas Cooperative Liquid Assets Security System) was organized in March 1996 under a trust agreement executed by and among Texas local governmental entities in accordance with the Public Funds Investment Act, and the Texas Government Code and remains in full compliance with Chapter 2256. The fund is administered by MBIA (Municipal Investors Service Corp) through the MBIA Capital Management Corp. and is rated AAA/V1+ by Fitch Rating Services. Furthermore, MBIA guarantees municipal bonds, infrastructure finance issues, structured asset-backed and mortgage-backed transactions in both the new and secondary markets. MBIA provides specialized investment opportunities and a broad range of services to state and local governments, academic institutions, and other public and private-sector investors.

The Government Accounting Standards Board issued Statement No. 40, Deposit and Investment Risk Disclosures to address common deposit and investment risk related to credit risk, custodial risk, concentration of credit risk, interest rate risk, and foreign currency risk. The District employs various strategies to address these risks.

Interest rate risk occurs whenever rising interest rates will cause a fixed income security to lose fair value. The District manages its exposure to interest rate fluctuations and interest rate risk through its investment policy through diversity of issuer and maturity and by limiting its final maturity of its investments between two and five years, with most purchases less than two years. The District's investment policy states under a Diversity section that, "The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over concentration

**IRVING INDEPENDENT SCHOOL DISTRICT  
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**NOTE 2. DEPOSITS AND INVESTMENTS, cont'd.**

of assets in a specific class of investments, specific maturity, or specific issuer.” Therefore, it manages interest rate risk by laddering the portfolio so that agency positions are not concentrated in one time frame or in one issuer, thereby reducing the overall volatility of the portfolio.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and the District’s investment policy limits the District’s investments to high quality rated instruments that have been evaluated by agencies such as Standard and Poor’s or Moody’s Investor Service. The District controls and monitors credit risk by purchasing only quality rated instruments or investing in local government investment pools that have been evaluated by Standard and Poor’s, Fitch, or Moody’s Investors Service and complies with the Public Funds Investment Act. The Public Funds Investment Act limits investments in commercial paper to A1P1 ratings issued by at least two of the nationally recognized statistical rating organizations (NRSROs) and this is reflected in the investment policy of the District. The school district currently has no commercial paper. The local government investment pools that the District uses are also rated by the NRSROs. Texpool and TexStar are both rated AAAM by Standard & Poor’s.

Custodial credit risk-deposits occurs when deposits are not covered by depository insurance and they are uncollateralized or the collateral is held by the financial institution or their trust department but not in the District’s name. The District’s investment policy requires the District to control this risk by employing a third party, the Federal Reserve Bank, to hold the collateral for the District in the District’s name.

Custodial credit risk-investments occurs whenever investments are held by the counterparty’s trust department but not in the District’s name. The District’s investment policy requires the District to control this risk by trading all securities on a delivery vs. payment basis through the Federal Reserve book entry system and safekeeping them with a third party, Bank of America, registered in the District’s name.

Concentration of credit risk is the risk associated with holding investments that are not in pools and in excess of 5% of the total portfolio. As of August 31, 2008 the District held Federal National Mortgage Association securities with a par amount of \$18,000,000, which is 8.83% of the total portfolio and \$56,000,000 of certificates of deposit, which is 27.47% of the portfolio. All Agency securities held by the District are rated AAA by Standard and Poor’s or Moody’s Investors Service. The District controls this risk by laddering the portfolio, limiting the final maturity of each investment between two and five years through its investment policy with most purchases under two years, and by diversifying between agency types when possible.

Foreign currency risk is the risk of loss due to fluctuations in the exchange rate. The District has no exposure to foreign currency risk.

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 3. PROPERTY TAXES**

Property taxes are considered available when they become due and receivable within the current accounting period or within 60 days thereafter. The District levies taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by the lien date, February 1 of the year following the October 1 levy date. The assessed value of the property tax roll on January 1, 2007, upon which the levy for the 2007-2008 fiscal year was based, was \$9,694,537,924. The roll was subsequently increased to a year-end assessed value of \$9,582,309,159. Taxes not paid by June 30 are subject to both penalty and interest charges plus 20% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2008, to finance General Fund operations and the payment of principal and interest on general obligation long term debt were \$1.00 and \$.3485 per \$100 valuation, respectively, for a total of \$1.3485 per \$100 valuation.

Current tax collections for the year ended August 31, 2008 were 98.56% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes and are not expected to be collected within one year. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of August 31, 2008, property taxes receivable, net of estimated uncollectible taxes, totaled \$2,719,090 and \$829,930 for the General and Debt Service Funds, respectively.

The District elected to participate in a tax increment reinvestment zone with the City of Irving in August 1999. By terms of the participation agreement with the City, the District will contribute 100% of ad valorem taxes collected on the increased assessed valuation of real property in the tax increment reinvestment zone in excess of the tax increment base value established for the zone on 1/1/98. In return, the City will reimburse the District 75% of the taxes collected for the zone to pay for district projects identified in the project plan to be constructed in the zone for educational facilities and maintenance for operating such facilities. The 25% retained by the City will be used to pay for infrastructure in the zone to promote economic development in the zone, specifically that portion of the tax increment reinvestment zone that encompasses the boundaries of the District.

A total of \$498,713 in tax levy was collected for the zone in the current fiscal year because the assessed valuation of real property in the reinvestment zone was greater than the tax increment base value as provided for in the participation agreement. Under current state funding laws, as well as a "hold harmless" provision in the participation agreement, the District will remain revenue neutral with respect to the total revenue from local ad valorem taxes and state sources combined it can expect to receive for each year it contributes to the tax increment reinvestment zone.

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008**

**NOTE 4. DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. All federal grants included below in Federal & State Special Revenue Funds are passed through the TEA and are reported on the financial statements as Due from Other Governments. Furthermore, there are times whenever overpayments are received from a State agency and money may be due to a State agency.

Balances at August 31, 2008 consisted of the following Due from Other Governments:

|                                       |                      |
|---------------------------------------|----------------------|
| <b>Fund:</b>                          |                      |
| General Operating Fund                | \$ 10,624,086        |
| Food Service Fund                     | 315,488              |
| Federal & State Special Revenue Funds | <u>1,563,459</u>     |
| Total                                 | <u>\$ 12,503,033</u> |

**NOTE 5. CAPITAL ASSETS**

Capital asset activity, as reported in governmental activities, for the year ended August 31, 2008 was as follows:

|                                                        | <u>Beginning<br/>Balance</u> | <u>Additions</u>           | <u>Deletions</u>          | <u>Transfers</u>   | <u>Ending<br/>Balance</u>    |
|--------------------------------------------------------|------------------------------|----------------------------|---------------------------|--------------------|------------------------------|
| Capital Assets not depreciated:                        |                              |                            |                           |                    |                              |
| Land                                                   | \$ 18,072,851                | \$ 1,183,958               | \$ -                      | \$ -               | \$ 19,256,809                |
| Construction in Progress                               | 148,546                      | 9,805,827                  | -                         | -                  | 9,954,373                    |
| Total Capital Assets not depreciated                   | <u>18,221,397</u>            | <u>10,989,785</u>          | <u>-</u>                  | <u>-</u>           | <u>29,211,182</u>            |
| Capital Assets depreciated:                            |                              |                            |                           |                    |                              |
| Land Improvements                                      | 17,192,783                   | 50,885                     | -                         | -                  | 17,243,668                   |
| Buildings and Improvements                             | 464,516,534                  | 254,888                    | -                         | -                  | 464,771,422                  |
| Furniture and Equipment                                | 69,927,920                   | 8,563,848                  | (1,697,643)               | -                  | 76,794,125                   |
| Total Capital Assets depreciated                       | <u>551,637,237</u>           | <u>8,869,621</u>           | <u>(1,697,643)</u>        | <u>-</u>           | <u>558,809,215</u>           |
| <b>Total Capital Assets</b>                            | <u><b>569,858,634</b></u>    | <u><b>19,859,406</b></u>   | <u><b>(1,697,643)</b></u> | <u><b>-</b></u>    | <u><b>588,020,397</b></u>    |
| Less Accumulated Depreciation for:                     |                              |                            |                           |                    |                              |
| Land Improvements                                      | 4,073,813                    | 860,650                    | -                         | -                  | 4,934,463                    |
| Buildings and Improvements                             | 144,500,173                  | 9,016,370                  | -                         | -                  | 153,516,543                  |
| Furniture and Equipment                                | 53,402,207                   | 8,099,272                  | (1,671,161)               | -                  | 59,830,318                   |
| Total Accumulated Depreciation                         | <u>201,976,193</u>           | <u>17,976,292</u>          | <u>(1,671,161)</u>        | <u>-</u>           | <u>218,281,324</u>           |
| <b>Governmental Activities<br/>Capital Assets, Net</b> | <u><b>\$ 367,882,441</b></u> | <u><b>\$ 1,883,114</b></u> | <u><b>\$ (26,482)</b></u> | <u><b>\$ -</b></u> | <u><b>\$ 369,739,073</b></u> |

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008**

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**NOTE 5. CAPITAL ASSETS, cont'd.**

Depreciation expense was charged to functions/programs of the primary government as follows:

|                                                          |    |                   |
|----------------------------------------------------------|----|-------------------|
| Governmental Activities:                                 |    |                   |
| Instruction                                              | \$ | 13,349,642        |
| Instructional Resources & Media Services                 |    | 560,984           |
| Curriculum Development & Instructional Staff Development |    | 13,883            |
| Instructional Leadership                                 |    | 104,942           |
| School Leadership                                        |    | 661,825           |
| Guidance, Counseling & Evaluation Services               |    | 442,460           |
| Health Services                                          |    | 110,468           |
| Student Transportation                                   |    | 27,171            |
| Food Services                                            |    | 713,454           |
| Co-Curricular/Extracurricular Activities                 |    | 410,173           |
| General Administration                                   |    | 387,696           |
| Plant Maintenance & Operations                           |    | 298,074           |
| Security & Monitoring Services                           |    | 22,925            |
| Data Processing Services                                 |    | 871,990           |
| Internal Service Funds                                   |    | 605               |
| Total Depreciation Expense, Governmental Activities      | \$ | <u>17,976,292</u> |

**NOTE 6. RETIREMENT PLAN**

The Teacher Retirement System of Texas is a cost sharing multiple employer public-employee retirement system (PERS). However, all risks and costs are not shared by the District but are a liability of the State of Texas. By statute, the State of Texas contributes to the retirement system an amount equal to the current authorized rate times the aggregate annual compensation of all members of the retirement system during that fiscal year. The System's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 223-8778.

For members of the retirement system entitled to the minimum salary for certain school personnel under Section 21.402 of the Texas Education Code and for members who would have been entitled to the state minimum salary under former Section 16.056, Texas Education Code, the District shall pay the state's contribution on the portion of the member's salary that exceeds the statutory minimum, if the District's effective tax rate for maintenance and operations is less than 125 percent of the statewide average for the tax year that ended in the preceding school year.

All employees of public, state-supported educational institutions in Texas who are employed for half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Subtitle C § 822.002 are covered by TRS membership. The Teacher Retirement System of Texas administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school system of Texas. It operates primarily under the provisions of Texas Constitution, Article § XVI, 67 and Texas Government Code, Title 8, Subtitle C.



**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008**

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**NOTE 6. RETIREMENT PLAN, cont'd.**

The system also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and Chapter 805, respectively.

Service Retirement:

- 1) Normal
  - a) Age 65 with 5 years of service
  - b) Age 60 with 20 years of service
  - c) Age 50 with 30 years of service
  - d) Effective September 1, 1997 - any combination of age plus years of service which equals 80
- 2) Reduced
  - a) Age 55 with at least 5 years of service
  - b) Any age below 50 with 30 years of service

A member is fully vested after five years of creditable service and entitled to any benefit for which eligibility requirements have been met.

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.58% of the District's covered payroll. The District's employees' contributions to the System for the years ending August 31, 2008, 2007 and 2006 were \$11,098,609, \$10,320,609, and \$9,329,563, respectively, equal to the required contribution for each year. Other contributions the District made for salaries above the statutory minimum for the years ending August 31, 2008, 2007, and 2006 were \$2,271,062, \$1,684,814, and \$1,466,745, respectively, equal to the required contribution for each year. Contributions to the System by the State on behalf of the District for the years ending August 31, 2008, 2007 and 2006 were \$10,059,008, \$8,603,531, and \$7,917,208, respectively, equal to the required contributions for each year. The District recognized contributions made by the State as revenues and expenditures in the General Fund.

**NOTE 7. RETIREE HEALTH PLAN**

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

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 7. RETIREE HEALTH PLAN, cont'd.**

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 2008, 2007, and 2006. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2008, 2007, and 2006, the State's contributions to TRS-Care were \$1,734,132, \$1,612,543, and \$1,457,657, respectively, the active member contributions were \$1,127,216, \$1,048,153, and \$947,477, respectively, and the District's contributions were \$953,773, \$886,899, and \$801,712, respectively, which equaled the required contributions each year.

Contributions Made. Contributions made by the State, the District and its employees, and the District's covered payroll for the fiscal years 2008, 2007, and 2006 are as follows:

|                                          | <u>2008</u>    | <u>2007</u>    | <u>2006</u>    |
|------------------------------------------|----------------|----------------|----------------|
| Covered payroll                          | \$ 173,416,547 | \$ 161,238,548 | \$ 145,766,907 |
| Contributions made by the State          | 10,059,008     | 8,603,531      | 7,917,208      |
| Retirement plan rate                     | 6.58%          | 6.00%          | 6.00%          |
| Retiree health care rate                 | 1.00%          | 1.00%          | 0.65%          |
| Medicare Part D                          | 416,967        | -              | -              |
| District required and actual             |                |                |                |
| Contributions to TRS & TRS-Care          | 3,224,835      | 2,571,713      | 2,268,457      |
| Employee contributions to TRS & TRS-Care | 12,225,825     | 11,368,762     | 10,277,040     |

**NOTE 8. LONG TERM LIABILITIES**

Long term liabilities include arbitrage, which is typically liquidated by the General and Capital Projects funds and actuarially determined claims liabilities, which are typically liquidated by the Internal Service fund. These liabilities are detailed as follows:

|                   | <u>Beginning<br/>9/1/2007</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance<br/>8/31/2008</u> | <u>Current<br/>Portion</u> |
|-------------------|-------------------------------|------------------|------------------|------------------------------|----------------------------|
| Arbitrage Payable | \$ 136,697                    | \$ -             | \$ 136,697       | \$ -                         | \$ -                       |
| Claims Payable    | \$ 1,037,572                  | \$ -             | \$ 76,589        | \$ 960,983                   | \$ 576,590                 |

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008**

**NOTE 8. LONG TERM LIABILITIES, cont'd.**

Long term debt also includes par bonds, capital appreciation (deep discount) serial bonds, and variable rate bonds as follows:

| <u>Description</u>                      | <u>Interest Rate Payable</u> | <u>Amounts Original Issue</u> | <u>Bonds Outstanding at 09/01/2007</u> | <u>Interest Accretion</u> | <u>Issued (Retired)</u> | <u>Bonds Outstanding at 08/31/2008</u> |
|-----------------------------------------|------------------------------|-------------------------------|----------------------------------------|---------------------------|-------------------------|----------------------------------------|
| 1993 Refunding                          | 2.60%-5.50%                  | 11,055,000                    | 495,809                                | 14,191                    | (510,000)               | -                                      |
| 1994 Refunding                          | 2.90%-4.85%                  | 39,630,000                    | 778,943                                | 21,057                    | (800,000)               | -                                      |
| 1997 School Building                    | 5.00%-5.20%                  | 125,003,220                   | 7,872,155                              | 366,257                   | (1,390,000)             | 6,848,412                              |
| 1997A Refunding                         | 4.85%-5.42%                  | 33,140,000                    | 50,534,307                             | 2,536,273                 | (4,825,000)             | 48,245,580                             |
| 1998 Refunding                          | 4.00%-4.00%                  | 8,629,935                     | 4,367,387                              | 160,398                   | (2,050,000)             | 2,477,785                              |
| 1999 School Building                    | 3.70%-5.45%                  | 8,000,000                     | 525,000                                | -                         | (255,000)               | 270,000                                |
| 2000 School Building                    | 4.45%-5.00%                  | 10,267,201                    | 55,000                                 | -                         | (55,000)                | -                                      |
| 2001 School Building                    | 4.00%-5.50%                  | 27,390,000                    | 4,155,000                              | -                         | (480,000)               | 3,675,000                              |
| 2001A Refunding                         | 3.70%-4.30%                  | 6,170,000                     | 1,140,000                              | -                         | (365,000)               | 775,000                                |
| 2002 School Building                    | 2.09%-6.03%                  | 130,853,959                   | 49,119,919                             | 2,234,874                 | (7,305,000)             | 44,049,793                             |
| 2003 School Building                    | 2.00%-5.00%                  | 51,882,264                    | 9,662,319                              | 156,246                   | (320,000)               | 9,498,565                              |
| 2004A School Building                   | Variable                     | 20,000,000                    | 17,800,000                             | -                         | (1,950,000)             | 15,850,000                             |
| 2004B School Building                   | Variable                     | 20,000,000                    | 17,400,000                             | -                         | (1,550,000)             | 15,850,000                             |
| 2005 Refunding                          | 3.00%-5.25%                  | 92,425,000                    | 90,690,000                             | -                         | (450,000)               | 90,240,000                             |
| 2006 Refunding                          | 3.95%-5.46%                  | 66,472,786                    | 69,246,178                             | 3,143,554                 | (210,000)               | 72,179,732                             |
| 2007 Refunding                          | 3.65%-4.40%                  | 109,045,000                   | 113,295,604                            | 230,435                   | (519,999)               | 113,006,040                            |
| 2007A School Building                   | 3.87%-5.00%                  | 20,000,000                    | 20,000,000                             | -                         | (3,315,000)             | 16,685,000                             |
| 2008 School Building                    | 2.00%-5.00%                  | 87,020,000                    | -                                      | -                         | 87,020,000              | 87,020,000                             |
| <b>Total Bonded Indebtedness</b>        |                              |                               | <b>457,137,621</b>                     | <b>8,863,285</b>          | <b>60,670,001</b>       | <b>526,670,907</b>                     |
| Less Current Portion                    |                              |                               |                                        |                           |                         | 16,779,392                             |
| Long term portion as of August 31, 2008 |                              |                               |                                        |                           |                         | 509,891,515                            |
| Premium/Discounts/Loss on Refunding     |                              |                               | (2,439,069)                            | -                         | 1,686,450               | (752,619)                              |
| <b>Total Long Term Bonds Payable</b>    |                              |                               |                                        |                           |                         | <b>509,138,896</b>                     |

Debt service principal requirements to maturity below exclude accumulated accretion of \$65,589,298, which is included in the interest column:

| <u>Year Ended August 31</u> | <u>Principal</u>      | <u>Interest</u>       | <u>Total Requirements</u> |
|-----------------------------|-----------------------|-----------------------|---------------------------|
| 2009                        | \$ 16,779,392         | \$ 22,115,514         | \$ 38,894,906             |
| 2010                        | 17,471,407            | 23,115,590            | 40,586,997                |
| 2011                        | 14,130,670            | 23,877,663            | 38,008,333                |
| 2012                        | 14,608,540            | 22,855,583            | 37,464,123                |
| 2013                        | 13,199,223            | 22,996,831            | 36,196,054                |
| 2014-2018                   | 73,702,377            | 107,645,355           | 181,347,732               |
| 2019-2023                   | 109,000,000           | 72,093,320            | 181,093,320               |
| 2024-2028                   | 74,010,000            | 107,065,446           | 181,075,446               |
| 2029-2033                   | 108,540,000           | 14,469,713            | 123,009,713               |
| 2034-2038                   | 19,640,000            | 2,420,838             | 22,060,838                |
| <b>Totals</b>               | <b>\$ 461,081,609</b> | <b>\$ 418,655,853</b> | <b>\$ 879,737,462</b>     |

There are a number of limitations and restrictions contained in the various general obligation bond indentures. The District is in compliance with all limitations and restrictions at August 31, 2008.

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008**

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**NOTE 9. DEBT ISSUANCES AND DEFEASED DEBT**

On February 1, 2008, the District issued \$87,020,000 Series 2008 Unlimited Tax School Building Bonds bearing interest at a rate of 2.00% to 5.00%. The bonds pay interest every February 15 and August 15, commencing February 15, 2009.

The bond documents state that the proceeds from the sale of the bonds will be used to "(i) acquire, construct, and equip school facilities in the District, including the purchase of necessary sites for school facilities and the purchase of school buses and (ii) pay costs of issuance related to the bonds."

In prior years, the District issued refunding bonds for the purpose of restructuring outstanding debt service requirements or decreasing the total debt service payments. These refunding issues defeased selected general obligation and maintenance bonds. The total principal outstanding of the insubstance defeased debt as of August 31, 2008 is \$150,080,623.

**NOTE 10. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

In the fund financial statements, interfund balances are the results of normal transactions between funds and will be liquidated in the subsequent fiscal year. These balances at August 31, 2008 consisted of the following individual fund receivables and payables:

| <u>Fund</u>           | <u>Receivable</u>   | <u>Payable</u>      | <u>Reason</u>           |
|-----------------------|---------------------|---------------------|-------------------------|
| General Fund:         |                     |                     |                         |
| Debt Service Fund     | \$ -                | \$ 207,201          | To clear negative cash. |
| Other Nonmajor Funds  | 1,415,412           | -                   | To clear negative cash. |
| Debt Service Fund:    |                     |                     |                         |
| General Fund          | 207,201             | -                   | To clear negative cash. |
| Other Nonmajor Funds: |                     |                     |                         |
| General Fund          | -                   | 1,415,412           | To clear negative cash. |
|                       | <u>\$ 1,622,613</u> | <u>\$ 1,622,613</u> |                         |

**NOTE 11. LITIGATION, COMMITMENTS, AND CONTINGENCIES**

The District is a party to various legal actions, none of which is believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such 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, 2008 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 financial statements for such contingencies.

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008**

**NOTE 11. LITIGATION, COMMITMENTS, AND CONTINGENCIES, cont'd.**

The District was obligated at August 31, 2008 for three major construction projects. These projects cover construction and renovations at two high schools and the District-wide contract for the 2007 Security Systems Initiative. The District was obligated for \$637,950 relating to these projects as of August 31, 2008.

**NOTE 12. LOCAL, INTERMEDIATE, AND OUT-OF-STATE REVENUES**

During the current year, local, intermediate and out-of-state revenues for the fund statements consisted of the following:

|                                                | <u>General Fund</u>   | <u>Food Service Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> | <u>Nonmajor Other Funds</u> | <u>Total</u>          |
|------------------------------------------------|-----------------------|--------------------------|--------------------------|------------------------------|-----------------------------|-----------------------|
| Property Taxes                                 | \$ 92,017,326         | \$ -                     | \$ 31,867,474            | \$ -                         | \$ -                        | \$ 123,884,800        |
| Food Sales                                     | -                     | 2,996,747                | -                        | -                            | -                           | 2,996,747             |
| Investment Income                              | 4,286,497             | 165,716                  | 722,170                  | 2,338,211                    | -                           | 7,512,594             |
| Penalties, Interest & Other Tax-Related Income | 994,681               | -                        | 244,880                  | -                            | -                           | 1,239,561             |
| Co-curricular                                  | -                     | -                        | -                        | -                            | -                           | -                     |
| Student Activities                             | 1,262,648             | -                        | -                        | -                            | -                           | 1,262,648             |
| Other                                          | 3,313,706             | -                        | -                        | -                            | 184,027                     | 3,497,733             |
| <b>Total</b>                                   | <b>\$ 101,874,858</b> | <b>\$ 3,162,463</b>      | <b>\$ 32,834,524</b>     | <b>\$ 2,338,211</b>          | <b>\$ 184,027</b>           | <b>\$ 140,394,083</b> |

**NOTE 13. DEFERRED REVENUE**

Deferred revenue at year-end for the fund statements consisted of the following:

|                               | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Nonmajor Other Funds</u> | <u>Total</u>        |
|-------------------------------|---------------------|--------------------------|-----------------------------|---------------------|
| Net Tax Revenue               | \$ 2,719,090        | \$ 829,930               | \$ -                        | \$ 3,549,020        |
| Taxes Paid in Advance         | 85,051              | -                        | -                           | 85,051              |
| Laptop Computer Fees          | 258,421             | -                        | -                           | 258,421             |
| Immigration Legal Fees        | 19,990              | -                        | -                           | 19,990              |
| Other                         | 85                  | -                        | -                           | 85                  |
| AP/IB Program                 | -                   | -                        | 25,445                      | 25,445              |
| Regional State Deaf           | -                   | -                        | 138,498                     | 138,498             |
| <b>Total Deferred Revenue</b> | <b>\$ 3,082,637</b> | <b>\$ 829,930</b>        | <b>\$ 163,943</b>           | <b>\$ 4,076,510</b> |

For government-wide financial statements deferred revenues relating to taxes is recognized as revenue.

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2008**

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**NOTE 14. NEW ACCOUNTING PRONOUNCEMENTS**

GASB has issued Statement No. 49, "*Accounting and Financial Reporting for Pollution Remediation Obligations*," which will be effective for the District in the fiscal year ending August 31, 2009. GASB 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The District will evaluate the impact of the standards on its financial statements and take the necessary steps to implement.

GASB has issued Statement No. 51, "*Accounting and Financial Reporting for Intangible Assets*," which will be effective for the District in the fiscal year ending August 31, 2010. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets clarifying whether and when intangible assets should be considered capital assets for financial reporting purposes. The District will evaluate the impact of the standards on its financial statements and take the necessary steps to implement.

GASB has issued Statement No. 52, "*Land and Other Real Estate Held as Investments by Endowments*," which will be effective for the District in the fiscal year ending September 30, 2009. This statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. The District will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement if appropriate.

GASB has issued Statement No. 53, "*Accounting and Financial Reporting of Derivative Instruments*," which will be effective for the District in the fiscal year ending September 30, 2010. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The District will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement if appropriate.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**IRVING INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2008**

**EXHIBIT G-1**

| DATA CONTROL CODES                                            | Original Budget      | Final Amended Budget | Fiscal Year Actual   | Variance Positive or (Negative) |
|---------------------------------------------------------------|----------------------|----------------------|----------------------|---------------------------------|
| <b>REVENUES</b>                                               |                      |                      |                      |                                 |
| 5700 Local and Intermediate Sources                           | \$ 100,471,168       | \$ 102,400,370       | \$ 101,874,858       | \$ (525,512)                    |
| 5800 State Program Revenues                                   | 114,744,508          | 117,389,814          | 117,027,220          | (362,594)                       |
| 5900 Federal Program Revenues                                 | 505,400              | 1,223,046            | 1,224,432            | 1,386                           |
| 5020 Total Revenues                                           | <u>215,721,076</u>   | <u>221,013,230</u>   | <u>220,126,510</u>   | <u>(886,720)</u>                |
| <b>EXPENDITURES</b>                                           |                      |                      |                      |                                 |
| Current:                                                      |                      |                      |                      |                                 |
| 0010 Instruction and Instructional-Related Services:          |                      |                      |                      |                                 |
| 0011 Instruction                                              | 139,308,440          | 138,840,473          | 136,671,077          | 2,169,396                       |
| 0012 Instructional Resources and Media Services               | 4,339,442            | 4,212,318            | 4,132,675            | 79,643                          |
| 0013 Curriculum Development & Instructional Staff Development | 2,069,988            | 2,151,049            | 1,865,497            | 285,552                         |
| Total Instruction and Instructional-Related Services:         | <u>145,717,870</u>   | <u>145,203,840</u>   | <u>142,669,249</u>   | <u>2,534,591</u>                |
| 0020 Instructional and School Leadership:                     |                      |                      |                      |                                 |
| 0021 Instructional Leadership                                 | 3,759,603            | 3,944,698            | 3,881,131            | 63,567                          |
| 0023 School Leadership                                        | 16,291,368           | 16,198,187           | 16,256,129           | (57,942)                        |
| Total Instructional and School Leadership:                    | <u>20,050,971</u>    | <u>20,142,885</u>    | <u>20,137,260</u>    | <u>5,625</u>                    |
| 0030 Support Services - Student (Pupil):                      |                      |                      |                      |                                 |
| 0031 Guidance, Counseling, and Evaluation Services            | 9,863,953            | 9,755,705            | 9,363,065            | 392,640                         |
| 0032 Social Work Services                                     | 420,620              | 453,447              | 452,623              | 824                             |
| 0033 Health Services                                          | 2,114,093            | 2,265,067            | 2,244,232            | 20,835                          |
| 0034 Student (Pupil) Transportation                           | 2,694,279            | 2,689,279            | 2,439,417            | 249,862                         |
| 0035 Food Services                                            | 251,800              | 290,248              | 272,420              | 17,828                          |
| 0036 Co-Curricular/Extracurricular Activities                 | 4,255,206            | 4,584,290            | 4,492,092            | 92,198                          |
| Total Support Services - Student (Pupil):                     | <u>19,599,951</u>    | <u>20,038,036</u>    | <u>19,263,849</u>    | <u>774,187</u>                  |
| 0040 Administrative Support Services:                         |                      |                      |                      |                                 |
| 0041 General Administration                                   | 7,141,525            | 6,939,868            | 6,607,065            | 332,803                         |
| Total Administrative Support Services:                        | <u>7,141,525</u>     | <u>6,939,868</u>     | <u>6,607,065</u>     | <u>332,803</u>                  |
| 0050 Support Services - Nonstudent Based:                     |                      |                      |                      |                                 |
| 0051 Plant Maintenance and Operations                         | 18,750,391           | 18,876,499           | 17,916,759           | 959,740                         |
| 0052 Security and Monitoring Services                         | 2,351,803            | 2,407,161            | 2,214,373            | 192,788                         |
| 0053 Data Processing Services                                 | 3,629,526            | 3,301,292            | 2,695,379            | 605,913                         |
| Total Support Services - Nonstudent Based:                    | <u>24,731,720</u>    | <u>24,584,952</u>    | <u>22,826,511</u>    | <u>1,758,441</u>                |
| 0060 Ancillary Services:                                      |                      |                      |                      |                                 |
| 0061 Community Services                                       | 118,455              | 243,762              | 228,548              | 15,214                          |
| Total Ancillary Services:                                     | <u>118,455</u>       | <u>243,762</u>       | <u>228,548</u>       | <u>15,214</u>                   |
| 0090 Intergovernmental Charges:                               |                      |                      |                      |                                 |
| 0095 Payments to JJAEP                                        | 165,000              | 166,095              | 166,095              | -                               |
| 0097 Payments to TIF                                          | -                    | 498,713              | 498,713              | -                               |
| Total Intergovernmental Charges:                              | <u>165,000</u>       | <u>664,808</u>       | <u>664,808</u>       | <u>-</u>                        |
| 6030 Total Expenditures                                       | <u>217,525,492</u>   | <u>217,818,151</u>   | <u>212,397,290</u>   | <u>5,420,861</u>                |
| 1100 Excess of Revenues Over Expenditures                     | <u>(1,804,416)</u>   | <u>3,195,079</u>     | <u>7,729,220</u>     | <u>4,534,141</u>                |
| <b>OTHER FINANCING SOURCES (USES)</b>                         |                      |                      |                      |                                 |
| 7912 Proceeds from Sale of Fixed Assets                       | 30,000               | 114,082              | 114,036              | (46)                            |
| Total Other Financing Sources (Uses)                          | <u>30,000</u>        | <u>114,082</u>       | <u>114,036</u>       | <u>(46)</u>                     |
| 1200 Net Change in Fund Balances                              | (1,774,416)          | 3,309,161            | 7,843,256            | 4,534,095                       |
| 0100 Fund Balance - September 1 (Beginning)                   | 67,779,716           | 67,779,716           | 67,779,716           | -                               |
| 3000 Fund Balance - August 31 (Ending)                        | <u>\$ 66,005,300</u> | <u>\$ 71,088,877</u> | <u>\$ 75,622,972</u> | <u>\$ 4,534,095</u>             |

See Notes to Required Supplementary Information.



**IRVING INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – FOOD SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2008**

**EXHIBIT G-2**

| DATA<br>CONTROL<br>CODES |                                            | Original<br>Budget  | Final<br>Amended<br>Budget | Fiscal<br>Year<br>Actual | Variance<br>Positive or<br>(Negative) |
|--------------------------|--------------------------------------------|---------------------|----------------------------|--------------------------|---------------------------------------|
|                          | <b>REVENUES</b>                            |                     |                            |                          |                                       |
| 5700                     | Local and Intermediate Sources             | \$ 3,322,600        | \$ 3,122,600               | \$ 3,162,463             | \$ 39,863                             |
| 5800                     | State Program Revenues                     | 105,050             | 111,329                    | 111,329                  | -                                     |
| 5900                     | Federal Program Revenues                   | 10,540,000          | 12,167,000                 | 11,756,508               | (410,492)                             |
| 5020                     | Total Revenues                             | <u>13,967,650</u>   | <u>15,400,929</u>          | <u>15,030,300</u>        | <u>(370,629)</u>                      |
|                          | <b>EXPENDITURES</b>                        |                     |                            |                          |                                       |
|                          | Current:                                   |                     |                            |                          |                                       |
| 0030                     | Support Services - Student (Pupil):        |                     |                            |                          |                                       |
| 0035                     | Food Services                              | <u>13,373,975</u>   | <u>13,918,159</u>          | <u>13,100,859</u>        | <u>817,300</u>                        |
|                          | Total Support Services - Student (Pupil):  | <u>13,373,975</u>   | <u>13,918,159</u>          | <u>13,100,859</u>        | <u>817,300</u>                        |
| 0050                     | Support Services - Nonstudent Based:       |                     |                            |                          |                                       |
| 0051                     | Plant Maintenance and Operations           | <u>651,798</u>      | <u>547,574</u>             | <u>547,543</u>           | <u>31</u>                             |
|                          | Total Support Services - Nonstudent Based: | <u>651,798</u>      | <u>547,574</u>             | <u>547,543</u>           | <u>31</u>                             |
| 0080                     | Capital Outlay:                            |                     |                            |                          |                                       |
| 0081                     | Facilities Acquisition and Construction    | <u>-</u>            | <u>852,403</u>             | <u>728,435</u>           | <u>123,968</u>                        |
|                          | Total Capital Outlay:                      | <u>-</u>            | <u>852,403</u>             | <u>728,435</u>           | <u>123,968</u>                        |
| 6030                     | Total Expenditures                         | <u>14,025,773</u>   | <u>15,318,136</u>          | <u>14,376,837</u>        | <u>941,299</u>                        |
| 1100                     | Excess of Revenues Over Expenditures       | <u>(58,123)</u>     | <u>82,793</u>              | <u>653,463</u>           | <u>570,670</u>                        |
| 1200                     | Net Change in Fund Balances                | (58,123)            | 82,793                     | 653,463                  | 570,670                               |
| 0100                     | Fund Balance - September 1 (Beginning)     | <u>5,829,135</u>    | <u>5,829,135</u>           | <u>5,829,135</u>         | -                                     |
| 3000                     | Fund Balance - August 31 (Ending)          | <u>\$ 5,771,012</u> | <u>\$ 5,911,928</u>        | <u>\$ 6,482,598</u>      | <u>\$ 570,670</u>                     |

See Notes to Required Supplementary Information.

**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
AUGUST 31, 2008**

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**NOTE 1. BUDGETARY LEGAL COMPLIANCE**

The Official Budget was prepared for adoption prior to August 20, 2007 for all required Governmental Funds on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles (see Note 1D in the Notes to the Financial Statements). The budget is adopted by fund and function for expenditures and by fund and object for revenues. The appropriate department head or campus principal controls the budget. Therefore, management may transfer appropriations at the object level as necessary without the approval of the Board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within Fund Groups at the function code level for expenditures and object code level for revenues.

The Budget is formally adopted by the Board of Trustees at a duly advertised public meeting in accordance with law prior to the expenditure of funds. The approved budget is filed with the TEA through the Public Education Information Management System (PEIMS).

Should any change in the approved budget be required, budget amendment requests are presented to the Board of Trustees for consideration. Amendments are made before the fact and once approved are reflected in the official minutes. During the year the budget was properly amended in accordance with the above procedures. The Board of Trustees approved the final amendment on August 25, 2008.



**OTHER SUPPLEMENTARY  
INFORMATION**

**COMBINING AND  
INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**NONMAJOR  
GOVERNMENTAL FUNDS**

**IRVING INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2008**

**EXHIBIT H-1**

| DATA<br>CONTROL<br>CODES |                                           | FEDERAL<br>SPECIAL<br>REVENUE | STATE<br>SPECIAL<br>REVENUE | TOTALS<br>NONMAJOR<br>GOVERNMENTAL<br>FUNDS |
|--------------------------|-------------------------------------------|-------------------------------|-----------------------------|---------------------------------------------|
|                          | <b>ASSETS</b>                             |                               |                             |                                             |
| 1110                     | Cash & Temporary Investment               | \$ -                          | \$ 984,494                  | \$ 984,494                                  |
|                          | Receivables:                              |                               |                             |                                             |
| 1240                     | Due from Other Governments                | 1,075,986                     | 487,473                     | 1,563,459                                   |
| 1000                     | <b>TOTAL ASSETS</b>                       | <b>\$ 1,075,986</b>           | <b>\$ 1,471,967</b>         | <b>\$ 2,547,953</b>                         |
|                          | <b>LIABILITIES</b>                        |                               |                             |                                             |
| 2110                     | Accounts Payable                          | \$ 94,253                     | \$ 24,891                   | \$ 119,144                                  |
| 2160                     | Accrued Wages Payable                     | 9,490                         | -                           | 9,490                                       |
| 2170                     | Due to Other Funds                        | 929,782                       | 485,630                     | 1,415,412                                   |
| 2180                     | Due to Other Governments                  | 42,461                        | 15,179                      | 57,640                                      |
| 2300                     | Deferred Revenue                          | -                             | 163,943                     | 163,943                                     |
| 2000                     | <b>TOTAL LIABILITIES</b>                  | <b>1,075,986</b>              | <b>689,643</b>              | <b>1,765,629</b>                            |
|                          | <b>FUND BALANCE</b>                       |                               |                             |                                             |
|                          | Unreserved, Undesignated Fund Balance:    | -                             | 782,324                     | 782,324                                     |
| 3000                     | <b>TOTAL FUND BALANCE</b>                 | <b>-</b>                      | <b>782,324</b>              | <b>782,324</b>                              |
| 4000                     | <b>TOTAL LIABILITIES AND FUND BALANCE</b> | <b>\$ 1,075,986</b>           | <b>\$ 1,471,967</b>         | <b>\$ 2,547,953</b>                         |

**IRVING INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2008**

**EXHIBIT H-2**

| DATA<br>CONTROL<br>CODES |                                                          | FEDERAL<br>SPECIAL<br>REVENUE | STATE<br>SPECIAL<br>REVENUE | TOTALS<br>NONMAJOR<br>GOVERNMENTAL<br>FUNDS |
|--------------------------|----------------------------------------------------------|-------------------------------|-----------------------------|---------------------------------------------|
|                          | <b>REVENUES</b>                                          |                               |                             |                                             |
| 5700                     | Local and Intermediate Sources                           | \$ -                          | \$ 184,027                  | \$ 184,027                                  |
| 5800                     | State Program Revenues                                   | -                             | 6,588,004                   | 6,588,004                                   |
| 5900                     | Federal Program Revenues                                 | <u>18,312,218</u>             | -                           | <u>18,312,218</u>                           |
| 5020                     | Total Revenues                                           | <u>18,312,218</u>             | <u>6,772,031</u>            | <u>25,084,249</u>                           |
|                          | <b>EXPENDITURES</b>                                      |                               |                             |                                             |
|                          | Current:                                                 |                               |                             |                                             |
| 0010                     | Instruction and Instructional-Related Services:          |                               |                             |                                             |
| 0011                     | Instruction                                              | 12,510,016                    | 6,490,987                   | 19,001,003                                  |
| 0012                     | Instructional Resources and Media Services               | 14,387                        | -                           | 14,387                                      |
| 0013                     | Curriculum Development & Instructional Staff Development | <u>1,779,395</u>              | <u>266,737</u>              | <u>2,046,132</u>                            |
|                          | Total Instruction and Instructional-Related Services:    | <u>14,303,798</u>             | <u>6,757,724</u>            | <u>21,061,522</u>                           |
| 0020                     | Instructional and School Leadership:                     |                               |                             |                                             |
| 0021                     | Instructional Leadership                                 | 1,093,585                     | 168,225                     | 1,261,810                                   |
| 0023                     | School Leadership                                        | <u>344,094</u>                | <u>25,921</u>               | <u>370,015</u>                              |
|                          | Total Instructional and School Leadership:               | <u>1,437,679</u>              | <u>194,146</u>              | <u>1,631,825</u>                            |
| 0030                     | Support Services - Student (Pupil):                      |                               |                             |                                             |
| 0031                     | Guidance, Counseling, and Evaluation Services            | 1,038,798                     | 178,525                     | 1,217,323                                   |
| 0032                     | Social Work Services                                     | -                             | -                           | -                                           |
| 0033                     | Health Services                                          | -                             | -                           | -                                           |
| 0034                     | Student (Pupil) Transportation                           | 575,733                       | -                           | 575,733                                     |
| 0035                     | Food Services                                            | -                             | -                           | -                                           |
| 0036                     | Co-Curricular/Extracurricular Activities                 | <u>9,040</u>                  | -                           | <u>9,040</u>                                |
|                          | Total Support Services - Student (Pupil):                | <u>1,623,571</u>              | <u>178,525</u>              | <u>1,802,096</u>                            |
| 0040                     | Administrative Support Services:                         |                               |                             |                                             |
| 0041                     | General Administration                                   | 21,678                        | -                           | 21,678                                      |
|                          | Total Administrative Support Services:                   | <u>21,678</u>                 | -                           | <u>21,678</u>                               |
| 0050                     | Support Services - Nonstudent Based:                     |                               |                             |                                             |
| 0051                     | Plant Maintenance and Operation                          | -                             | -                           | -                                           |
| 0052                     | Security and Monitoring Services                         | 10,388                        | -                           | 10,388                                      |
| 0053                     | Data Processing Services                                 | <u>61,535</u>                 | -                           | <u>61,535</u>                               |
|                          | Total Support Services - Nonstudent Based:               | <u>71,923</u>                 | -                           | <u>71,923</u>                               |
| 0060                     | Ancillary Services:                                      |                               |                             |                                             |
| 0061                     | Community Services                                       | <u>853,569</u>                | <u>7,600</u>                | <u>861,169</u>                              |
|                          | Total Ancillary Services:                                | <u>853,569</u>                | <u>7,600</u>                | <u>861,169</u>                              |
| 6030                     | Total Expenditures                                       | <u>18,312,218</u>             | <u>7,137,995</u>            | <u>25,450,213</u>                           |
| 1200                     | Net Change in Fund Balances                              | -                             | (365,964)                   | (365,964)                                   |
| 0100                     | Fund Balance - September 1 (Beginning)                   | -                             | 1,148,288                   | 1,148,288                                   |
|                          | Fund Balance - August 31 (Ending)                        | <u>\$ -</u>                   | <u>\$ 782,324</u>           | <u>\$ 782,324</u>                           |



**INTERNAL  
SERVICE FUNDS**



**IRVING INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 AUGUST 31, 2008**

| DATA<br>CONTROL<br>CODES |                                                    | WORKERS             |                     |                   |
|--------------------------|----------------------------------------------------|---------------------|---------------------|-------------------|
|                          |                                                    | HEALTH              | COMPENSATION        | UNEMPLOYMENT      |
|                          | <b>ASSETS</b>                                      |                     |                     |                   |
|                          | Current Assets:                                    |                     |                     |                   |
| 1110                     | Cash and Temporary Investments                     | \$ 3,796,507        | \$ 5,382,539        | \$ 182,461        |
| 1260                     | Due from Other Funds                               | -                   | -                   | -                 |
| 1290                     | Other Receivables                                  | -                   | -                   | -                 |
| 1310                     | Inventories, at cost                               | -                   | -                   | -                 |
| 1490                     | Other Current Assets                               | 131,509             | 2,324               | -                 |
|                          | <b>Total Current Assets</b>                        | <b>3,928,016</b>    | <b>5,384,863</b>    | <b>182,461</b>    |
|                          | Non-Current Assets:                                |                     |                     |                   |
| 1500                     | Furniture and Equipment, net                       | \$ -                | \$ -                | \$ -              |
|                          | <b>Total Non-Current Assets</b>                    | <b>-</b>            | <b>-</b>            | <b>-</b>          |
| 1000                     | <b>Total Assets</b>                                | <b>3,928,016</b>    | <b>5,384,863</b>    | <b>182,461</b>    |
|                          | <b>LIABILITIES</b>                                 |                     |                     |                   |
|                          | Current Liabilities:                               |                     |                     |                   |
| 2110                     | Accounts Payable & Claims Liabilities              | \$ 1,568,492        | \$ 581,029          | \$ 8,286          |
| 2150                     | Payroll Deductions                                 | -                   | -                   | -                 |
| 2170                     | Due to Other Funds                                 | -                   | -                   | -                 |
|                          | <b>Total Current Liabilities</b>                   | <b>1,568,492</b>    | <b>581,029</b>      | <b>8,286</b>      |
|                          | Long-Term Liabilities:                             |                     |                     |                   |
| 2800                     | Long-Term Claim Reserve                            | -                   | 384,393             | -                 |
|                          | <b>Total Long-Term Liabilities</b>                 | <b>-</b>            | <b>384,393</b>      | <b>-</b>          |
| 2000                     | <b>Total Liabilities</b>                           | <b>1,568,492</b>    | <b>965,422</b>      | <b>8,286</b>      |
|                          | <b>NET ASSETS</b>                                  |                     |                     |                   |
| 3800                     | Invested in Capital Assets,<br>Net of Related Debt | -                   | -                   | -                 |
| 3900                     | Unrestricted Net Assets                            | 2,359,524           | 4,419,441           | 174,175           |
| 3000                     | <b>TOTAL NET ASSETS</b>                            | <b>\$ 2,359,524</b> | <b>\$ 4,419,441</b> | <b>\$ 174,175</b> |

**EXHIBIT H-3**

| <u>BENEFITS<br/>ADMINISTRATION</u> | <u>SCIENCE KIT<br/>REFURBISHMENT</u> | <u>IRVING.NET</u> | <u>PRINT SHOP</u> | <u>TOTALS<br/>INTERNAL SERVICE<br/>FUNDS</u> |
|------------------------------------|--------------------------------------|-------------------|-------------------|----------------------------------------------|
| \$ 11,517                          | \$ 7,739                             | \$ 22,558         | \$ 87,477         | \$ 9,490,798                                 |
| -                                  | -                                    | -                 | -                 | -                                            |
| -                                  | 51,312                               | -                 | -                 | 51,312                                       |
| -                                  | -                                    | -                 | 10,055            | 10,055                                       |
| -                                  | -                                    | -                 | -                 | 133,833                                      |
| <u>11,517</u>                      | <u>59,051</u>                        | <u>22,558</u>     | <u>97,532</u>     | <u>9,685,998</u>                             |
| \$ -                               | \$ -                                 | \$ -              | \$ 5,444          | \$ 5,444                                     |
| -                                  | -                                    | -                 | 5,444             | 5,444                                        |
| <u>11,517</u>                      | <u>59,051</u>                        | <u>22,558</u>     | <u>102,976</u>    | <u>9,691,442</u>                             |
| \$ -                               | \$ 18,423                            | \$ -              | \$ -              | 2,176,230                                    |
| -                                  | -                                    | -                 | -                 | -                                            |
| -                                  | -                                    | -                 | -                 | -                                            |
| -                                  | <u>18,423</u>                        | -                 | -                 | <u>2,176,230</u>                             |
| -                                  | -                                    | -                 | -                 | 384,393                                      |
| -                                  | -                                    | -                 | -                 | 384,393                                      |
| -                                  | <u>18,423</u>                        | -                 | -                 | <u>2,560,623</u>                             |
| -                                  | -                                    | -                 | 5,444             | 5,444                                        |
| <u>11,517</u>                      | <u>40,628</u>                        | <u>22,558</u>     | <u>97,532</u>     | <u>7,125,375</u>                             |
| <u>\$ 11,517</u>                   | <u>\$ 40,628</u>                     | <u>\$ 22,558</u>  | <u>\$ 102,976</u> | <u>\$ 7,130,819</u>                          |

**IRVING INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2008**

| DATA<br>CONTROL<br>CODES |                                       | WORKERS             |                     |                   |
|--------------------------|---------------------------------------|---------------------|---------------------|-------------------|
|                          |                                       | HEALTH              | COMPENSATION        | UNEMPLOYMENT      |
|                          | <b>OPERATING REVENUES</b>             |                     |                     |                   |
| 5700                     | Charges for Services                  | \$15,422,639        | \$ 668,462          | \$ 66,855         |
| 5020                     | Total Operating Revenues              | <u>15,422,639</u>   | <u>668,462</u>      | <u>66,855</u>     |
|                          | <b>OPERATING EXPENSES</b>             |                     |                     |                   |
| 6100                     | Payroll Costs                         | -                   | 100,477             | -                 |
| 6200                     | Professional/Contracted Services      | 1,355               | -                   | -                 |
| 6300                     | Supplies and Materials                | -                   | -                   | -                 |
| 6400                     | Claims, Administration, & Other Exp.  | 15,040,447          | 682,937             | 44,605            |
| 6030                     | Total Operating Expenses              | <u>15,041,802</u>   | <u>783,414</u>      | <u>44,605</u>     |
|                          | Operating Income (Loss)               | 380,837             | (114,952)           | 22,250            |
|                          | <b>NON-OPERATING REVENUES</b>         |                     |                     |                   |
| 7955                     | Interest Income                       | <u>39,079</u>       | <u>39,079</u>       | <u>-</u>          |
|                          | <b>CHANGE IN NET ASSETS</b>           | 419,916             | (75,873)            | 22,250            |
| 0100                     | Total Net Assets - September 1 (Beg.) | <u>1,939,608</u>    | <u>4,495,314</u>    | <u>151,925</u>    |
| 3000                     | Total Net Assets - August 31 (Ending) | <u>\$ 2,359,524</u> | <u>\$ 4,419,441</u> | <u>\$ 174,175</u> |

**EXHIBIT H-4**

| <u>BENEFITS<br/>ADMINISTRATION</u> | <u>SCIENCE KIT<br/>REFURBISHMENT</u> | <u>IRVING.NET</u> | <u>PRINT SHOP</u> | <u>TOTALS<br/>INTERNAL SERVICE<br/>FUNDS</u> |
|------------------------------------|--------------------------------------|-------------------|-------------------|----------------------------------------------|
| \$ 60,094                          | \$ 424,490                           | \$ 18,135         | \$ 138,708        | \$ 16,799,383                                |
| <u>60,094</u>                      | <u>424,490</u>                       | <u>18,135</u>     | <u>138,708</u>    | <u>16,799,383</u>                            |
| -                                  | 192,818                              | 10,387            | -                 | 303,682                                      |
| -                                  | 4,010                                | 5,736             | 76,503            | 87,604                                       |
| -                                  | 226,362                              | 1,402             | 45,007            | 272,771                                      |
| <u>55,503</u>                      | <u>21,009</u>                        | <u>10,001</u>     | <u>605</u>        | <u>15,855,107</u>                            |
| <u>55,503</u>                      | <u>444,199</u>                       | <u>27,526</u>     | <u>122,115</u>    | <u>16,519,164</u>                            |
| 4,591                              | (19,709)                             | (9,391)           | 16,593            | 280,219                                      |
| -                                  | -                                    | -                 | -                 | 78,158                                       |
| 4,591                              | (19,709)                             | (9,391)           | 16,593            | 358,377                                      |
| <u>6,926</u>                       | <u>60,337</u>                        | <u>31,949</u>     | <u>86,383</u>     | <u>6,772,442</u>                             |
| <u>\$ 11,517</u>                   | <u>\$ 40,628</u>                     | <u>\$ 22,558</u>  | <u>\$ 102,976</u> | <u>\$ 7,130,819</u>                          |

**IRVING INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2008**

|                                                                                                       | HEALTH       | WORKERS<br>COMPENSATION | UNEMPLOYMENT |
|-------------------------------------------------------------------------------------------------------|--------------|-------------------------|--------------|
| Cash Flows from Operating Activities:                                                                 |              |                         |              |
| Cash Received for Premiums and Services                                                               | \$15,291,130 | \$ 668,462              | \$ 66,855    |
| Cash Paid to Employees                                                                                | -            | (100,477)               | -            |
| Cash Paid for Claims, Administration, & Other Costs                                                   | (14,772,069) | (760,324)               | (44,605)     |
| Net Cash Provided by (Used in) Operating Activities                                                   | 519,061      | (192,339)               | 22,250       |
| Cash Flows from Noncapital Financing Activities:                                                      |              |                         |              |
| Cash Received from Other Funds                                                                        | 2,600,000    | 3,300,000               | -            |
| Net Cash Provided by Noncapital Financing Activities                                                  | 2,600,000    | 3,300,000               | -            |
| Cash Flows from Investing Activities:                                                                 |              |                         |              |
| Acquisition of Capital Assets                                                                         | -            | -                       | -            |
| Interest Received                                                                                     | 39,079       | 39,079                  | -            |
| Net Cash Provided by Investing Activities                                                             | 39,079       | 39,079                  | -            |
| Net Increase (Decrease) in Cash & Cash Equivalents                                                    | 3,158,140    | 3,146,740               | 22,250       |
| Cash and Cash Equivalents at Beginning of the Year                                                    | 638,367      | 2,235,799               | 160,211      |
| Cash and Cash Equivalents at End of the Year                                                          | \$ 3,796,507 | \$ 5,382,539            | \$ 182,461   |
| Reconciliation of Operating Income to Net Cash<br>Provided by (Used for) Operating Activities:        |              |                         |              |
| Operating Income (Loss)                                                                               | \$ 380,837   | \$ (114,952)            | \$ 22,250    |
| Adjustments to Reconcile Operating Income to<br>Net Cash Provided by (Used for) Operating Activities: |              |                         |              |
| Depreciation                                                                                          | -            | -                       | -            |
| Change in Current Assets and Liabilities:                                                             |              |                         |              |
| Increase in Other Receivables                                                                         | -            | -                       | -            |
| Increase in Inventories                                                                               | -            | -                       | -            |
| Increase in Other Current Assets                                                                      | (131,509)    | -                       | -            |
| Increase (Decrease) in Accounts Payable                                                               | 269,733      | 575,792                 | -            |
| Decrease in Long-term Claims Reserve                                                                  | -            | (653,179)               | -            |
| Total Adjustments                                                                                     | 138,224      | (77,387)                | -            |
| Net Cash Provided by (Used for) Operating Activities                                                  | \$ 519,061   | \$ (192,339)            | \$ 22,250    |

EXHIBIT H-5

| BENEFITS<br>ADMINISTRATION | SCIENCE KIT<br>REFURBISHMENT | IRVING.NET | PRINT SHOP | TOTALS<br>INTERNAL SERVICE<br>FUNDS |
|----------------------------|------------------------------|------------|------------|-------------------------------------|
| \$ 60,094                  | \$ 424,490                   | \$ 18,135  | \$ 138,708 | \$ 16,667,874                       |
| -                          | (192,818)                    | (10,387)   | -          | (303,682)                           |
| (55,503)                   | (287,766)                    | (17,139)   | (130,320)  | (16,067,726)                        |
| 4,591                      | (56,094)                     | (9,391)    | 8,388      | 296,466                             |
| -                          | -                            | -          | -          | 5,900,000                           |
| -                          | -                            | -          | -          | 5,900,000                           |
| -                          | -                            | -          | (6,049)    | (6,049)                             |
| -                          | -                            | -          | -          | 78,158                              |
| -                          | -                            | -          | (6,049)    | 72,109                              |
| 4,591                      | (56,094)                     | (9,391)    | 2,339      | 6,268,575                           |
| 6,926                      | 63,833                       | 31,949     | 85,138     | 3,222,223                           |
| \$ 11,517                  | \$ 7,739                     | \$ 22,558  | \$ 87,477  | \$ 9,490,798                        |
| \$ 4,591                   | \$ (19,709)                  | \$ (9,391) | \$ 16,593  | \$ 280,219                          |
| -                          | -                            | -          | 605        | 605                                 |
| -                          | (51,312)                     | -          | -          | (51,312)                            |
| -                          | -                            | -          | (6,830)    | (6,830)                             |
| -                          | -                            | -          | -          | (131,509)                           |
| -                          | 14,927                       | -          | (1,980)    | 858,472                             |
| -                          | -                            | -          | -          | (653,179)                           |
| -                          | (36,385)                     | -          | (8,205)    | 16,247                              |
| \$ 4,591                   | \$ (56,094)                  | \$ (9,391) | \$ 8,388   | \$ 296,466                          |





# **FIDUCIARY FUNDS**

**IRVING INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 AUGUST 31, 2008**

**EXHIBIT H-6**

|                                | <u>STUDENT<br/>ACTIVITY<br/>FUNDS</u> | <u>FLEXIBLE<br/>BENEFITS</u> | <u>TOTALS<br/>AGENCY<br/>FUNDS</u> |
|--------------------------------|---------------------------------------|------------------------------|------------------------------------|
| <b>ASSETS</b>                  |                                       |                              |                                    |
| Cash and Temporary Investments | \$ 312,617                            | \$ 249,843                   | \$ 562,460                         |
| <b>TOTAL ASSETS</b>            | <b>\$ 312,617</b>                     | <b>\$ 249,843</b>            | <b>\$ 562,460</b>                  |
| <br>                           |                                       |                              |                                    |
| <b>LIABILITIES</b>             |                                       |                              |                                    |
| Accounts Payable               | \$ 33,998                             | \$ -                         | \$ 33,998                          |
| Due to Student Groups          | 278,619                               | -                            | 278,619                            |
| Due to Flex Excess Funds       | -                                     | 249,843                      | 249,843                            |
| <b>TOTAL LIABILITIES</b>       | <b>\$ 312,617</b>                     | <b>\$ 249,843</b>            | <b>\$ 562,460</b>                  |

**IRVING INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2008**

**EXHIBIT H-7**

|                              | <u>BALANCE</u><br><u>9/1/2007</u> | <u>ADDITIONS</u>    | <u>DELETIONS</u>    | <u>BALANCE</u><br><u>8/31/2008</u> |
|------------------------------|-----------------------------------|---------------------|---------------------|------------------------------------|
| <b>STUDENT ACTIVITIES:</b>   |                                   |                     |                     |                                    |
| Assets:                      |                                   |                     |                     |                                    |
| Cash & Temporary Investments | \$ 300,193                        | \$ 1,084,611        | \$ 1,072,187        | \$ 312,617                         |
| Total Assets                 | <u>\$ 300,193</u>                 | <u>\$ 1,084,611</u> | <u>\$ 1,072,187</u> | <u>\$ 312,617</u>                  |
| Liabilities:                 |                                   |                     |                     |                                    |
| Accounts Payable             | \$ 10,327                         | \$ 1,043,834        | \$ 1,020,163        | \$ 33,998                          |
| Due to Student Groups        | 289,866                           | 1,185,998           | 1,197,245           | 278,619                            |
| Total Liabilities            | <u>\$ 300,193</u>                 | <u>\$ 2,229,832</u> | <u>\$ 2,217,408</u> | <u>\$ 312,617</u>                  |
| <b>FLEXIBLE BENEFITS:</b>    |                                   |                     |                     |                                    |
| Assets:                      |                                   |                     |                     |                                    |
| Cash & Temporary Investments | \$ 219,922                        | \$ 1,497,215        | \$ 1,467,294        | \$ 249,843                         |
| Total Assets                 | <u>\$ 219,922</u>                 | <u>\$ 1,497,215</u> | <u>\$ 1,467,294</u> | <u>\$ 249,843</u>                  |
| Liabilities:                 |                                   |                     |                     |                                    |
| Due to Flex Excess Fund      | \$ 219,922                        | \$ 1,513,071        | \$ 1,483,150        | \$ 249,843                         |
| Total Liabilities            | <u>\$ 219,922</u>                 | <u>\$ 1,513,071</u> | <u>\$ 1,483,150</u> | <u>\$ 249,843</u>                  |
| <b>TOTAL AGENCY FUNDS:</b>   |                                   |                     |                     |                                    |
| Assets:                      |                                   |                     |                     |                                    |
| Cash & Temporary Investments | \$ 520,115                        | \$ 2,581,826        | \$ 2,539,481        | \$ 562,460                         |
| Total Assets                 | <u>\$ 520,115</u>                 | <u>\$ 2,581,826</u> | <u>\$ 2,539,481</u> | <u>\$ 562,460</u>                  |
| Liabilities:                 |                                   |                     |                     |                                    |
| Accounts Payable             | \$ 10,327                         | \$ 1,043,834        | \$ 1,020,163        | \$ 33,998                          |
| Due to Student Groups        | 289,866                           | 1,185,998           | 1,197,245           | 278,619                            |
| Due to Flex Excess Funds     | 219,922                           | 1,513,071           | 1,483,150           | 249,843                            |
| Total Liabilities            | <u>\$ 520,115</u>                 | <u>\$ 3,742,903</u> | <u>\$ 3,700,558</u> | <u>\$ 562,460</u>                  |

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

**IRVING INDEPENDENT SCHOOL DISTRICT  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION AND ACTIVITY  
 AUGUST 31, 2008**

**EXHIBIT I-1**

| Activity                    | Land and<br>Improvements | Buildings and<br>Improvements | Construction<br>in Progress | Furniture and<br>Equipment | Total                 |
|-----------------------------|--------------------------|-------------------------------|-----------------------------|----------------------------|-----------------------|
| Senior High Schools         | \$ 11,182,836            | \$ 154,526,931                | \$ 6,148,968                | \$ 27,557,392              | \$ 199,416,127        |
| Middle Schools              | 13,786,780               | 98,573,442                    | 148,546                     | 10,682,631                 | 123,191,399           |
| Elementary Schools          | 7,699,823                | 179,131,343                   | 58,396                      | 18,405,996                 | 205,295,558           |
| Administration and Services | 3,831,038                | 32,539,706                    | 3,598,463                   | 20,148,106                 | 60,117,313            |
| <b>Total</b>                | <b>\$ 36,500,477</b>     | <b>\$ 464,771,422</b>         | <b>\$ 9,954,373</b>         | <b>\$ 76,794,125</b>       | <b>\$ 588,020,397</b> |

**IRVING INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS  
CHANGES BY FUNCTION AND ACTIVITY  
AUGUST 31, 2008**

**EXHIBIT I-2**

| Activity                                  | Capital Assets<br>9/1/2007 | Increases            | Decreases             | Capital Assets<br>8/31/2008 |
|-------------------------------------------|----------------------------|----------------------|-----------------------|-----------------------------|
| <b>Senior High Schools</b>                |                            |                      |                       |                             |
| Land and Improvements                     | \$ 10,157,557              | \$ 1,025,279         | \$ -                  | \$ 11,182,836               |
| Buildings and Improvements                | 154,389,607                | 137,324              | -                     | 154,526,931                 |
| Construction in Progress                  | -                          | 6,148,968            | -                     | 6,148,968                   |
| Furniture and Equipment                   | 22,998,701                 | 4,727,545            | (168,854)             | 27,557,392                  |
| <b>Total</b>                              | <b>187,545,865</b>         | <b>12,039,116</b>    | <b>(168,854)</b>      | <b>199,416,127</b>          |
| <b>Middle Schools</b>                     |                            |                      |                       |                             |
| Land and Improvements                     | 13,609,268                 | 177,512              | -                     | 13,786,780                  |
| Buildings and Improvements                | 98,573,442                 | -                    | -                     | 98,573,442                  |
| Construction in Progress                  | 148,546                    | -                    | -                     | 148,546                     |
| Furniture and Equipment                   | 10,372,175                 | 408,274              | (97,818)              | 10,682,631                  |
| <b>Total</b>                              | <b>122,703,431</b>         | <b>585,786</b>       | <b>(97,818)</b>       | <b>123,191,399</b>          |
| <b>Elementary Schools</b>                 |                            |                      |                       |                             |
| Land and Improvements                     | 7,699,823                  | -                    | -                     | 7,699,823                   |
| Buildings and Improvements                | 179,073,274                | 58,069               | -                     | 179,131,343                 |
| Construction in Progress                  | -                          | 58,396               | -                     | 58,396                      |
| Furniture and Equipment                   | 18,181,132                 | 633,024              | (408,160)             | 18,405,996                  |
| <b>Total</b>                              | <b>204,954,229</b>         | <b>749,489</b>       | <b>(408,160)</b>      | <b>205,295,558</b>          |
| <b>Administration and Services</b>        |                            |                      |                       |                             |
| Land and Improvements                     | 3,798,986                  | 32,052               | -                     | 3,831,038                   |
| Buildings and Improvements                | 32,480,211                 | 59,495               | -                     | 32,539,706                  |
| Construction in Progress                  | -                          | 3,598,463            | -                     | 3,598,463                   |
| Furniture and Equipment                   | 18,375,912                 | 2,795,005            | (1,022,811)           | 20,148,106                  |
| <b>Total</b>                              | <b>54,655,109</b>          | <b>6,485,015</b>     | <b>(1,022,811)</b>    | <b>60,117,313</b>           |
| <b>Total for All Functions/Activities</b> | <b>\$ 569,858,634</b>      | <b>\$ 19,859,406</b> | <b>\$ (1,697,643)</b> | <b>\$ 588,020,397</b>       |

**IRVING INDEPENDENT SCHOOL DISTRICT  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY LOCATION  
AUGUST 31, 2008**

**EXHIBIT I-3**

| Location                         | Land and Improvements | Buildings and Improvements | Construction in Progress | Furniture and Equipment | Total                 |
|----------------------------------|-----------------------|----------------------------|--------------------------|-------------------------|-----------------------|
| <b>Senior High Schools</b>       |                       |                            |                          |                         |                       |
| Irving High School               | \$ 2,237,820          | \$ 42,554,461              | \$ 368,216               | \$ 434,818              | \$ 45,595,315         |
| MacArthur High School            | 2,750,923             | 37,905,783                 | 3,472,206                | 689,565                 | 44,818,477            |
| Nimitz High School               | 2,234,986             | 39,001,671                 | 384,100                  | 798,769                 | 42,419,526            |
| Union Bower                      | 1,066,107             | 2,840,247                  | -                        | 70,470                  | 3,976,824             |
| The Academy of Irving ISD        | 1,984,808             | 26,903,453                 | 1,885,770                | 1,709,783               | 32,483,814            |
| Ratterree                        | 320,832               | 3,008,995                  | 38,676                   | 151,641                 | 3,520,144             |
| Reassignment Center              | 587,360               | 2,312,321                  | -                        | 1,000                   | 2,900,681             |
| All High Schools                 | -                     | -                          | -                        | 23,701,346              | 23,701,346            |
| <b>Total Senior High Schools</b> | <b>11,182,836</b>     | <b>154,526,931</b>         | <b>6,148,968</b>         | <b>27,557,392</b>       | <b>199,416,127</b>    |
| <b>Middle Schools</b>            |                       |                            |                          |                         |                       |
| Bowie Middle School              | 815,874               | 15,152,287                 | -                        | 212,106                 | 16,180,267            |
| Crockett Middle School           | 712,298               | 12,094,417                 | -                        | 169,225                 | 12,975,940            |
| Travis Middle School             | 2,292,463             | 14,617,848                 | -                        | 279,590                 | 17,189,901            |
| Lamar Middle School              | 967,461               | 10,998,588                 | -                        | 305,232                 | 12,271,281            |
| Austin Middle School             | 1,563,974             | 11,708,019                 | -                        | 164,646                 | 13,436,639            |
| Houston Middle School            | 2,210,995             | 14,931,086                 | -                        | 189,167                 | 17,331,248            |
| de Zavala Middle School          | 3,100,261             | 19,071,197                 | -                        | 284,581                 | 22,456,039            |
| New Middle School                | 2,123,454             | -                          | 148,546                  | -                       | 2,272,000             |
| All Middle Schools               | -                     | -                          | -                        | 9,078,084               | 9,078,084             |
| <b>Total Middle Schools</b>      | <b>13,786,780</b>     | <b>98,573,442</b>          | <b>148,546</b>           | <b>10,682,631</b>       | <b>123,191,399</b>    |
| <b>Elementary Schools</b>        |                       |                            |                          |                         |                       |
| Barton Elementary                | 117,166               | 6,776,728                  | -                        | 130,889                 | 7,024,783             |
| Brown Elementary                 | 112,697               | 7,389,903                  | -                        | 143,232                 | 7,645,832             |
| Britain Elementary               | 150,560               | 10,663,122                 | -                        | 111,642                 | 10,925,324            |
| Elementary Development Center    | 18,118                | 960,793                    | -                        | 6,886                   | 985,797               |
| Good Elementary                  | 120,307               | 6,395,677                  | -                        | 123,296                 | 6,639,280             |
| J Haley Elementary               | 102,551               | 7,635,420                  | -                        | 111,348                 | 7,849,319             |
| T Haley Elementary               | 646,740               | 9,641,728                  | -                        | 119,542                 | 10,408,010            |
| Johnston Elementary              | 127,628               | 6,908,938                  | -                        | 129,614                 | 7,166,180             |
| Keyes Elementary                 | 262,956               | 7,002,627                  | -                        | 163,602                 | 7,429,185             |
| Lee Elementary                   | 149,160               | 7,612,240                  | -                        | 123,387                 | 7,884,787             |
| Lively Elementary                | 215,060               | 7,914,176                  | -                        | 119,419                 | 8,248,655             |
| Farine Elementary                | 278,513               | 8,420,903                  | -                        | 146,421                 | 8,845,837             |
| Schultz Elementary               | 231,429               | 6,113,991                  | -                        | 155,333                 | 6,500,753             |
| Brandenburg Elementary           | 119,236               | 6,378,566                  | -                        | 121,138                 | 6,618,940             |
| Elliott Elementary               | 329,952               | 7,224,435                  | -                        | 115,157                 | 7,669,544             |
| Hanes Elementary                 | 461,747               | 8,683,665                  | 58,396                   | 135,089                 | 9,338,897             |
| Townley Elementary               | 268,251               | 7,521,174                  | -                        | 113,595                 | 7,903,020             |
| Davis Elementary                 | 101,907               | 7,267,557                  | -                        | 99,555                  | 7,469,019             |
| FM Gilbert Elementary            | 1,062,426             | 7,857,102                  | -                        | 120,823                 | 9,040,351             |
| Townsell Elementary              | 278,055               | 12,699,903                 | -                        | 307,989                 | 13,285,947            |
| Stipes Elementary                | 1,263,880             | 13,208,189                 | -                        | 203,400                 | 14,675,469            |
| New Elementary                   | 3,199                 | -                          | -                        | -                       | 3,199                 |
| Clifton Early Childhood          | 96,260                | 4,955,323                  | -                        | 86,114                  | 5,137,697             |
| Pierce Early Childhood           | 703,003               | 4,812,240                  | -                        | 82,697                  | 5,597,940             |
| Kinkeade Early Childhood         | 479,022               | 5,086,943                  | -                        | 70,048                  | 5,636,013             |
| All Elementary Schools           | -                     | -                          | -                        | 15,365,780              | 15,365,780            |
| <b>Total Elementary Schools</b>  | <b>7,699,823</b>      | <b>179,131,343</b>         | <b>58,396</b>            | <b>18,405,996</b>       | <b>205,295,558</b>    |
| Administration and Services      | 3,831,038             | 32,539,706                 | 3,598,463                | 20,148,106              | 60,117,313            |
| <b>Total</b>                     | <b>\$36,500,477</b>   | <b>\$ 464,771,422</b>      | <b>\$ 9,954,373</b>      | <b>\$ 76,794,125</b>    | <b>\$ 588,020,397</b> |





**REQUIRED T.E.A.  
SCHEDULES**



**IRVING INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2008**

| Last Ten Years<br>Tax Roll<br>Fiscal Year Ending<br>August 31 | Operations | Maintenance<br>Debt |    | Total  | Interest &<br>Sinking | 3                                              |
|---------------------------------------------------------------|------------|---------------------|----|--------|-----------------------|------------------------------------------------|
|                                                               |            |                     |    |        |                       | Assessed/<br>Appraised Value for<br>School Tax |
| 1999 & Prior Years                                            | 1.3819     | 0.0381              | ** | 1.4200 | 0.2584                | \$ 6,733,874,197                               |
| 2000                                                          | 1.4217     | 0.0213              | ** | 1.4430 | 0.2254                | \$ 7,150,517,228                               |
| 2001                                                          | 1.4565     | 0.0235              | ** | 1.4800 | 0.2150                | \$ 7,412,373,288                               |
| 2002                                                          | 1.4950     | --                  |    | 1.4950 | 0.2000                | \$ 7,683,491,069                               |
| 2003                                                          | 1.5000     | --                  |    | 1.5000 | 0.2706                | \$ 7,626,582,560                               |
| 2004                                                          | 1.5000     | --                  |    | 1.5000 | 0.3150                | \$ 7,554,198,014                               |
| 2005                                                          | 1.5000     | --                  |    | 1.5000 | 0.3370                | \$ 7,860,220,752                               |
| 2006                                                          | 1.5000     | --                  |    | 1.5000 | 0.3140                | \$ 8,239,493,587                               |
| 2007                                                          | 1.3300     | --                  |    | 1.3300 | 0.3140                | \$ 8,831,620,036                               |
| 2008                                                          | 1.0000     | --                  |    | 1.0000 | 0.3490                | \$ 9,582,309,159 *                             |
| 1000 Totals                                                   |            |                     |    |        |                       |                                                |

9000 Portion of Row 1000 for taxes collected for payment into the Tax Increment Finance (TIF) Zone.

**Column 3 - Assessed/Appraised Value for School Tax Purposes:**

This is the net appraised value through the July supplement as reported by the Dallas Central Appraisal District, after exemptions provided by law and those granted by the District, which includes tax abatements.

**Column 20 - Current Year's Tax Levy:**

This amount is calculated by multiplying the total tax rate times per \$100 of Assessed/Appraised value, then deducting the levy lost due to the over 65 tax freeze exemption of \$4,597,869.

\* Source: 2007 School District Report of Property Value  
(Includes all Supplements and Litigated Accounts).

\*\* The debt tax rates for Debt Service requirements associated with Contractual Obligations.

\*\*\*Includes taxes due from the abolished County Education District.

EXHIBIT J-1

| 10<br>Beginning<br>Balance<br>9/1/2007 | 20<br>Current<br>Year's<br>Total Levy | 30<br>Maintenance<br>Total<br>Collections | 30a<br>Debt Service<br>Total<br>Collections | 40<br>Fiscal<br>Year's<br>Adjustment | 50<br>Ending<br>Balance<br>8/31/2007 |
|----------------------------------------|---------------------------------------|-------------------------------------------|---------------------------------------------|--------------------------------------|--------------------------------------|
| \$ 1,927,100 ***                       | \$ -                                  | \$ 19,135                                 | \$ 3,984                                    | \$ (1,393,201)                       | \$ 510,780                           |
| \$ 238,592                             | \$ -                                  | \$ 2,682                                  | \$ 419                                      | \$ (183,245)                         | \$ 52,246                            |
| \$ 630,743                             | \$ -                                  | \$ 4,258                                  | \$ 618                                      | \$ (504,548)                         | \$ 121,319                           |
| \$ 490,038                             | \$ -                                  | \$ 17,189                                 | \$ 2,300                                    | \$ (341,577)                         | \$ 128,972                           |
| \$ 468,711                             | \$ -                                  | \$ 50,189                                 | \$ 9,054                                    | \$ (225,769)                         | \$ 183,699                           |
| \$ 609,999                             | \$ -                                  | \$ 268,045                                | \$ 56,289                                   | \$ (33,588)                          | \$ 252,077                           |
| \$ 620,567                             | \$ -                                  | \$ 200,385                                | \$ 45,020                                   | \$ 111,699                           | \$ 486,861                           |
| \$ 944,039                             | \$ -                                  | \$ 242,837                                | \$ 50,834                                   | \$ (32,801)                          | \$ 617,567                           |
| \$ 2,226,778                           | \$ -                                  | \$ 792,323                                | \$ 187,060                                  | \$ (419,435)                         | \$ 827,960                           |
| \$ -                                   | \$ 124,619,570                        | \$ 91,086,476                             | \$ 31,743,643                               | \$ -                                 | \$ 1,789,451                         |
| <u>\$ 8,156,567</u>                    | <u>\$ 124,619,570</u>                 | <u>\$ 92,683,519</u>                      | <u>\$ 32,099,221</u>                        | <u>\$ (3,022,465)</u>                | <u>\$ 4,970,932</u>                  |
|                                        |                                       | \$ 498,713                                |                                             |                                      |                                      |

Column 30 - Fiscal Year Collections:

These are levy collections prior to adjustments described in Column 40, according to each year's tax roll. Penalty and interest collections are not included.

Column 40 - Fiscal Year's Adjustments:

These adjustments include corrections for errors in taxes assessed, total reductions for missing taxpayers and taxes lost due to exemptions. Amount may vary due to rounding.

Column 50 - Ending balance 8/31/08:

This total is displayed in Exhibit C-1, Balance Sheet.

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

**EXHIBIT J-2**

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

| Account Number | 1<br>(702)<br>School Board | 2<br>(703)<br>Tax Collection | 3<br>(701)<br>Supt's Office | 4<br>(750)<br>Indirect Cost | 5<br>(720)<br>Direct Cost | 6<br>(other)<br>Miscellaneous | 7<br>Total          |
|----------------|----------------------------|------------------------------|-----------------------------|-----------------------------|---------------------------|-------------------------------|---------------------|
| 6100           | \$ 19,192                  | \$ 213,482                   | \$ 829,107                  | \$ 4,101,614                | \$ 89,854                 | \$ -                          | \$ 5,253,249        |
| 6211           | 470,339                    | -                            | 96,534                      | -                           | -                         | -                             | 566,873             |
| 6212           | -                          | -                            | -                           | 66,500                      | -                         | -                             | 66,500              |
| 6213           | -                          | 522,386                      | -                           | -                           | -                         | -                             | 522,386             |
| 621X           | -                          | 21,420                       | 13,433                      | 215,778                     | 15                        | -                             | 250,646             |
| 6230           | -                          | -                            | -                           | 64,589                      | -                         | -                             | 64,589              |
| 6240           | -                          | -                            | 2,136                       | -                           | 293,581                   | -                             | 295,717             |
| 6250           | -                          | -                            | -                           | -                           | 149,167                   | -                             | 149,167             |
| 6260           | -                          | 2,998                        | 73,706                      | 17,363                      | -                         | -                             | 94,067              |
| 6290           | -                          | -                            | -                           | 484                         | -                         | -                             | 484                 |
| 6320           | -                          | -                            | -                           | 95                          | -                         | -                             | 95                  |
| 63XX           | -                          | 19,484                       | 34,705                      | 214,525                     | 3,341                     | -                             | 272,055             |
| 6410           | 7,490                      | 4,053                        | 9,438                       | 76,242                      | 2,424                     | -                             | 99,647              |
| 6420           | -                          | 225                          | -                           | 128,470                     | -                         | -                             | 128,695             |
| 6430           | 32,897                     | -                            | -                           | -                           | -                         | -                             | 32,897              |
| 6490           | 55,880                     | 2,275                        | 20,517                      | 96,808                      | -                         | -                             | 175,480             |
| 6600           | -                          | -                            | -                           | -                           | -                         | 176,659                       | 176,659             |
| <b>Total</b>   | <b>\$ 585,798</b>          | <b>\$ 786,323</b>            | <b>\$ 1,079,576</b>         | <b>\$ 4,982,468</b>         | <b>\$ 538,382</b>         | <b>\$ 176,659</b>             | <b>\$ 8,149,206</b> |

|                                                                         |     |                       |
|-------------------------------------------------------------------------|-----|-----------------------|
| Total Expenditures for General and Special Revenue Funds (Schedule C-2) | (8) | \$ 252,224,340        |
| LESS: Deductions of Unallowable Costs                                   |     |                       |
| FISCAL YEAR                                                             |     |                       |
| Total Capital Outlay (6600)                                             |     | \$ 2,744,969          |
| Total Debt & Lease (6500)                                               |     | -                     |
| Plant Maintenance (Function 51, 6100-6400)                              |     | 18,242,883            |
| Food (Function 35, 6341 and 6499)                                       |     | 5,356,983             |
| Stipends (6413)                                                         |     | -                     |
| Column 4 (above) - Total Indirect Cost                                  |     | <u>4,982,468</u>      |
| Subtotal:                                                               |     | 31,327,303            |
| Net Allowed Direct Cost                                                 |     | <u>\$ 220,897,037</u> |
| CUMULATIVE                                                              |     |                       |
| Total Cost of Buildings before Depreciation (1520)                      |     | \$ 464,771,422        |
| Historical Cost of Buildings over 50 years old                          |     | 23,237,059            |
| Amount of Federal Money in building cost (Net of Above)                 |     | -                     |
| Total Cost of Furniture & Equipment before Depreciation (1530)          |     | 76,794,125            |
| Historical Cost of Furniture & Equipment over 16 years old              |     | 873,407               |
| Amount of Federal Money in Furniture & Equipment (Net of Above)         |     | 2,309,073             |

Note: \$1,520,464 in Function 53 expenditures are included in this report on administrative costs.

**IRVING INDEPENDENT SCHOOL DISTRICT  
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET  
 GENERAL FUND  
 AUGUST 31, 2008**

**EXHIBIT J-3**

|                                                                                                                                                                                                   |                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| 1. Total General Fund Balance as of 8/31/08                                                                                                                                                       | <u>\$ 75,622,972</u> |
| 2. Total General Fund Reserved Fund Balance                                                                                                                                                       | 1,873,896            |
| 3. Total General Fund Designated Unreserved Fund Balance                                                                                                                                          | 3,076,965            |
| 4. Estimated amount needed to cover Fall (9/1/08 - 1/31/09) cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)                               | -                    |
| 5. Estimated Average Monthly Cash Disbursements of General Fund for period 9/1/08 - 5/31/09                                                                                                       | 18,489,711           |
| 6. Estimate of delayed payments from state sources (58XX) including August payment delays                                                                                                         | 11,111,559           |
| 7. Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LEP) and District Planning Estimate (DPE) or District's calculated earned state aid amount | 578,082              |
| 8. Estimate of delayed payments from federal sources (59XX)                                                                                                                                       | 1,391,474            |
| 9. Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)                          | <u>-</u>             |
| 10. General Fund Optimum Fund Balance (Lines 2+3+4+5+6+7+8+9)                                                                                                                                     | <u>36,521,687</u>    |
| 11. Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)                                                                                                          | <u>\$ 39,101,285</u> |

Explanation for Undesignated Unreserved General Fund Balance:

The Board of Trustees has a minimum goal of a 16.67% fund balance. This represents an 18.41% ratio of undesignated unreserved general fund balance to expenditures, which is slightly over their minimum requirement.

**IRVING INDEPENDENT SCHOOL DISTRICT** **EXHIBIT J-4**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – DEBT SERVICE FUND**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

| Data Control Codes                    |                                                           | Original Budget      | Final Amended Budget | Fiscal Year Actual   | Variance Positive or (Negative) |
|---------------------------------------|-----------------------------------------------------------|----------------------|----------------------|----------------------|---------------------------------|
| <b>REVENUES</b>                       |                                                           |                      |                      |                      |                                 |
| 5700                                  | Local and Intermediate Sources                            | \$ 32,945,886        | \$ 33,032,199        | \$ 32,834,524        | \$ (197,675)                    |
| 5800                                  | State Program Revenues                                    | 6,026,553            | 6,537,002            | 6,635,812            | 98,810                          |
| 5020                                  | Total Revenues                                            | <u>38,972,439</u>    | <u>39,569,201</u>    | <u>39,470,336</u>    | <u>(98,865)</u>                 |
| <b>EXPENDITURES</b>                   |                                                           |                      |                      |                      |                                 |
| 0070                                  | Debt Service:                                             |                      |                      |                      |                                 |
| 0071                                  | Principal                                                 | 15,542,223           | 15,542,223           | 15,542,222           | 1                               |
| 0072                                  | Interest and Charges on Long-Term Debt                    | 23,142,634           | 24,943,373           | 24,943,371           | 2                               |
| 0073                                  | Bond Issue Costs and Fees                                 | 287,582              | 900,000              | 813,384              | 86,616                          |
|                                       | Total Debt Services                                       | <u>38,972,439</u>    | <u>41,385,596</u>    | <u>41,298,977</u>    | <u>86,619</u>                   |
| 6030                                  | Total Expenditures                                        | <u>38,972,439</u>    | <u>41,385,596</u>    | <u>41,298,977</u>    | <u>86,619</u>                   |
| 1100                                  | Excess (Deficiency) of Revenues Over (under) Expenditures | <u>-</u>             | <u>(1,816,395)</u>   | <u>(1,828,641)</u>   | <u>(12,246)</u>                 |
| <b>OTHER FINANCING SOURCES (USES)</b> |                                                           |                      |                      |                      |                                 |
| 7916                                  | Premium on Issuance of Debt                               | -                    | 720,239              | 720,239              | -                               |
| 8940                                  | Payment to Refunded Bond Escrow Agent                     | -                    | -                    | -                    | -                               |
|                                       | Total Other Financing Sources and (Uses)                  | <u>-</u>             | <u>720,239</u>       | <u>720,239</u>       | <u>-</u>                        |
| 1200                                  | Net Change in Fund Balances                               | -                    | (1,096,156)          | (1,108,402)          | (12,246)                        |
| 0100                                  | Fund Balance - September 1 (Beginning)                    | 13,439,971           | 13,439,971           | 13,439,971           | -                               |
| 3000                                  | Fund Balance - August 31 (Ending)                         | <u>\$ 13,439,971</u> | <u>\$ 12,343,815</u> | <u>\$ 12,331,569</u> | <u>\$ (12,246)</u>              |



**IRVING INDEPENDENT SCHOOL DISTRICT  
INDEX FOR STATISTICAL SECTION**

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This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about Irving Independent School District's overall financial health.

| <b>Contents</b>                                                                                                                                                                                                                                              | <b>Page</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b>Financial Trends Information</b><br>These schedules contain trend information intended to help the reader understand how the district's financial position has changed over time.                                                                         | 88          |
| <b>Revenue Capacity Information</b><br>These schedules contain information intended to help the reader assess the district's most significant revenue source, state tax collections.                                                                         | 100         |
| <b>Debt Capacity information</b><br>These schedules contain information intended to assist users in understanding and assessing the district's current levels of outstanding debt and the ability to issue additional debt.                                  | 108         |
| <b>Demographic and Economic information</b><br>These schedules provide demographic and economic indicators intended to help the reader understand the socioeconomic environment within which the district's financial activities take place.                 | 114         |
| <b>Operating Information</b><br>These schedules provide contextual information about the district's operations and resources intended to assist readers in using financial statement information to understand and assess the district's economic condition. | 116         |

*Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports database for the relevant years. GASB Statements No. 34 and No. 35 were implemented in 2002; schedules presenting Government-wide information includes information beginning in that year.*

**IRVING INDEPENDENT SCHOOL DISTRICT  
NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS<sup>1</sup> (UNAUDITED)**

|                                                 | Fiscal Year          |                      |                      |
|-------------------------------------------------|----------------------|----------------------|----------------------|
|                                                 | <u>2002</u>          | <u>2003</u>          | <u>2004</u>          |
| Governmental activities                         |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 22,969,447        | \$ 31,468,629        | \$ 53,188,552        |
| Restricted                                      |                      |                      |                      |
| Food Service                                    | 437,222              | 1,713,224            | 2,486,215            |
| Debt Service                                    | 8,942,926            | 7,767,463            | 5,854,438            |
| Unrestricted                                    | 8,889,321            | (10,721,894)         | (41,061,425)         |
| Total primary government net assets             | <u>\$ 41,238,916</u> | <u>\$ 30,227,422</u> | <u>\$ 20,467,780</u> |

**Source:** The Statement of Net Assets for the Irving Independent School District

**Note:**

<sup>1</sup> Amounts were not available prior to the GASB 34 requirements in 2002.

---

| Fiscal Year          |                              |                      |                      |
|----------------------|------------------------------|----------------------|----------------------|
| <u>2005</u>          | <u>2006</u>                  | <u>2007</u>          | <u>2008</u>          |
| \$ 20,925,351        | As Restated<br>\$ 15,482,850 | \$ 17,326,732        | \$ 12,678,217        |
| 3,379,086            | 4,910,165                    | 5,829,135            | 6,482,598            |
| (320,233)            | 3,546,649                    | 483,099              | 3,866,540            |
| (4,516,715)          | 6,134,559                    | 22,854,621           | 31,999,108           |
| <u>\$ 19,467,489</u> | <u>\$ 30,074,223</u>         | <u>\$ 46,493,587</u> | <u>\$ 55,026,463</u> |

**IRVING INDEPENDENT SCHOOL DISTRICT  
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE  
LAST TEN FISCAL YEARS<sup>1</sup> (UNAUDITED)**

|                                             | Fiscal Year             |                        |                        |
|---------------------------------------------|-------------------------|------------------------|------------------------|
|                                             | <u>2002<sup>2</sup></u> | <u>2003</u>            | <u>2004</u>            |
| <b>Expenses</b>                             |                         |                        |                        |
| Governmental activities                     |                         |                        |                        |
| Instruction                                 | \$ 140,506,756          | \$ 141,378,290         | \$ 140,482,414         |
| Instructional resources and media services  | -                       | 4,125,063              | 4,086,837              |
| Curriculum and staff development services   | -                       | 2,922,273              | 2,796,047              |
| Instructional leadership                    | 16,603,759              | 4,124,716              | 4,520,665              |
| School leadership                           | -                       | 13,656,367             | 14,133,219             |
| Guidance, counseling, & evaluation services | 24,352,766              | 9,070,236              | 9,428,195              |
| Social work services                        | -                       | 313,467                | 338,892                |
| Health services                             | -                       | 1,830,314              | 1,847,329              |
| Student transportation                      | -                       | 1,780,177              | 2,082,926              |
| Food Service                                | -                       | 10,271,774             | 10,992,177             |
| Extracurricular activities                  | -                       | 3,566,372              | 3,601,010              |
| General administration                      | 5,471,326               | 5,582,107              | 6,271,739              |
| Plant maintenance and operations            | 20,130,621              | 16,627,084             | 16,583,792             |
| Security and monitoring services            | -                       | 1,460,917              | 1,486,013              |
| Data processing services                    | -                       | 2,447,109              | 2,564,905              |
| Community services                          | 309,318                 | 709,301                | 1,031,252              |
| Interest on long-term debt                  | 18,859,658              | 20,209,588             | 24,143,929             |
| Facilities acquisition/construction         | 1,253,511               | 1,792                  | 3,458                  |
| Intergovernmental charges                   | 818,673                 | 601,929                | 112,540                |
| Payments to TIF                             | -                       | -                      | -                      |
| Total primary government program expenses   | <u>228,306,388</u>      | <u>240,678,876</u>     | <u>246,507,339</u>     |
| Prior Period Adjustment                     |                         |                        |                        |
| As restated                                 | <u>\$ 228,306,388</u>   | <u>\$ 240,678,876</u>  | <u>\$ 246,507,339</u>  |
| <b>Program Revenues</b>                     |                         |                        |                        |
| Governmental activities                     |                         |                        |                        |
| Charges for services                        |                         |                        |                        |
| Instruction                                 | 619,595                 | 1,063,806              | 1,658,110              |
| Instructional leadership                    | -                       | 35,555                 | 370,890                |
| Guidance, counseling, & evaluation services | 4,054,385               | -                      | -                      |
| Food service                                | -                       | 3,023,447              | 2,854,792              |
| Extracurricular activities                  | -                       | 1,333,805              | 1,428,587              |
| Plant maintenance and operations            | 169,784                 | 137,990                | 168,366                |
| Operating grants and contributions          | 18,582,537              | 26,434,666             | 25,974,739             |
| Total primary government program revenues   | <u>\$ 23,426,301</u>    | <u>\$ 32,029,269</u>   | <u>\$ 32,455,484</u>   |
| <b>Net (Expense)/Revenue</b>                |                         |                        |                        |
| Total primary government expenses           | <u>\$(204,880,087)</u>  | <u>\$(208,649,607)</u> | <u>\$(214,051,855)</u> |

**Source:** The Statement of Activities for the Irving Independent School District

**Notes:**

<sup>1</sup> Amounts were not available prior to the GASB 34 requirements in 2002.

<sup>2</sup> Functional expenditure reporting was rolled into a summary format for 2002, therefore the detailed functional breakdown is not provided.

| Fiscal Year            |                        |                        |                        |
|------------------------|------------------------|------------------------|------------------------|
| <u>2005</u>            | <u>2006</u>            | <u>2007</u>            | <u>2008</u>            |
| \$ 146,901,790         | \$ 151,485,746         | \$ 156,793,863         | \$ 168,804,073         |
| 4,226,810              | 4,305,056              | 4,427,356              | 4,710,352              |
| 3,045,050              | 3,113,527              | 3,295,719              | 3,923,766              |
| 4,290,512              | 4,285,657              | 4,932,500              | 5,225,582              |
| 14,355,641             | 15,372,131             | 16,069,867             | 17,269,721             |
| 9,556,167              | 9,622,840              | 10,134,028             | 11,014,134             |
| 334,891                | 386,673                | 391,517                | 451,833                |
| 1,891,844              | 1,911,962              | 2,070,801              | 2,352,144              |
| 2,407,130              | 2,818,312              | 3,141,164              | 3,294,523              |
| 11,327,917             | 11,868,793             | 12,864,427             | 13,916,614             |
| 3,640,268              | 3,819,855              | 4,291,034              | 4,905,015              |
| 6,253,171              | 6,533,431              | 6,831,531              | 7,024,356              |
| 17,454,062             | 19,046,590             | 18,259,089             | 18,582,655             |
| 1,486,523              | 1,557,058              | 1,671,357              | 2,221,348              |
| 3,627,658              | 3,050,837              | 3,978,718              | 3,704,739              |
| 801,428                | 738,404                | 858,752                | 1,088,711              |
| 21,928,409             | 20,163,981             | 21,739,963             | 22,865,771             |
| -                      | -                      | -                      | -                      |
| 98,414                 | 162,003                | 121,135                | 166,095                |
| -                      | -                      | -                      | 498,713                |
| <u>253,627,685</u>     | <u>260,242,856</u>     | <u>271,872,821</u>     | <u>292,020,145</u>     |
| 948,669                |                        |                        |                        |
| <u>\$ 254,576,354</u>  | <u>\$ 260,242,856</u>  | <u>\$ 271,872,821</u>  | <u>\$ 292,020,145</u>  |
| 1,703,997              | 1,703,590              | 1,428,425              | 827,006                |
| -                      | -                      | 344,144                | -                      |
| -                      | -                      | 177,332                | -                      |
| 3,025,401              | 3,063,206              | 2,985,422              | 2,996,746              |
| 1,303,344              | 1,333,011              | 1,487,930              | 1,262,648              |
| 192,941                | 178,949                | 163,346                | 132,445                |
| 30,492,545             | 33,430,779             | 32,270,600             | 38,828,216             |
| <u>\$ 36,718,228</u>   | <u>\$ 39,709,535</u>   | <u>\$ 38,857,199</u>   | <u>\$ 44,047,061</u>   |
| <u>\$(217,858,126)</u> | <u>\$(220,533,321)</u> | <u>\$(233,015,622)</u> | <u>\$(247,973,084)</u> |

**IRVING INDEPENDENT SCHOOL DISTRICT  
GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS  
LAST TEN FISCAL YEARS<sup>1</sup> (UNAUDITED)**

|                                            | Fiscal Year             |                         |                         |
|--------------------------------------------|-------------------------|-------------------------|-------------------------|
|                                            | <u>2002</u>             | <u>2003</u>             | <u>2004</u>             |
| <b>Net (Expense)/Revenue</b>               |                         |                         |                         |
| Total primary government expenses          | <u>\$ (204,880,087)</u> | <u>\$ (208,649,607)</u> | <u>\$ (214,051,855)</u> |
| <b>General Revenues</b>                    |                         |                         |                         |
| Governmental activities                    |                         |                         |                         |
| Taxes                                      |                         |                         |                         |
| Property taxes levied for general purposes | \$ 113,675,672          | \$ 112,163,035          | \$ 110,325,929          |
| Property taxes levied for debt service     | 15,243,715              | 20,041,515              | 23,214,927              |
| State Aid Formula Grants                   | 56,043,738              | 61,600,073              | 67,793,701              |
| Investment earnings                        | 3,760,849               | 2,386,301               | 1,847,751               |
| Miscellaneous                              | 1,927,092               | 1,447,189               | 1,109,905               |
| Total primary government                   | <u>190,651,066</u>      | <u>197,638,113</u>      | <u>204,292,213</u>      |
| <b>Change in Net Assets</b>                |                         |                         |                         |
| Total primary government                   | <u>\$ (14,229,021)</u>  | <u>\$ (11,011,494)</u>  | <u>\$ (9,759,642)</u>   |

**Source:** The Statement of Activities for the Irving Independent School District

**Note:**

<sup>1</sup> Amounts were not available prior to the GASB 34 requirements in 2002.

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| Fiscal Year             |                         |                         |                         |
|-------------------------|-------------------------|-------------------------|-------------------------|
| <u>2005</u>             | <u>2006</u>             | <u>2007</u>             | <u>2008</u>             |
| <u>\$ (217,858,126)</u> | <u>\$ (220,533,321)</u> | <u>\$ (233,015,622)</u> | <u>\$ (247,973,084)</u> |
| \$ 114,765,808          | \$ 118,995,866          | \$ 114,148,984          | \$ 91,437,264           |
| 25,730,326              | 24,870,366              | 26,892,668              | 32,112,354              |
| 72,033,002              | 80,428,670              | 99,077,027              | 123,663,032             |
| 3,358,191               | 5,407,773               | 7,551,678               | 7,590,752               |
| 970,508                 | 1,177,260               | 1,764,629               | 1,702,558               |
| <u>216,857,835</u>      | <u>230,879,935</u>      | <u>249,434,986</u>      | <u>256,505,960</u>      |
| <u>\$ (1,000,291)</u>   | <u>\$ 10,346,614</u>    | <u>\$ 16,419,364</u>    | <u>\$ 8,532,876</u>     |

**IRVING INDEPENDENT SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS (UNAUDITED)**

|                                    | Fiscal Year          |                      |                      |                       |
|------------------------------------|----------------------|----------------------|----------------------|-----------------------|
|                                    | <u>1999</u>          | <u>2000</u>          | <u>2001</u>          | <u>2002</u>           |
| General Fund                       |                      |                      |                      |                       |
| Reserved and designated            | \$ 15,921,998        | \$ 14,001,014        | \$ 13,037,613        | \$ 9,469,016          |
| Unreserved                         | 23,908,822           | 22,915,945           | 24,996,935           | 28,521,931            |
| Total general fund                 | <u>\$ 39,830,820</u> | <u>\$ 36,916,959</u> | <u>\$ 38,034,548</u> | <u>\$ 37,990,947</u>  |
| All Other Governmental Funds       |                      |                      |                      |                       |
| Reserved                           |                      |                      |                      |                       |
| Special revenue funds              | 1,158,692            | 175,671              | (283,172)            | 437,222               |
| Debt service fund                  | 8,922,073            | 9,380,033            | 9,742,310            | 10,321,508            |
| Capital projects fund              | 71,415,703           | 31,576,814           | 23,205,248           | 101,574,549           |
| Total all other governmental funds | <u>\$ 81,496,468</u> | <u>\$ 41,132,518</u> | <u>\$ 32,664,386</u> | <u>\$ 112,333,279</u> |

**Source:** The Balance Sheet of Governmental Funds for the Irving Independent School District



| <b>Fiscal Year</b>   |                      |                      |                            |                      |                       |
|----------------------|----------------------|----------------------|----------------------------|----------------------|-----------------------|
| <u>2003</u>          | <u>2004</u>          | <u>2005</u>          | <u>2006</u><br>As Restated | <u>2007</u>          | <u>2008</u>           |
| \$ 8,774,971         | \$ 7,829,443         | \$ 7,783,690         | \$ 6,658,936               | \$ 5,178,967         | \$ 4,950,861          |
| 21,389,155           | 25,229,172           | 30,251,545           | 46,797,121                 | 62,600,749           | 70,672,111            |
| <u>\$ 30,164,126</u> | <u>\$ 33,058,615</u> | <u>\$ 38,035,235</u> | <u>\$ 53,456,057</u>       | <u>\$ 67,779,716</u> | <u>\$ 75,622,972</u>  |
| 1,713,224            | 2,486,215            | 3,379,086            | 5,170,285                  | 6,977,423            | 7,264,922             |
| 9,260,702            | 9,540,108            | 10,454,626           | 12,084,774                 | 13,439,971           | 12,331,569            |
| 74,463,098           | 70,965,056           | 41,325,555           | 19,109,623                 | 32,858,019           | 104,020,753           |
| <u>\$ 85,437,024</u> | <u>\$ 82,991,379</u> | <u>\$ 55,159,267</u> | <u>\$ 36,364,682</u>       | <u>\$ 53,275,413</u> | <u>\$ 123,617,244</u> |

**IRVING INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUNDS REVENUES<sup>1</sup>  
LAST TEN FISCAL YEARS (UNAUDITED)**

|                              | <b>Fiscal Year</b>   |                      |                      |                      |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
|                              | <u>1999</u>          | <u>2000</u>          | <u>2001</u>          | <u>2002</u>          |
| <b>Federal sources:</b>      |                      |                      |                      |                      |
| Federal grants               | \$ 537,598           | \$ 809,207           | \$ 572,390           | \$ 8,166,254         |
| Food service                 | 9,566,972            | 11,234,393           | 11,878,852           | 6,649,977            |
| Capital projects             | -                    | 352,926              | 58,635               | -                    |
| <b>Total federal sources</b> | <u>\$ 10,104,570</u> | <u>\$ 12,396,526</u> | <u>\$ 12,509,877</u> | <u>\$ 14,816,231</u> |
| <b>State sources:</b>        |                      |                      |                      |                      |
| State grants and other       | 38,569,073           | 45,550,607           | 48,795,992           | 56,053,440           |
| Food service                 | 2,726,372            | 3,312,982            | 4,337,275            | 104,271              |
| Debt service                 | 682,260              | 4,116,978            | 4,391,562            | 4,195,529            |
| <b>Total state sources</b>   | <u>\$ 41,977,705</u> | <u>\$ 52,980,567</u> | <u>\$ 57,524,829</u> | <u>\$ 60,353,240</u> |
| <b>Local sources:</b>        |                      |                      |                      |                      |
| Local & intermediate sources | 100,004,638          | 108,679,628          | 114,096,255          | 118,628,634          |
| Food service                 | 2,474,277            | 2,563,069            | 2,371,448            | 2,744,444            |
| Debt service                 | 17,764,301           | 16,712,187           | 16,425,154           | 15,604,634           |
| Capital projects             | 5,508,118            | 3,747,114            | 1,858,411            | 1,463,675            |
| <b>Total local sources</b>   | <u>\$125,751,334</u> | <u>\$131,701,998</u> | <u>\$134,751,268</u> | <u>\$138,441,387</u> |
| <b>Total revenues</b>        | <u>\$177,833,609</u> | <u>\$197,079,091</u> | <u>\$204,785,974</u> | <u>\$213,610,858</u> |

**Source:** Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds for the Irving Independent School District

**Note:**

<sup>1</sup> Includes General, Food Service, Debt Service, Capital Projects, and Special Revenue Funds.

| Fiscal Year          |                      |                      |                            |                      |                      |
|----------------------|----------------------|----------------------|----------------------------|----------------------|----------------------|
| <u>2003</u>          | <u>2004</u>          | <u>2005</u>          | <u>2006</u><br>As Restated | <u>2007</u>          | <u>2008</u>          |
| \$ 11,296,230        | \$ 14,241,524        | \$ 17,290,408        | \$ 18,513,271              | \$ 15,366,903        | \$ 19,536,650        |
| 7,505,425            | 8,062,369            | 8,833,357            | 9,837,963                  | 11,305,672           | 11,756,508           |
| -                    | -                    | -                    | -                          | -                    | -                    |
| <u>\$ 18,801,655</u> | <u>\$ 22,303,893</u> | <u>\$ 26,123,765</u> | <u>\$ 28,351,234</u>       | <u>\$ 26,672,575</u> | <u>\$ 31,293,158</u> |
| 65,041,434           | 65,901,252           | 69,877,065           | 77,597,077                 | 97,207,159           | 123,615,224          |
| 109,717              | 105,897              | 101,329              | 104,521                    | 105,045              | 111,329              |
| 4,798,323            | 5,931,418            | 6,777,084            | 8,426,457                  | 7,863,269            | 6,635,812            |
| <u>\$ 69,949,474</u> | <u>\$ 71,938,567</u> | <u>\$ 76,755,478</u> | <u>\$ 86,128,055</u>       | <u>\$105,175,473</u> | <u>\$130,362,365</u> |
| 115,689,544          | 115,104,227          | 119,114,539          | 125,880,509                | 124,237,728          | 102,058,885          |
| 3,023,447            | 2,868,595            | 3,088,575            | 3,223,491                  | 3,210,101            | 3,162,463            |
| 20,286,203           | 23,294,950           | 25,915,188           | 25,414,527                 | 27,994,311           | 32,834,524           |
| 1,137,469            | 839,266              | 1,251,009            | 1,200,876                  | 1,109,368            | 2,338,211            |
| <u>\$140,136,663</u> | <u>\$142,107,038</u> | <u>\$149,369,311</u> | <u>\$155,719,403</u>       | <u>\$156,551,508</u> | <u>\$140,394,083</u> |
| <u>\$228,887,792</u> | <u>\$236,349,498</u> | <u>\$252,248,554</u> | <u>\$270,198,692</u>       | <u>\$288,399,556</u> | <u>\$302,049,606</u> |

**IRVING INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO<sup>1</sup>  
LAST TEN FISCAL YEARS (UNAUDITED)**

|                                                | Fiscal Year             |                         |                         |                         |
|------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                                | <u>1999<sup>2</sup></u> | <u>2000<sup>2</sup></u> | <u>2001<sup>2</sup></u> | <u>2002<sup>2</sup></u> |
| <b>Expenses</b>                                |                         |                         |                         |                         |
| <b>Governmental activities</b>                 |                         |                         |                         |                         |
| 11 Instruction                                 |                         |                         |                         |                         |
| 12 Instructional resources & media services    |                         |                         |                         |                         |
| 13 Curriculum & staff development services     |                         |                         |                         |                         |
| Total function 10                              | <u>109,639,833</u>      | <u>124,188,997</u>      | <u>125,865,079</u>      | <u>133,692,821</u>      |
| 21 Instructional leadership                    |                         |                         |                         |                         |
| 23 School leadership                           |                         |                         |                         |                         |
| Total function 20                              | <u>13,767,255</u>       | <u>15,042,416</u>       | <u>16,318,098</u>       | <u>15,914,685</u>       |
| 31 Guidance, counseling, & evaluation services |                         |                         |                         |                         |
| 32 Social work services                        |                         |                         |                         |                         |
| 33 Health services                             |                         |                         |                         |                         |
| 34 Student transportation                      |                         |                         |                         |                         |
| 35 Food service                                |                         |                         |                         |                         |
| 36 Extracurricular activities                  |                         |                         |                         |                         |
| Total function 30                              | <u>19,711,891</u>       | <u>22,273,651</u>       | <u>21,844,659</u>       | <u>22,966,703</u>       |
| 41 General administration                      |                         |                         |                         |                         |
| Total function 40                              | <u>4,980,954</u>        | <u>5,040,245</u>        | <u>5,521,151</u>        | <u>5,522,034</u>        |
| 51 Plant maintenance and operations            |                         |                         |                         |                         |
| 52 Security and monitoring services            |                         |                         |                         |                         |
| 53 Data processing services                    |                         |                         |                         |                         |
| Total function 50                              | <u>16,394,317</u>       | <u>17,986,825</u>       | <u>20,254,631</u>       | <u>19,400,321</u>       |
| 61 Community services                          |                         |                         |                         |                         |
| Total function 60                              | <u>99,621</u>           | <u>33,427</u>           | <u>170,105</u>          | <u>306,114</u>          |
| 71 Debt service <sup>3</sup>                   |                         |                         |                         |                         |
| Principal on long-term debt                    |                         |                         |                         | 7,071,041               |
| Interest on long-term debt <sup>3</sup>        |                         |                         |                         | 13,746,172              |
| Bond issuance costs and fees                   |                         |                         |                         |                         |
| Total function 70                              | <u>19,904,486</u>       | <u>21,939,166</u>       | <u>22,828,836</u>       | <u>20,817,213</u>       |
| 81 Facilities acquisition/construction         |                         |                         |                         |                         |
| Total function 80                              | <u>38,387,066</u>       | <u>44,864,242</u>       | <u>40,012,659</u>       | <u>45,779,339</u>       |
| 95 Payments to JJAEP                           |                         |                         |                         |                         |
| 97 Payments to TIF                             |                         |                         |                         |                         |
| Total function 90                              | <u>-</u>                | <u>-</u>                | <u>547,891</u>          | <u>818,673</u>          |
| <b>Total expenditures</b>                      | <u>222,885,423</u>      | <u>251,368,969</u>      | <u>253,363,109</u>      | <u>265,217,903</u>      |
| <b>Prior Period Adjustment</b>                 |                         |                         |                         |                         |
| As restated                                    | <u>\$222,885,423</u>    | <u>\$251,368,969</u>    | <u>\$253,363,109</u>    | <u>\$265,217,903</u>    |
| Debt service as a percentage of                | 10.8%                   | 10.6%                   | 10.7%                   | 9.5%                    |

**Source:** Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds for the Irving Independent School District

**Notes:**

<sup>1</sup> Includes General, Food Service, Debt Service, Capital Projects, and Special Revenue Funds.

<sup>2</sup> Functional expenditure reporting was rolled into a summary format for fiscal years 1998 through 2002, therefore the detailed functional breakdown is not provided.

<sup>3</sup> Principal and interest were not split for financial reporting in 1998, 1999, 2000, 2001. Bond issuance costs and fees were not split until 2006.

| Fiscal Year           |                       |                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <u>2003</u>           | <u>2004</u>           | <u>2005</u>           | <u>2006</u>           | <u>2007</u>           | <u>2008</u>           |
| \$ 151,720,835        | \$ 133,489,497        | \$ 137,871,663        | \$ 140,965,033        | \$ 148,395,516        | \$ 162,448,414        |
| 4,651,601             | 4,262,714             | 4,438,065             | 4,196,788             | 4,229,238             | 4,697,079             |
| 2,905,061             | 2,768,619             | 3,041,593             | 3,108,679             | 3,307,335             | 3,911,629             |
| <u>159,277,497</u>    | <u>140,520,830</u>    | <u>145,351,321</u>    | <u>148,270,500</u>    | <u>155,932,089</u>    | <u>171,057,122</u>    |
| 4,091,776             | 4,181,626             | 3,927,769             | 4,044,615             | 4,448,576             | 5,171,093             |
| 13,160,646            | 13,445,689            | 13,934,237            | 14,771,684            | 15,638,048            | 16,627,903            |
| <u>17,252,422</u>     | <u>17,627,315</u>     | <u>17,862,006</u>     | <u>18,816,299</u>     | <u>20,086,624</u>     | <u>21,798,996</u>     |
| 8,751,742             | 8,976,635             | 9,197,470             | 9,218,760             | 9,805,805             | 10,584,700            |
| 312,915               | 337,185               | 338,207               | 388,421               | 399,004               | 452,623               |
| 1,762,015             | 1,789,906             | 1,853,302             | 1,803,601             | 1,982,160             | 2,253,193             |
| 1,753,028             | 2,055,755             | 2,379,959             | 2,791,141             | 3,113,993             | 3,267,352             |
| 9,720,315             | 10,336,431            | 10,970,668            | 11,576,056            | 12,734,631            | 13,469,056            |
| 3,318,132             | 3,293,191             | 3,390,310             | 3,508,333             | 3,960,786             | 4,618,842             |
| <u>25,618,147</u>     | <u>26,789,103</u>     | <u>28,129,916</u>     | <u>29,286,312</u>     | <u>31,996,379</u>     | <u>34,645,766</u>     |
| 6,726,117             | 5,880,996             | 5,816,669             | 5,900,645             | 6,196,903             | 7,077,655             |
| 6,726,117             | 5,880,996             | 5,816,669             | 5,900,645             | 6,196,903             | 7,077,655             |
| 16,557,826            | 16,461,637            | 17,238,257            | 18,943,773            | 18,297,271            | 18,594,964            |
| 1,482,338             | 1,501,233             | 1,483,529             | 1,563,207             | 1,707,830             | 2,243,275             |
| 2,347,326             | 2,473,285             | 4,516,994             | 3,827,566             | 3,362,101             | 2,944,091             |
| <u>20,387,490</u>     | <u>20,436,155</u>     | <u>23,238,780</u>     | <u>24,334,546</u>     | <u>23,367,202</u>     | <u>23,782,330</u>     |
| 708,822               | 1,008,516             | 800,270               | 735,436               | 849,700               | 1,089,717             |
| <u>708,822</u>        | <u>1,008,516</u>      | <u>800,270</u>        | <u>735,436</u>        | <u>849,700</u>        | <u>1,089,717</u>      |
| 11,521,344            | 12,100,437            | 13,444,789            | 13,460,943            | 16,464,750            | 15,542,222            |
| 15,004,129            | 17,212,417            | 18,386,035            | 18,698,016            | 18,054,594            | 24,943,371            |
|                       |                       |                       | 810,321               | 919,403               | 813,384               |
| <u>26,525,473</u>     | <u>29,312,854</u>     | <u>31,830,824</u>     | <u>32,969,280</u>     | <u>35,438,747</u>     | <u>41,298,977</u>     |
| 54,932,374            | 34,406,064            | 21,088,401            | 24,801,952            | 2,030,735             | 11,283,423            |
| 54,932,374            | 34,406,064            | 21,088,401            | 24,801,952            | 2,030,735             | 11,283,423            |
| 66,504                | 112,540               | 98,414                | 162,003               | 121,135               | 166,095               |
| 535,425               | -                     | -                     | -                     | -                     | 498,713               |
| 601,929               | 112,540               | 98,414                | 162,003               | 121,135               | 664,808               |
| 312,030,271           | 276,094,373           | 274,216,601           | 285,276,973           | 276,019,514           | 312,698,794           |
|                       |                       | 948,669               |                       |                       |                       |
| <u>\$ 312,030,271</u> | <u>\$ 276,094,373</u> | <u>\$ 275,165,270</u> | <u>\$ 285,276,973</u> | <u>\$ 276,019,514</u> | <u>\$ 312,698,794</u> |
| 10.3%                 | 12.1%                 | 12.5%                 | 12.7%                 | 12.9%                 | 13.7%                 |

**IRVING INDEPENDENT SCHOOL DISTRICT  
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES  
LAST TEN FISCAL YEARS (UNAUDITED)**

|                                                         | Fiscal Year                  |                              |                              |                             |
|---------------------------------------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|
|                                                         | <u>1999</u>                  | <u>2000</u>                  | <u>2001</u>                  | <u>2002</u>                 |
| <b>Excess of revenues over<br/>(under) expenditures</b> | \$(45,051,814)               | \$(54,289,878)               | \$(48,577,135)               | \$ (51,607,045)             |
| <b>Other Financing Sources (Uses)</b>                   |                              |                              |                              |                             |
| Proceeds from sale of bonds                             | -                            | 8,000,000                    | 38,946,894                   | 130,000,000                 |
| Premium or (discount) on bonds issued                   | -                            | -                            | -                            | -                           |
| Proceeds from sale of maintenance tax notes             | -                            | 1,000,000                    | -                            | -                           |
| Proceeds from sale of refunding bonds                   | -                            | -                            | -                            | 9,351,533                   |
| Proceeds from sale of contractual obligations           | 2,000,000                    | 2,000,000                    | 3,521,444                    | -                           |
| Sale of real or personal property                       | 52,682                       | 12,067                       | 11,524                       | 24,688                      |
| Transfers in                                            | 545,053                      | 300,000                      | 211,000                      | 301,563                     |
| Transfers out                                           | (545,053)                    | (300,000)                    | (211,000)                    | (777,964)                   |
| Payments to escrow agents                               | -                            | -                            | (1,253,270)                  | (7,667,483)                 |
| <b>Total other financing sources (uses)</b>             | <u>\$ 2,052,682</u>          | <u>\$ 11,012,067</u>         | <u>\$ 41,226,592</u>         | <u>\$ 131,232,337</u>       |
| <b>Net change in fund balances</b>                      | <u><u>\$(42,999,132)</u></u> | <u><u>\$(43,277,811)</u></u> | <u><u>\$ (7,350,543)</u></u> | <u><u>\$ 79,625,292</u></u> |

**Source:** Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds  
for the Irving Independent School District

| Fiscal Year            |                      |                        |                       |                      |                      |
|------------------------|----------------------|------------------------|-----------------------|----------------------|----------------------|
| <u>2003</u>            | <u>2004</u>          | <u>2005</u>            | <u>2006</u>           | <u>2007</u>          | <u>2008</u>          |
| \$ (83,142,479)        | \$ (39,744,875)      | \$ (22,916,716)        | \$ (15,078,281)       | \$ 12,380,042        | \$ (10,649,188)      |
| 49,500,000             | 40,000,000           | 92,425,000             | 10,000,000            | 20,000,000           | 87,020,000           |
| -                      | 187,400              | 6,573,811              | (83,842)              | 3,335,506            | 1,700,239            |
| -                      | -                    | -                      | -                     | -                    | -                    |
| 4,875,256              | -                    | -                      | 56,292,787            | 109,045,000          | -                    |
| -                      | -                    | -                      | -                     | -                    | -                    |
| 13,353                 | 6,319                | 41,427                 | 946,074               | 5,576                | 114,036              |
| 252,156                | 381,751              | 616,229                | -                     | -                    | -                    |
| (1,789,424)            | (381,751)            | (649,502)              | -                     | (2,046,167)          | -                    |
| (4,431,938)            | -                    | (98,945,741)           | (55,450,501)          | (111,485,567)        | -                    |
| <u>\$ 48,419,403</u>   | <u>\$ 40,193,719</u> | <u>\$ 61,224</u>       | <u>\$ 11,704,518</u>  | <u>\$ 18,854,348</u> | <u>\$ 88,834,275</u> |
| <u>\$ (34,723,076)</u> | <u>\$ 448,844</u>    | <u>\$ (22,855,492)</u> | <u>\$ (3,373,763)</u> | <u>\$ 31,234,390</u> | <u>\$ 78,185,087</u> |

**IRVING INDEPENDENT SCHOOL DISTRICT  
 APPRAISED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS (UNAUDITED)**

**EXHIBIT S-8**

| <b>Fiscal<br/>Year</b> | <b>APPRAISED VALUE <sup>1</sup></b>         |                              |                                          | <b>Total<br/>Estimated<br/>Taxable<br/>Value</b> | <b>Total Direct<br/>Rate <sup>3</sup></b> |
|------------------------|---------------------------------------------|------------------------------|------------------------------------------|--------------------------------------------------|-------------------------------------------|
|                        | <b>Residential<br/>or<br/>Real Property</b> | <b>Personal<br/>Property</b> | <b>Less:<br/>Exemptions <sup>2</sup></b> |                                                  |                                           |
| 1999                   | 5,872,793,407                               | 1,708,293,110                | 847,212,320                              | 6,733,874,197                                    | 1.678                                     |
| 2000                   | 6,205,463,010                               | 1,824,177,200                | 879,122,982                              | 7,150,517,228                                    | 1.668                                     |
| 2001                   | 6,596,000,610                               | 1,751,583,220                | 935,210,542                              | 7,412,373,288                                    | 1.695                                     |
| 2002                   | 6,881,771,460                               | 1,793,929,054                | 992,209,445                              | 7,683,491,069                                    | 1.695                                     |
| 2003                   | 7,047,315,280                               | 1,674,555,340                | 1,095,288,060                            | 7,626,582,560                                    | 1.771                                     |
| 2004                   | 6,976,135,611                               | 1,530,328,860                | 952,266,457                              | 7,554,198,014                                    | 1.815                                     |
| 2005                   | 6,958,121,200                               | 1,537,889,415                | 635,789,863                              | 7,860,220,752                                    | 1.837                                     |
| 2006                   | 7,174,877,690                               | 1,526,364,000                | 461,748,103                              | 8,239,493,587                                    | 1.814                                     |
| 2007                   | 7,670,724,880                               | 1,651,921,440                | 491,026,284                              | 8,831,620,036                                    | 1.644                                     |
| 2008                   | 8,315,691,790                               | 1,743,828,360                | 477,210,991                              | 9,582,309,159                                    | 1.349                                     |

**Source:** Dallas Central Appraisal District

**Notes:**

<sup>1</sup> Property is appraised at full market value. Properties are reappraised at least once every three years.

<sup>2</sup> Effective 1998, the state-mandated homestead exemption on qualified residential property increased from \$5,000 to \$15,000.

<sup>3</sup> Per \$100 of assessed value.





**IRVING INDEPENDENT SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS (UNAUDITED)**

| Fiscal Year | Irving Independent School District Direct Rates |              |       | Overlapping Rates <sup>1</sup> |                                         |
|-------------|-------------------------------------------------|--------------|-------|--------------------------------|-----------------------------------------|
|             | Maintenance and Operations                      | Debt Service | Total | City of Irving                 | Irving Flood Control District Section I |
| 1999        | 1.420                                           | 0.258        | 1.678 | 0.488                          | 0.282                                   |
| 2000        | 1.443                                           | 0.225        | 1.668 | 0.488                          | 0.274                                   |
| 2001        | 1.480                                           | 0.215        | 1.695 | 0.488                          | 0.267                                   |
| 2002        | 1.495                                           | 0.200        | 1.695 | 0.488                          | 0.263                                   |
| 2003        | 1.500                                           | 0.271        | 1.771 | 0.498                          | 0.263                                   |
| 2004        | 1.500                                           | 0.315        | 1.815 | 0.533                          | 0.200                                   |
| 2005        | 1.500                                           | 0.337        | 1.837 | 0.548                          | 0.200                                   |
| 2006        | 1.500                                           | 0.314        | 1.814 | 0.548                          | 0.225                                   |
| 2007        | 1.330                                           | 0.314        | 1.644 | 0.548                          | 0.271                                   |
| 2008        | 1.000                                           | 0.349        | 1.349 | 0.548                          | 0.242                                   |

**Source:** Appropriate government entities' tax departments

**Note:**

<sup>1</sup> Includes levies for operating and debt service costs.

Overlapping Rates <sup>1</sup>

| City of Grand Prairie | City of Dallas | Dallas County | Dallas County Community College | Dallas County Hospital | Dallas County Flood Control | Dallas County Utility and Reclamation |
|-----------------------|----------------|---------------|---------------------------------|------------------------|-----------------------------|---------------------------------------|
| 0.675                 | 0.649          | 0.197         | 0.050                           | 0.180                  | 1.990                       | 1.498                                 |
| 0.670                 | 0.668          | 0.196         | 0.050                           | 0.196                  | 1.990                       | 1.202                                 |
| 0.670                 | 0.668          | 0.196         | 0.060                           | 0.254                  | 2.870                       | 1.221                                 |
| 0.670                 | 0.668          | 0.196         | 0.060                           | 0.254                  | 2.100                       | 1.381                                 |
| 0.670                 | 0.670          | 0.196         | 0.078                           | 0.254                  | 2.080                       | 1.868                                 |
| 0.670                 | 0.670          | 0.204         | 0.080                           | 0.254                  | 2.080                       | 2.322                                 |
| 0.670                 | 0.720          | 0.204         | 0.082                           | 0.254                  | 2.780                       | 2.360                                 |
| 0.670                 | 0.742          | 0.214         | 0.081                           | 0.254                  | 2.836                       | 2.097                                 |
| 0.670                 | 0.729          | 0.228         | 0.080                           | 0.254                  | 2.836                       | 1.628                                 |
| 0.670                 | 0.748          | 0.228         | 0.089                           | 0.254                  | 2.836                       | 1.626                                 |

**IRVING INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

**EXHIBIT S-10**

| <u>Taxpayer</u>                  | <u>2008</u>                   |             |                                                                | <u>1999</u>                   |             |                                                                |
|----------------------------------|-------------------------------|-------------|----------------------------------------------------------------|-------------------------------|-------------|----------------------------------------------------------------|
|                                  | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Taxable Assessed Value <sup>1</sup></u> | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Taxable Assessed Value <sup>2</sup></u> |
| Verizon                          | \$240,854,060                 | 1           | 2.5%                                                           | \$ -                          |             | 0.0%                                                           |
| TIAA                             | 150,112,880                   | 2           | 1.6%                                                           | -                             |             | 0.0%                                                           |
| BF Las Colinas LP                | 123,579,080                   | 3           | 1.3%                                                           | -                             |             | 0.0%                                                           |
| Texas Utilities Electric Company | 83,679,080                    | 4           | 0.9%                                                           | 61,432,800                    | 7           | 0.9%                                                           |
| Simon Property Group             | 73,773,850                    | 5           | 0.8%                                                           | -                             |             | 0.0%                                                           |
| SP4                              | 68,689,990                    | 6           | 0.7%                                                           | -                             |             | 0.0%                                                           |
| SP                               | 63,175,430                    | 7           | 0.7%                                                           | -                             |             | 0.0%                                                           |
| Sprint United Management Co.     | 58,561,910                    | 8           | 0.6%                                                           | -                             |             | 0.0%                                                           |
| MPA Las Colinas LTD              | 58,000,000                    | 9           | 0.6%                                                           | -                             |             | 1.0%                                                           |
| Dr Pepper Bottling Co.           | 57,748,390                    | 10          | 0.6%                                                           | -                             |             | 0.0%                                                           |
| Teachers Insurance               | -                             |             | 0.0%                                                           | 196,300,500                   | 1           | 2.9%                                                           |
| HMS Office                       | -                             |             | 0.0%                                                           | 110,000,000                   | 2           | 1.6%                                                           |
| GTE Realty Corp.                 | -                             |             | 0.0%                                                           | 107,547,540                   | 3           | 1.6%                                                           |
| GTE Telephone                    | -                             |             | 0.0%                                                           | 100,466,780                   | 4           | 1.5%                                                           |
| CGN Real Estate                  | -                             |             | 0.0%                                                           | 72,300,000                    | 5           | 1.1%                                                           |
| GTE North Inc.                   | -                             |             | 0.0%                                                           | 71,895,800                    | 6           | 1.1%                                                           |
| Crescent Real Estate             | -                             |             | 0.0%                                                           | 60,000,000                    | 8           | 0.9%                                                           |
| TRST Las Colinas Inc.            | -                             |             | 0.0%                                                           | 51,832,570                    | 9           | 0.8%                                                           |
| Las Colinas Tower Corporation    | -                             |             | 0.0%                                                           | 50,365,410                    | 10          | 0.7%                                                           |
|                                  | <u>\$978,174,670</u>          |             | <u>10.2%</u>                                                   | <u>\$882,141,400</u>          |             | <u>13.1%</u>                                                   |

**Source:** Dallas Central Appraisal District

**Note:**

<sup>1</sup> Total appraised taxable value for 2008 = \$9,582,309,159.

<sup>2</sup> Total appraised taxable value for 1999 = \$6,733,874,197.



**IRVING INDEPENDENT SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS<sup>1</sup>  
LAST TEN FISCAL YEARS (UNAUDITED)**

| <b>Fiscal<br/>Year<br/>Ending</b> | <b>Taxes Levied<br/>for the<br/>Fiscal Year <sup>2</sup></b> | <b>Collected within the<br/>Fiscal Year of the Levy</b> |                                   |
|-----------------------------------|--------------------------------------------------------------|---------------------------------------------------------|-----------------------------------|
|                                   |                                                              | <b>Amount</b>                                           | <b>Percentage<br/>of<br/>Levy</b> |
| 1999                              | \$ 111,198,028                                               | \$ 110,277,466                                          | 99.17%                            |
| 2000                              | 117,599,080                                                  | 116,166,865                                             | 98.78%                            |
| 2001                              | 123,699,211                                                  | 121,599,158                                             | 98.30%                            |
| 2002                              | 127,313,189                                                  | 125,522,907                                             | 98.59%                            |
| 2003                              | 132,100,388                                                  | 128,617,287                                             | 97.36%                            |
| 2004                              | 133,004,134                                                  | 130,969,935                                             | 98.47%                            |
| 2005                              | 138,674,876                                                  | 136,301,769                                             | 98.29%                            |
| 2006                              | 142,940,929                                                  | 140,189,082                                             | 98.07%                            |
| 2007                              | 140,160,896                                                  | 137,934,118                                             | 98.41%                            |
| 2008                              | 124,619,570                                                  | 122,830,119                                             | 98.56%                            |

**Source:** Dallas Central Appraisal District and IISD Tax Office Year-to-Date records

**Notes:**

<sup>1</sup> The District performs its own tax collection activities.

<sup>2</sup> The tax levy reflects the original levy as submitted in the State Property Tax Board School District Report of Property Values, net of any additions or deletions occurring during the year.

| <b>Collections other than<br/>Current Year</b> |                                     | <b>Total Collections to Date</b> |                                   |
|------------------------------------------------|-------------------------------------|----------------------------------|-----------------------------------|
| <b>Delinquent<br/>Taxes</b>                    | <b>Penalty<br/>and<br/>Interest</b> | <b>Amount</b>                    | <b>Percentage<br/>of<br/>Levy</b> |
| \$ 851,884                                     | \$ 529,057                          | \$ 111,658,407                   | 100.41%                           |
| 733,030                                        | 701,324                             | 117,601,219                      | 100.00%                           |
| 991,253                                        | 626,943                             | 123,217,354                      | 99.61%                            |
| 1,398,486                                      | 1,079,277                           | 128,000,670                      | 100.54%                           |
| 1,490,073                                      | 1,079,133                           | 131,186,493                      | 99.31%                            |
| 1,902,788                                      | 907,035                             | 133,779,758                      | 100.58%                           |
| 2,228,831                                      | 1,149,148                           | 139,679,748                      | 100.72%                           |
| 1,537,958                                      | 1,359,651                           | 143,086,691                      | 100.10%                           |
| 2,469,351                                      | 1,565,168                           | 141,968,637                      | 101.29%                           |
| 1,952,621                                      | 1,239,561                           | 126,022,301                      | 101.13%                           |

**IRVING INDEPENDENT SCHOOL DISTRICT  
OUTSTANDING DEBT BY TYPE<sup>1</sup>  
LAST TEN FISCAL YEARS (UNAUDITED)**

**EXHIBIT S-12**

| <b>Governmental Activities</b> |                                 |              |                                |                                 |                                                  |                               |
|--------------------------------|---------------------------------|--------------|--------------------------------|---------------------------------|--------------------------------------------------|-------------------------------|
| <b>Fiscal Year</b>             | <b>General Obligation Bonds</b> | <b>Loans</b> | <b>Contractual Obligations</b> | <b>Total Primary Government</b> | <b>Percentage of Personal Income<sup>2</sup></b> | <b>Per Capita<sup>2</sup></b> |
| 1999                           | \$210,693,057                   | \$ 8,345     | \$ 2,000,000                   | \$212,701,402                   | 5.24%                                            | 1,160                         |
| 2000                           | 210,758,278                     | 3,453        | 3,715,000                      | 214,476,731                     | 4.52%                                            | 1,159                         |
| 2001                           | 238,344,054                     | -            | 5,885,000                      | 244,229,054                     | 6.68%                                            | 1,275                         |
| 2002                           | 373,903,024                     | -            | -                              | 373,903,024                     | 8.21%                                            | 1,923                         |
| 2003                           | 424,303,006                     | -            | -                              | 424,303,006                     | 9.16%                                            | 2,145                         |
| 2004                           | 456,726,320                     | -            | -                              | 456,726,320                     | 9.91%                                            | 2,321                         |
| 2005                           | 444,002,433                     | -            | -                              | 444,002,433                     | 9.51%                                            | 2,249                         |
| 2006                           | 446,066,092                     | -            | -                              | 446,066,092                     | 9.39%                                            | 2,209                         |
| 2007                           | 457,137,621                     | -            | -                              | 457,137,621                     | 9.76%                                            | 2,223                         |
| 2008                           | 526,670,907                     | -            | -                              | 526,670,907                     | -                                                | -                             |

**Source:** Dallas Central Appraisal District

**Notes:**

<sup>1</sup> Details of the District's outstanding debt can be found in the notes to the financial statements.

<sup>2</sup> See Schedule S-15 for personal income and population data. No 2008 population data was available from the current City of Irving CAFR.



**IRVING INDEPENDENT SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF AUGUST 31, 2008 (UNAUDITED)**

**EXHIBIT S-13**

| <b>Governmental Unit</b>                              | <b>Debt Outstanding</b> | <b>Estimated Percentage Applicable <sup>1</sup></b> | <b>Estimated Share of Direct and Overlapping Debt</b> |
|-------------------------------------------------------|-------------------------|-----------------------------------------------------|-------------------------------------------------------|
| City of Irving                                        | \$ 203,140,000          | 71.25%                                              | \$ 144,737,250                                        |
| Irving Flood Control District Section I               | 4,338,756               | 100.00%                                             | 4,338,756                                             |
| City of Grand Prairie                                 | 146,140,560             | 0.77%                                               | 1,125,282                                             |
| City of Dallas                                        | 1,898,227,609           | 0.24%                                               | 4,555,746                                             |
| Dallas County                                         | 158,884,826             | 6.91%                                               | 10,978,941                                            |
| Dallas County Community College                       | 60,735,000              | 6.91%                                               | 4,196,789                                             |
| Dallas County Hospital                                | -                       | 6.91%                                               | -                                                     |
| Dallas County Flood Control                           | 31,240,100              | 97.70%                                              | 30,521,578                                            |
| Dallas County Utility and Reclamation                 | 308,347,844             | 90.63%                                              | 279,455,651                                           |
| Subtotal, overlapping bonded debt                     |                         |                                                     | <u>479,909,993</u>                                    |
| <b>Irving Independent School District direct debt</b> | <b>\$ 526,670,907</b>   | <b>100%</b>                                         | <b>\$ 526,670,907</b>                                 |
| <b>Total direct and overlapping debt</b>              |                         |                                                     | <b><u>\$1,006,580,900</u></b>                         |

**Source:** Taxable value data used to estimate applicable percentages provided by the Dallas Central District. Debt outstanding data provided by each governmental unit.

**Notes:**

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

<sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**IRVING INDEPENDENT SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS (UNAUDITED)**

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|                                                                         | <u>1999</u>           | <u>2000</u>           | <u>2001</u>           | <u>2002</u>           |
|-------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt Limit                                                              | \$ 673,387,420        | \$ 715,051,723        | \$ 741,237,329        | \$ 768,349,107        |
| Total net debt applicable to limit                                      | <u>201,770,984</u>    | <u>201,378,245</u>    | <u>228,601,744</u>    | <u>363,581,516</u>    |
| Legal debt margin                                                       | <u>\$ 471,616,436</u> | <u>\$ 513,673,478</u> | <u>\$ 512,635,585</u> | <u>\$ 404,767,591</u> |
| Total net debt applicable to the<br>limit as a percentage of debt limit | <u>29.96%</u>         | <u>28.16%</u>         | <u>30.84%</u>         | <u>47.32%</u>         |

**Source:** Calculation from taxable assessed valuation, total bonded debt and debt service reservation data.

**Legal Debt Margin Calculation for Fiscal Year 2008:**

|                                    |                        |
|------------------------------------|------------------------|
| Assessed value                     | <u>\$9,582,309,159</u> |
| Debt limit (10% of assessed value) | \$ 958,230,916         |
| Debt applicable to limit           | <u>(514,339,338)</u>   |
| Legal debt margin                  | <u>\$ 443,891,578</u>  |

| <u>2003</u>           | <u>2004</u>           | <u>2005</u>           | <u>2006</u>           | <u>2007</u>           | <u>2008</u>           |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 762,658,256        | \$ 755,419,801        | \$ 786,022,075        | \$ 823,949,359        | \$ 883,162,004        | \$ 958,230,916        |
| <u>415,042,304</u>    | <u>447,186,212</u>    | <u>433,547,807</u>    | <u>433,981,318</u>    | <u>443,697,650</u>    | <u>514,339,338</u>    |
| <u>\$ 347,615,952</u> | <u>\$ 308,233,589</u> | <u>\$ 352,474,268</u> | <u>\$ 389,968,041</u> | <u>\$ 439,464,354</u> | <u>\$ 443,891,578</u> |
| <u>54.42%</u>         | <u>59.20%</u>         | <u>55.16%</u>         | <u>52.67%</u>         | <u>50.24%</u>         | <u>53.68%</u>         |

**IRVING INDEPENDENT SCHOOL DISTRICT  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN CALENDAR YEARS (UNAUDITED)**

**EXHIBIT S-15**

| <b>Period<br/>Ending</b> | <b>Population <sup>1</sup></b> | <b>Personal<br/>Income <sup>2</sup><br/>(thousands<br/>of dollars)</b> | <b>Per<br/>Capita<br/>Personal<br/>Income (dollars)</b> | <b>Unemployment<br/>Rate <sup>3</sup></b> |
|--------------------------|--------------------------------|------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------|
| 1999                     | 183,300                        | \$ 4,061,928                                                           | \$ 22,160                                               | 2.80%                                     |
| 2000                     | 185,000                        | 4,741,920                                                              | 25,632                                                  | 2.80%                                     |
| 2001                     | 191,615                        | 3,656,589                                                              | 19,083                                                  | 5.10%                                     |
| 2002                     | 194,407                        | 4,552,818                                                              | 23,419                                                  | 6.00%                                     |
| 2003                     | 197,836                        | 4,633,121                                                              | 23,419                                                  | 5.70%                                     |
| 2004                     | 196,774                        | 4,608,250                                                              | 23,419                                                  | 5.80%                                     |
| 2005                     | 197,400                        | 4,669,497                                                              | 23,655                                                  | 5.30%                                     |
| 2006                     | 201,927                        | 4,748,717                                                              | 23,517                                                  | 4.50%                                     |
| 2007                     | 205,600                        | 4,685,007                                                              | 22,787                                                  | 4.30%                                     |
| 2008                     | -                              | -                                                                      | -                                                       | -                                         |

**Sources:**

<sup>1</sup> City of Irving CAFR, 'Demographic and Economic Statistics' and the North Central Texas Council of Governments 2008 Population data was not available from the current City of Irving CAFR.

<sup>2</sup> City of Irving CAFR, 'Demographic and Economic Statistics.' 2008 Personal Income data was not available from the current City of Irving CAFR.

<sup>3</sup> City of Irving CAFR, 'Demographic and Economic Statistics' and the Texas Workforce Commission Unemployment Rate data for 2008 was not available from the current City of Irving CAFR.

**IRVING INDEPENDENT SCHOOL DISTRICT  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO<sup>1</sup> (UNAUDITED)**

**EXHIBIT S-16**

| <u>Employer</u>                    | 2008          |      | Percentage<br>of Total<br>Employment |
|------------------------------------|---------------|------|--------------------------------------|
|                                    | Employees     | Rank |                                      |
| Citigroup                          | 6,430         | 1    | 11.55%                               |
| Verizon Communications Inc.        | 4,700         | 2    | 8.44%                                |
| Irving Independent School District | 4,194         | 3    | 7.53%                                |
| Citicorp Credit Services Inc.      | 3,795         | 4    | 6.82%                                |
| Nokia                              | 2,500         | 5    | 4.49%                                |
| Allstate Insurance Co.             | 2,000         | 6    | 3.59%                                |
| Central Freight Lines Inc.         | 2,000         | 7    | 3.59%                                |
| Aegis Communications Group Inc.    | 1,500         | 8    | 2.69%                                |
| Baylor Medical Center at Irving    | 1,500         | 9    | 2.69%                                |
| Abbott Laboratories                | 1,500         | 10   | 2.69%                                |
| <b>Total</b>                       | <b>30,119</b> |      | <b>54.08%</b>                        |

**Source:** North Central Texas Council of Governments

**Note:**

<sup>1</sup> 1999 data not available for 10-year comparison.

**IRVING INDEPENDENT SCHOOL DISTRICT  
 FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY TYPE  
 LAST TEN FISCAL YEARS<sup>1</sup> (UNAUDITED)**

|                                                 | <b>Full-time-Equivalent Employees</b> |                         |                |
|-------------------------------------------------|---------------------------------------|-------------------------|----------------|
|                                                 | <u>2001<sup>2</sup></u>               | <u>2002<sup>2</sup></u> | <u>2003</u>    |
| <b>Teachers</b>                                 | 2,061.6                               | 2,125.6                 | 2,209.6        |
| <b>Professional Support</b>                     |                                       |                         |                |
| Associate School Psychologist                   |                                       |                         | 4.7            |
| Counselor                                       |                                       |                         | 83.0           |
| Educational Diagnostician                       |                                       |                         | 24.0           |
| Librarian                                       |                                       |                         | 34.1           |
| Occupational Therapist                          |                                       |                         | 5.0            |
| Physical Therapist                              |                                       |                         | 1.0            |
| School Nurse                                    |                                       |                         | 34.0           |
| Speech Therapist/Speech-Language Pathologist    |                                       |                         | 24.6           |
| Teacher Facilitator                             |                                       |                         | 41.6           |
| Campus Professional Personnel                   |                                       |                         | 2.0            |
| Non-Campus Professional Personnel               |                                       |                         | 26.6           |
| <b>Total Professional Support</b>               | <u>290.2</u>                          | <u>266.5</u>            | <u>280.6</u>   |
| <b>Campus Administration</b>                    |                                       |                         |                |
| Assistant Principal                             |                                       |                         | 73.5           |
| Instructional Officer                           |                                       |                         | 12.0           |
| Principal                                       |                                       |                         | 34.8           |
| Teacher Supervisor                              |                                       |                         | 35.4           |
| Athletic Director                               |                                       |                         | 2.0            |
| <b>Total Campus Administration</b>              | <u>117.0</u>                          | <u>148.5</u>            | <u>157.7</u>   |
| <b>Central Administration</b>                   |                                       |                         |                |
| Assistant/Assoc/Deputy Superintendent           |                                       |                         | 3.0            |
| Superintendent                                  |                                       |                         | 1.0            |
| Teacher Supervisor                              |                                       |                         | 4.0            |
| Business Manager                                |                                       |                         | 1.0            |
| Tax Assessor &/or Collector                     |                                       |                         | 1.0            |
| Director of Personnel/HR                        |                                       |                         | 1.0            |
| <b>Total Central Administration</b>             | <u>6.0</u>                            | <u>5.9</u>              | <u>11.0</u>    |
| <b>Educational Aides</b>                        |                                       |                         |                |
| Educational Aides                               |                                       |                         | 394.5          |
| Interpreter                                     |                                       |                         | 2.8            |
| <b>Total Educational Aides</b>                  | <u>443.8</u>                          | <u>390.1</u>            | <u>397.3</u>   |
| <b>Auxiliary Staff</b>                          | <u>677.9</u>                          | <u>740.7</u>            | <u>778.8</u>   |
| <b>Total All Full-Time Equivalent Employees</b> | <u>3,596.5</u>                        | <u>3,677.3</u>          | <u>3,835.0</u> |

**Source:** District records from the Fall PEIMS submission

**Notes:**

<sup>1</sup> Data not available for years 1999 and 2000, therefore a ten year comparison is not presented.

<sup>2</sup> Detailed information was not available for fiscal years 2001 and 2002.

| <b>Full-time-Equivalent Employees</b> |                |                |                |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
| <b>2004</b>                           | <b>2005</b>    | <b>2006</b>    | <b>2007</b>    | <b>2008</b>    |
| 2,092.9                               | 2,093.6        | 2,155.4        | 2,213.0        | 2,270.2        |
| 3.7                                   | 3.4            | 3.7            | 3.7            | 6.2            |
| 78.3                                  | 75.0           | 80.7           | 79.9           | 81.0           |
| 27.0                                  | 27.5           | 27.5           | 27.0           | 28.9           |
| 35.4                                  | 34.2           | 32.2           | 32.0           | 32.0           |
| 5.3                                   | 4.8            | 5.3            | 4.8            | 4.9            |
| 1.0                                   | 0.0            | 2.0            | 2.0            | 2.0            |
| 34.0                                  | 33.8           | 33.9           | 33.4           | 35.5           |
| 22.1                                  | 25.0           | 23.1           | 25.5           | 20.4           |
| 42.1                                  | 40.4           | 39.3           | 3.0            | 3.0            |
| 2.0                                   | 2.0            | 1.1            | 14.0           | 9.0            |
| 27.1                                  | 33.0           | 53.2           | 59.9           | 67.8           |
| <u>278.0</u>                          | <u>279.1</u>   | <u>302.0</u>   | <u>285.2</u>   | <u>290.7</u>   |
| 75.0                                  | 76.8           | 75.6           | 75.0           | 76.0           |
| 12.0                                  | 10.0           | 9.0            | 11.0           | 13.0           |
| 33.0                                  | 36.0           | 36.0           | 35.7           | 35.7           |
| 31.2                                  | 29.6           | 31.8           | 3.0            | 4.0            |
| 2.0                                   | 2.0            | 2.0            | 1.0            | 1.0            |
| <u>153.2</u>                          | <u>154.4</u>   | <u>154.4</u>   | <u>125.7</u>   | <u>129.7</u>   |
| 3.0                                   | 3.0            | 3.0            | 4.0            | 4.0            |
| 1.0                                   | 1.0            | 1.0            | 1.0            | 1.0            |
| 3.7                                   | 3.2            | 2.2            | 28.0           | 28.5           |
| 1.0                                   | 1.0            | 1.0            | 1.0            | 1.0            |
| 1.0                                   | 1.0            | 1.0            | 1.0            | 1.0            |
| 1.0                                   | 1.0            | 1.0            | 1.0            | 1.0            |
| <u>10.7</u>                           | <u>10.2</u>    | <u>9.2</u>     | <u>36.0</u>    | <u>36.5</u>    |
| 411.7                                 | 422.0          | 437.4          | 430.9          | 420.8          |
| 1.0                                   | 4.0            | 1.8            | 2.0            | 1.9            |
| <u>412.7</u>                          | <u>426.0</u>   | <u>439.2</u>   | <u>432.9</u>   | <u>422.7</u>   |
| <u>793.6</u>                          | <u>816.7</u>   | <u>803.0</u>   | <u>816.9</u>   | <u>840.4</u>   |
| <u>3,741.1</u>                        | <u>3,780.0</u> | <u>3,863.2</u> | <u>3,909.7</u> | <u>3,990.2</u> |

**IRVING INDEPENDENT SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS (UNAUDITED)**

**EXHIBIT S-18**

| <b>Fiscal Year</b> | <b>Enrollment</b> | <b>Operating Expenditures</b> | <b>Cost per Pupil</b> | <b>Percentage Change</b> | <b>Teaching Staff</b> | <b>Pupil-Teacher Ratio</b> | <b>Percentage of Students Receiving Free or Reduced-Price Meals</b> |
|--------------------|-------------------|-------------------------------|-----------------------|--------------------------|-----------------------|----------------------------|---------------------------------------------------------------------|
| 1999 <sup>1</sup>  | 27,651            | \$ 138,100,804                | \$ 4,994              | 4.59 %                   | -                     | -                          | 50.5%                                                               |
| 2000 <sup>1</sup>  | 27,961            | 161,265,370                   | 5,768                 | 15.48 %                  | -                     | -                          | 53.7%                                                               |
| 2001               | 29,097            | 166,091,016                   | 5,708                 | (1.03)%                  | 2,061.6               | 14.1                       | 55.3%                                                               |
| 2002               | 30,086            | 170,913,489                   | 5,681                 | (0.48)%                  | 2,125.6               | 14.2                       | 61.4%                                                               |
| 2003               | 30,853            | 179,762,746                   | 5,826                 | 2.56 %                   | 2,209.6               | 14.0                       | 59.3%                                                               |
| 2004               | 31,215            | 174,851,490                   | 5,602                 | (3.86)%                  | 2,092.9               | 14.9                       | 61.3%                                                               |
| 2005               | 31,879            | 179,111,618                   | 5,618                 | 0.30 %                   | 2,093.6               | 15.2                       | 65.7%                                                               |
| 2006               | 32,620            | 183,767,694                   | 5,634                 | 0.27 %                   | 2,155.4               | 15.1                       | 68.7%                                                               |
| 2007               | 32,951            | 199,587,657                   | 6,057                 | 7.52 %                   | 2,213.0               | 14.9                       | 72.0%                                                               |
| 2008               | 33,189            | 212,397,290                   | 6,400                 | 5.65 %                   | 2,270.2               | 14.6                       | 72.5%                                                               |

**Source:** District records

**Note:**

<sup>1</sup> Data for teaching staff counts and pupil teacher ratios are not available for years 1999 and 2000.



**IRVING INDEPENDENT SCHOOL DISTRICT  
CAPITAL ASSET INFORMATION  
(UNAUDITED)**

**EXHIBIT S-19**

|                              | <u>2008</u>     |
|------------------------------|-----------------|
| <b>School</b>                |                 |
| <b>Elementary</b>            |                 |
| Buildings                    | 24              |
| Square feet                  | 2,003,550       |
| Maximum Capacity             | 18,600          |
| Enrollment                   | 17,005          |
| <b>Middle</b>                |                 |
| Buildings                    | 7               |
| Square feet                  | 1,149,983       |
| Maximum Capacity             | 6,125           |
| Enrollment                   | 7,000           |
| <b>High</b>                  |                 |
| Buildings                    | 7               |
| Square feet                  | 1,276,660       |
| Maximum Capacity             | 14,700          |
| Enrollment                   | 7,982           |
| <b>Administrative</b>        |                 |
| Buildings                    | 9               |
| Square feet                  | 221,839         |
| <b>Transportation</b>        |                 |
| Buses (quantity)             | 54 <sup>1</sup> |
| <b>Athletics</b>             |                 |
| Football fields (quantity)   | 11              |
| Soccer fields (quantity)     | 11              |
| Running tracks (quantity)    | 11              |
| Baseball/softball (quantity) | 6               |
| Playgrounds (quantity)       | 25              |

**Source:** District records

**Note:**

<sup>1</sup> Buses are titled under Dallas County Schools. DCS maintains and repairs these buses.



# **SINGLE AUDIT REPORTS**



WEAVER  
AND  
TIDWELL

L.L.P.

CERTIFIED PUBLIC  
ACCOUNTANTS  
AND CONSULTANTS

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

Board of Trustees  
Irving Independent School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Irving Independent School District (the "District"), as of and for the year ended August 31, 2008 and have issued our report thereon dated January 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affect the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We considered the deficiencies as described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting items 08-01.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a misstatement of the financial statements will not be prevented or detected by the District's internal control.

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Our consideration of the internal control over financial reporting was for the limited purpose and would not necessarily identify all deficiencies in internal control that might be 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.

We noted certain matters that we reported to management of the District, in a separate letter dated January 8, 2009.

The district's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, District Council, and 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.

*Weaver and Tidwell, L.L.P.*

**WEAVER AND TIDWELL, L.L.P.**

Dallas, Texas  
January 8, 2009



**WEAVER  
&  
TIDWELL**

*L.L.P.*

CERTIFIED PUBLIC  
ACCOUNTANTS  
AND CONSULTANTS

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

Board of Trustees  
Irving Independent School District

Compliance

We have audited the compliance of the Irving Independent School District (the "District"), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2008. 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 considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2008.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal

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program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affect the entity's ability to administer a federal program such that there is a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended for the information of the District's Trustees, the administration, federal awarding agencies, and the Texas Education Agency and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.  
Dallas, Texas  
January 8, 2009

**IRVING INDEPENDENT SCHOOL DISTRICT  
 SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2008**

**EXHIBIT K-1**

| <b>Pass-Through Grantor<br/>Program Title</b>              | <b>Federal<br/>CFDA<br/>Number</b> | <b>Direct<br/>Expenditures</b> | <b>Indirect<br/>Charges</b> | <b>Total<br/>Expenditures</b> |
|------------------------------------------------------------|------------------------------------|--------------------------------|-----------------------------|-------------------------------|
| <b>Passed Through State Department of Education:</b>       |                                    |                                |                             |                               |
| Mckinney-Vento Homeless Education                          | 84.196                             | \$ 150,325                     | \$ -                        | \$ 150,325                    |
| Child Care Development Grant                               | 93.575                             | 118,791                        | -                           | 118,791                       |
| 21st Century Community Learning Centers-Cycle 3, Yr. 4     | 84.287C                            | 548,915                        | 11,087                      | 560,002                       |
| 21st Century Community Learning Centers-Cycle 1, YR 5-Good | 84.287C                            | 101,668                        | 2,058                       | 103,726                       |
| 21st Century Community Learning Centers-Cycle 4, Yr. 3     | 84.287C                            | 37,619                         | -                           | 37,619                        |
| 21st Century Community Learning Centers-Cycle 4, Yr. 2     | 84.287C                            | 726,886                        | 5,525                       | 732,411                       |
| Carl D. Perkins Basic Grant for Career & Technology        | 84.048A                            | 320,229                        | 980                         | 321,209                       |
| Carl D. Perkins Basic Grant for Career & Technology        | 84.048A                            | 21,579                         | -                           | 21,579                        |
| Achieve Texas College & Career Redesign Grant-Irving       | 84.048A                            | 46,801                         | 769                         | 47,570                        |
| Achieve Texas College & Career Redesign Grant-MacArthur    | 84.048A                            | 48,056                         | 761                         | 48,817                        |
| Achieve Texas College & Career Redesign Grant-Nimitz       | 84.048A                            | 37,139                         | 677                         | 37,816                        |
| Achieve Texas College & Career Redesign Grant-Union Bower  | 84.048A                            | 31,833                         | 560                         | 32,393                        |
| Title I - School Improvement Program - De Zavala           | 84.010A                            | 156,360                        | 3,165                       | 159,525                       |
| Title I - School Improvement Program - De Zavala           | 84.010A                            | 9,500                          | -                           | 9,500                         |
| Title 1, Part A - Improving Basic Program                  | 84.010A                            | 5,038,747                      | 103,941                     | 5,142,688                     |
| Title 1, Part A - Improving Basic Program                  | 84.010A                            | 37,772                         | -                           | 37,772                        |
| Title II-Part D-Technology                                 | 84.318X                            | 49,533                         | 1,139                       | 50,672                        |
| Title II-Part D-Technology                                 | 84.318X                            | 8,925                          | -                           | 8,925                         |
| Title II-Part D-Star School Readiness                      | 84.318X                            | 311,818                        | 5,566                       | 317,384                       |
| Title II-Part A, Teacher & Principal Training & Recruiting | 84.367                             | 1,016,180                      | 23,318                      | 1,039,498                     |
| Title II-Part A, Teacher & Principal Training & Recruiting | 84.367                             | 100,300                        | -                           | 100,300                       |
| Title IV-Safe & Drug Free Schools                          | 84.186A                            | 121,403                        | 2,761                       | 124,164                       |
| Title IV-Safe & Drug Free Schools                          | 84.186A                            | 526                            | -                           | 526                           |
| Title V- Part A -Innovative                                | 84.298A                            | 88,438                         | 1,821                       | 90,259                        |
| IDEA B-Formula*                                            | 84.027                             | 6,696,987                      | 135,412                     | 6,832,399                     |
| IDEA B-Formula*                                            | 84.027                             | 62,876                         | -                           | 62,876                        |
| IDEA B-Preschool*                                          | 84.173                             | 167,163                        | 3,243                       | 170,406                       |
| IDEA B-Preschool, Deaf*                                    | 84.173                             | 1,773                          | 36                          | 1,809                         |
| IDEA B-Preschool, Deaf*                                    | 84.173                             | 46                             | -                           | 46                            |
| IDEA B-Formula, Deaf*                                      | 84.027                             | 18,798                         | 380                         | 19,178                        |
| IDEA B-Formula, Deaf*                                      | 84.027                             | 194                            | -                           | 194                           |
| IDEA B-Discretionary, Deaf*                                | 84.027                             | 35,380                         | -                           | 35,380                        |
| IDEA C-Early Intervention                                  | 84.181                             | 255                            | -                           | 255                           |
| IDEA C-Early Intervention                                  | 84.181                             | 1,242                          | -                           | 1,242                         |
| Title I-Part C - Migrant                                   | 84.011A                            | 128,884                        | 2,608                       | 131,492                       |
| Title I-Part C - Migrant                                   | 84.011A                            | 10,116                         | -                           | 10,116                        |
| Title III-Part A, Limited English Proficiency              | 84.365A                            | 1,419,628                      | 29,188                      | 1,448,816                     |
| Title III-Part A, Limited English Proficiency              | 84.365A                            | 62,879                         | -                           | 62,879                        |
| Adult Ed-English Literacy & Civics Education, Secion 231   | 84.002A                            | 103,388                        | 2,093                       | 105,481                       |
| Adult Ed-English Literacy & Civics Education, Secion 231   | 84.002A                            | 2,385                          | -                           | 2,385                         |
| Building Excellence in History Teachers                    | 84215X                             | 298,767                        | 3,824                       | 302,591                       |
| Mentoring Program Grants                                   | 84.184B                            | 168,647                        | 2,159                       | 170,806                       |
| Summer School-Limited English Proficiency                  | 84.369A                            | 3,467                          | -                           | 3,467                         |
| <b>TOTAL DEPARTMENT OF EDUCATION</b>                       |                                    | <b>18,312,218</b>              | <b>343,071</b>              | <b>18,655,289</b>             |
| <b>USDA Donated Commodities</b>                            | <b>10.565</b>                      | <b>307,475</b>                 |                             | <b>307,475</b>                |
| <b>Passed through State Department of Education:</b>       |                                    |                                |                             |                               |
| National School Lunch*                                     | 10.555                             | 8,567,870                      | -                           | 8,567,870                     |
| School Breakfast Program*                                  | 10.553                             | 2,881,163                      | -                           | 2,881,163                     |
| <b>TOTAL DEPARTMENT OF AGRICULTURE</b>                     |                                    | <b>11,756,508</b>              |                             | <b>11,756,508</b>             |
| <b>Reserve Officer Training Corps</b>                      | <b>12.000</b>                      | <b>207,815</b>                 |                             | <b>207,815</b>                |
| <b>TOTAL DEPARTMENT OF DEFENSE</b>                         |                                    | <b>207,815</b>                 |                             | <b>207,815</b>                |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                |                                    | <b>\$ 30,276,541</b>           | <b>\$ 343,071</b>           | <b>\$ 30,619,612</b>          |



**IRVING INDEPENDENT SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2008**

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1. The District utilizes the funds specified in the Texas Education Agency Resource Guide.

***Special Revenue Funds*** – are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state awards are generally accounted for in the General Fund and in Special Revenue Funds. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Funds are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the General Fund and Special Revenue Funds, components of the Governmental Funds. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Funds; accordingly, the Schedule of Expenditures of Federal Awards was prepared under this basis of accounting, which requires that revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extends 30 days beyond the federal project period ending date, in accordance with the provisions in Section H. Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.
4. Funds were received by the District for school health and related services ("SHARS") reimbursements (\$673,546). However, such reimbursements are not considered federal awards and are not included in the Schedule of Expenditures of Federal Awards.

**IRVING INDEPENDENT SCHOOL DISTRICT  
SUMMARY OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2008**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

Financial Statements

- a. An unqualified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
- Material weakness(es) identified?  Yes  No
  - Significant deficiency(ies) identified that are not considered a material weakness?  Yes  No
  - Control deficiency(ies) identified that are not considered a material weakness?  Yes  No
- c. Noncompliance material to financial statements noted  Yes  No

Major Programs

- d. Internal control over major programs:
- Material weakness(es) identified?  Yes  No
  - Significant deficiency(ies) identified that are not considered a material weakness?  Yes  No
  - Control deficiency(ies) identified that are not considered a material weakness?  Yes  No
- e. An unqualified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported under Section 510(a) or OMB Circular A-133.  Yes  No
- g. Identification of major programs:
- |         |                                                    |
|---------|----------------------------------------------------|
| 84.027  | IDEA B, Formula                                    |
| 84.010A | Title 1, Part A                                    |
| 84.287C | 21 <sup>st</sup> Century Community Learning Center |
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$918,588
- i. Auditee qualified as a low-risk auditee.  Yes  No

**IRVING INDEPENDENT SCHOOL DISTRICT  
SUMMARY OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2008**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**FINDINGS #08-1**

**Criteria or Specific Requirement:**

The District's human resources department is responsible for maintaining accurate personnel data in the "MUNIS" system. Incorrect coding in the system results in inappropriate application of many of the payroll functions.

**Condition:**

( ) Compliance Finding (X) Significant Deficiency ( ) Material Weakness

**Context:** During payroll testing, we noted the human resources department had several manual errors when inputting the information.

**Effect:** Errors were noted in the salary disbursement process.

**Cause:** The human resources department data entry is currently not adequately supervised or reviewed.

**Recommendation:** The District's human resources department should review their current procedures to ensure errors are caught timely. The District should also ensure that an individual is in place to supervise and review the work of those entering information into MUNIS on a regular basis.

**Corrective action plan:** The Personnel Department has written guidelines and management procedures in place to monitor practices and outcomes in the department. We are committed to increased accuracy and the reduction of errors in every way possible. We are making changes in procedures and responsibilities within the department to assist in these endeavors. Personnel will continue to review our processes and procedures, as well as reviewing the checks and balances in coordination with other departments, to enhance the overall efficiency of the District.

**SECTION III – FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**NONE**

**IRVING INDEPENDENT SCHOOL DISTRICT  
SUMMARY OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2008**

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**SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS**

**07-1. Improve Controls over Payroll Coding (Significant Deficiency)**

The District's human resources department is responsible for maintaining accurate personnel data in the "MUNIS" system. Incorrect coding in the system results in inappropriate application of many of the payroll functions.

**Recommendation:**

The District's human resources department should review their current procedures to ensure errors are caught timely. The District should also ensure that an individual is in place to supervise and review the work of those entering information into MUNIS on a regular basis.

**Status: Improvements were made, but there were issues noted in 2008**

**07-2. Revenue Recognition (Significant Deficiency)**

The District recorded deferred revenue for certain grants and entitlements that should have been recognized as revenue. An audit adjustment was made to recognize the revenue in the current year.

We recommend that the District review the current treatment for all current and future grants and entitlements to ensure that revenue is recognized in the appropriate period.

**Status: Corrected**