

COMPREHENSIVE ANNUAL FINANCIAL REPORT



for the
Fiscal Year Ended August 31, 2007

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, 2007**

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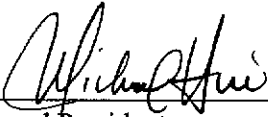
CERTIFICATE OF BOARD

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) X approved _____ disapproved for the year ended August 31, 2007 at a meeting of the board of school trustees of such school district on the 14th day of January, 2008.



Board President
Michael Hill



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).



IRVING

Independent School District

DEBBIE CABRERA, CPA, MBA
Assistant Superintendent
Business & Finance

JACK SINGLEY
Superintendent of Schools

January 9, 2008

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, 2007 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, 2007, 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, and 2007 with the implementation of the more rigorous and comprehensive TAKS Assessment. In 2007 five Irving schools earned individual 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 21st 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: eight Semifinalists, ten Commended students, five National Hispanic Scholars, and one Outstanding Participant for African American students.

Over the past three 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 651 in 2005-06 and to 671 in 2006-07. The number of AP scholars has also increased from 69 in 2004 to 79 in 2005 and to 98 in 2006.

Graduating seniors in the Class of 2007 earned \$31.9 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 of the five 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 October of 2001, Irving voters approved a \$249.5 million School Bond Package by a three to one margin, the largest bond issue in the District's history. Divided into three phases, the projects in the bond package include funding for new and renovated facilities, equipment, instructional technology, and land to build new schools. A 19th elementary school opened in the fall of 2003. The district's 20th elementary school opened in the fall of 2006.

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.

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 five 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, and 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, 2007 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, 2007 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 5.22% with earnings of \$7,551,678 on all governmental and internal service funds for the year ended August 31, 2007. This may be compared with earnings of \$5,407,773 for the year ending August 31, 2006. The average yield on the portfolio was 4.23% 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, 2007, the District recorded health claim liabilities totaling \$1,030,629 in the Health Insurance Internal Service Fund representing claims incurred but not paid and accounts payable of \$268,130 for total liabilities of \$1,298,759. This internal service fund has net assets of \$1,939,608 as of August 31, 2007.

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 \$1,037,572, of which \$541,208 is due within one year. Accounts payable are \$5,238 for total liabilities of \$1,042,810. This internal service fund has net assets of \$4,495,314 as of August 31, 2007.

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 \$151,925 as of August 31, 2007.

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 \$6,926 as of August 31, 2007.

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, 2006 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, 2006 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 nineteenth consecutive year that the District has prepared this report and won these prestigious awards.

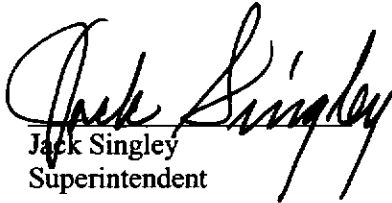
These certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year 2007 certificates.


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, 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>
Michael Hill, President	6 years	2008	Christian Educator
Nita Patrick, Vice President	4 years	2010	Retired
Valerie Jones, Secretary	2 years	2009	Community Volunteer
Barbara Cardwell, Member	20 years	2008	Civic Leader
Jerry Christian, Member	4 years	2010	Retired
Ronda Huffstetler, Member	7 years	2010	Salon Owner
Randy Stipes, Member	8 years	2009	Sales Representative

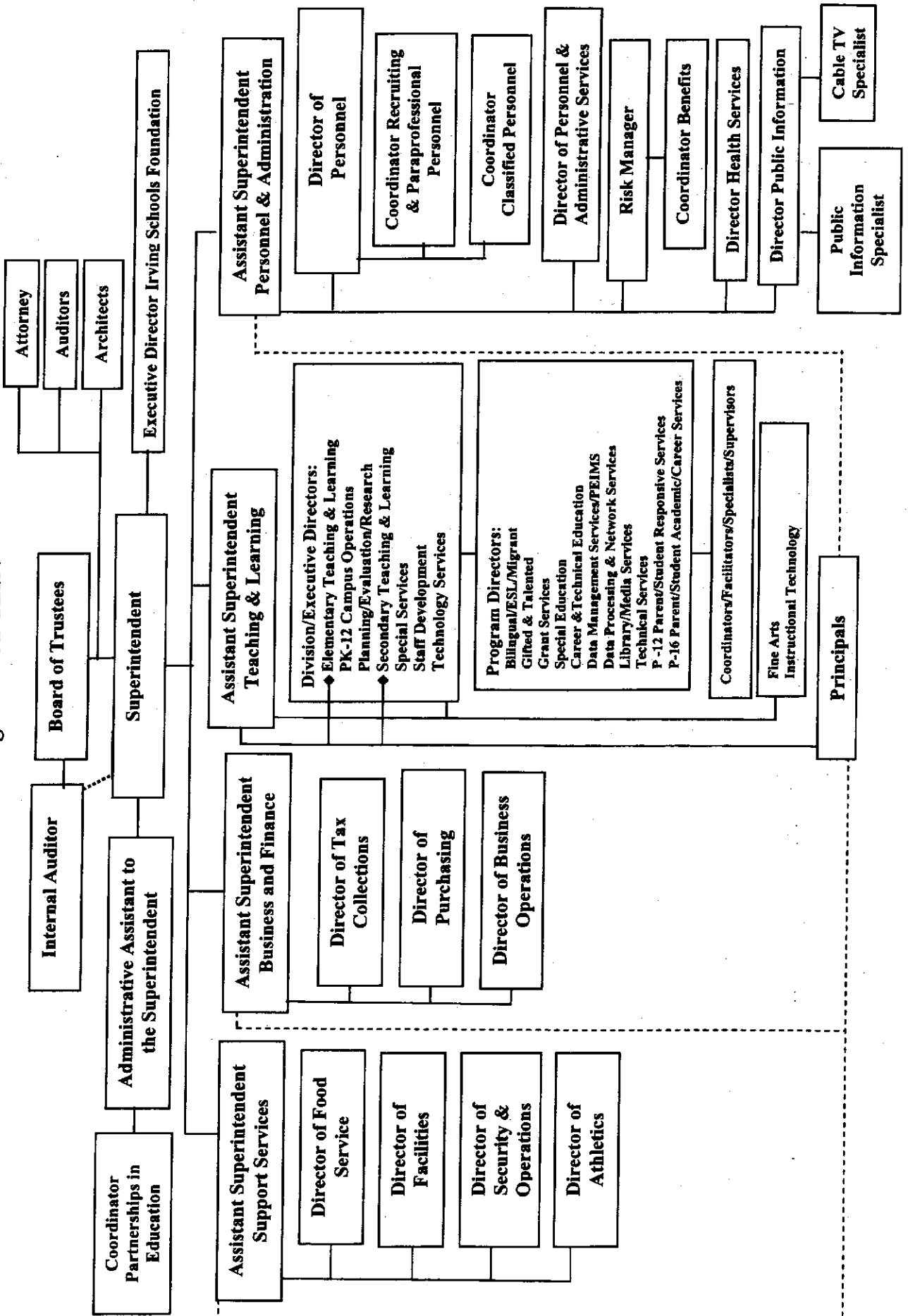
ADMINISTRATIVE OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>
Jack Singley	Superintendent	42 years
Marie Morris, Ed.	Assistant Superintendent of Instruction	5 years
Scott Layne	Assistant Superintendent of Support Services	16 years
Neil Dugger	Assistant Superintendent of Personnel and Administration	28 years
Ralph Diaz	Administrative Assistant to the Superintendent	9 years
Debbie Cabrera, CPA	Assistant Superintendent of Business Finance	10 years

CONSULTANTS AND ADVISORS

Weaver and Tidwell Dallas, Texas	Independent Auditors
Vinson & Elkins LLP Dallas, Texas	Bond Counsel
RBC Capital Markets Dallas, Texas	Financial Advisor
James Deatherage Irving, Texas	General Counsel
Comerica Bank – Irving 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, 2006

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.



Oliver S. Cox

President

Jeffrey R. Emer

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, 2006

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

President

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, 2007, 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, 2007, 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 9, 2008, 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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AN INDEPENDENT MEMBER OF
BAKER TILLY
INTERNATIONAL

DALLAS

OFFICES IN

FORT WORTH

HOUSTON

The accompanying management's discussion and analysis (on pages 15 through 25 and the budgetary comparison schedule-general fund (on page 59 through 61) 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, combining and individual non-major fund financial statements, and statistical section 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 combining statements, Statement of Changes in Assets and Liabilities, the Schedules of capital assets used in the operation of Governmental Funds and the required TEA 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 09, 2008

Dallas, Texas

**Irving Independent School District
Management's Discussion and Analysis
Year Ended August 31, 2007
(Unaudited)**

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, 2007. 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 \$249,434,986, or 86.5% of all fiscal year 2007 revenues. Program-specific revenues in the form of charges for services and grants and contributions accounted for \$38,857,199, or 13.5% of total fiscal year 2007 revenues.
- The District had \$271,872,821 in expenses related to governmental activities. \$38,857,199 of these expenses were offset by program-specific charges for services or grants and contributions. General revenues of \$249,434,986 were adequate to provide for the remaining costs of these programs, resulting in a \$16,419,364 increase in net assets.
- Among major funds, the General Fund had \$215,951,907 in fiscal year 2007 revenues, which primarily consisted of state aid and property taxes, and \$199,587,657 in expenditures. The General Fund's fund balance increased \$14,323,659, from \$53,456,057 as of August 31, 2006 to \$67,779,716 as of August 31, 2007.

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 \$46,493,587 as of August 31, 2007. This is an increase of \$16,419,364 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, 2007, the District's restricted net assets for food service were \$5,829,135 and restricted net assets for future debt service payments were \$483,099. 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, 2007, the District's unrestricted net assets were \$22,854,621.

Net assets invested in capital assets net of related debt is \$17,326,732. 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, 2007 and August 31, 2006.

**Table I
Net Assets**

	Governmental Activities		
	2007	2006 As Restated	Difference
Current and other assets	\$ 149,182,330	\$ 115,603,149	\$ 33,579,181
Capital assets (net)	<u>367,882,441</u>	<u>379,891,277</u>	<u>(12,008,836)</u>
Total assets	<u>517,064,771</u>	<u>495,494,426</u>	<u>21,570,345</u>
Current liabilities	23,781,795	43,319,593	(19,537,798)
Long-term liabilities	<u>446,789,389</u>	<u>422,360,730</u>	<u>24,428,659</u>
Total liabilities	<u>470,571,184</u>	<u>465,680,323</u>	<u>4,890,861</u>
Invested in capital assets, Net of related debt	17,326,732	15,482,850	1,843,882
Restricted	6,312,234	8,456,814	(2,144,580)
Unrestricted	<u>22,854,621</u>	<u>6,134,559</u>	<u>16,720,062</u>
Total net assets	<u>\$ 46,493,587</u>	<u>\$ 30,074,223</u>	<u>\$ 16,419,364</u>

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

- The District invested \$7.5 million in capital assets through school improvements and equipment acquisitions and recognized \$19.5 million in depreciation expense.
- The District issued \$109 million in Refunding Bonds, refunding outstanding debt totaling \$109 million and issuing \$20 million in new money bonds and made other debt retirements totaling \$16.5 million.
- The District recognized \$9.1 million in accreted interest during the year.

The District's total revenues for the fiscal year ended August 31, 2007 were \$288,292,195. The total cost of all programs and services was \$271,872,821. The following table presents a summary of the changes in net assets for the fiscal years ended August 31, 2007 and August 31, 2006.

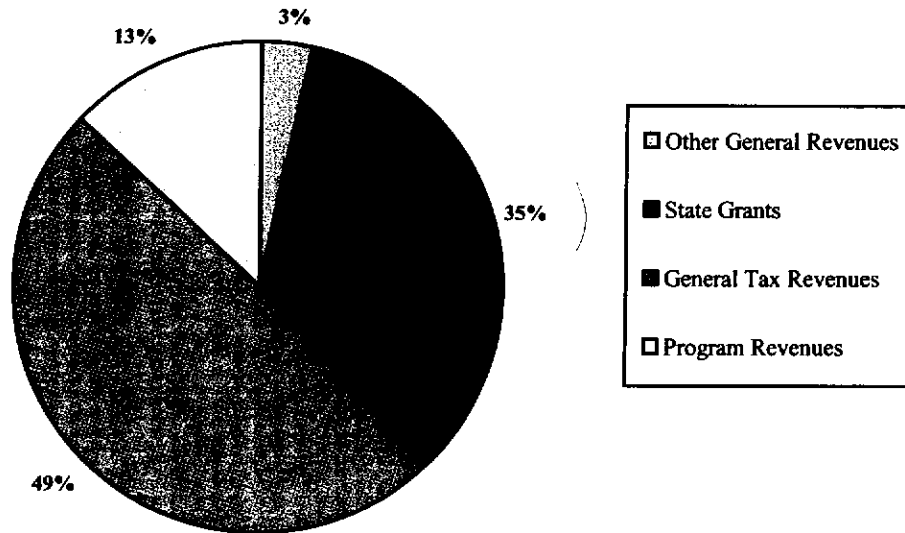
Table II
Change in Net Assets

	Governmental Activities		
	2007	2006	Difference
Revenues:			
Program revenues:			
Charges for services	\$ 6,586,599	\$ 6,278,756	\$ 307,843
Operating grants and contributions	32,270,600	33,430,779	(1,160,179)
General revenues:			
Maintenance and operations taxes	114,148,984	118,995,866	(4,846,882)
Debt service taxes	26,892,668	24,870,366	2,022,302
State grants	99,077,027	80,428,670	18,648,357
Investment earnings	7,551,678	5,407,773	2,143,905
Miscellaneous	<u>1,764,629</u>	<u>1,177,260</u>	<u>587,369</u>
Total revenue	<u>288,292,185</u>	<u>270,589,470</u>	<u>17,702,715</u>
Expenses:			
Instruction, curriculum, and media services	164,516,938	158,904,329	5,612,609
Instructional and school leadership	21,002,367	19,657,788	1,344,579
Student support services, child nutrition co-curricular activities	32,892,971	30,428,435	2,464,536
General administration	6,831,531	6,533,431	298,100
Plant maintenance, security, and data Processing	23,909,164	23,654,485	254,679
Community services	858,752	738,404	120,348
Interest and fiscal charges	21,739,963	20,163,981	1,575,982
Intergovernmental charges	<u>121,135</u>	<u>162,003</u>	<u>(40,868)</u>
Total expenses	<u>271,872,821</u>	<u>260,242,856</u>	<u>11,629,965</u>
Change in net assets	16,419,364	10,346,614	6,072,750
Prior period adjustment		260,120	(260,120)
Beginning Net Assets	<u>30,074,223</u>	<u>19,467,489</u>	<u>10,606,734</u>
Ending Net Assets	<u>\$ 46,493,587</u>	<u>\$ 30,074,223</u>	<u>\$ 16,419,364</u>

Net assets of the District's governmental activities increased from \$30,074,223 as Restated to \$46,493,587, or \$16,419,364.

The District's reliance upon tax revenues is demonstrated by the graph below, which indicates that 50% total revenues for governmental activities come from local taxes.

Revenues



The cost of all governmental activities this year was \$271,872,821. However, as shown in the statement of activities, the amount that our taxpayers ultimately financed for these activities through district taxes was \$141,041,652 because some of the costs were paid by those who directly benefited from the programs (\$6,586,599), by other governments and organizations that subsidized certain programs with grants and contributions (\$32,270,600), or by state aid (\$99,077,027), investment income (\$7,551,678), and other miscellaneous income (\$1,764,629).

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 Expenses</u>	<u>Net Expenses</u>
Instruction, curriculum, and media services	\$ 164,516,938	\$ 145,728,039
Instructional and school leadership	21,002,367	19,588,739
Student support services, child nutrition and co-curricular activities	32,892,971	15,190,496
General administration	6,831,531	6,797,199
Plant maintenance, security, and data processing	23,909,164	23,678,565
Community services	858,752	171,486
Interest and Fiscal Charges	21,739,963	21,739,963
Intergovernmental Charges	<u>121,135</u>	<u>121,135</u>
Total Expenses	<u>\$ 271,872,821</u>	<u>\$ 233,015,622</u>

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$121,055,129 which is an increase of \$31,234,390 from the prior year.

The schedule below indicates the fund balance by fund type as of August 31, 2007 and August 31, 2006.

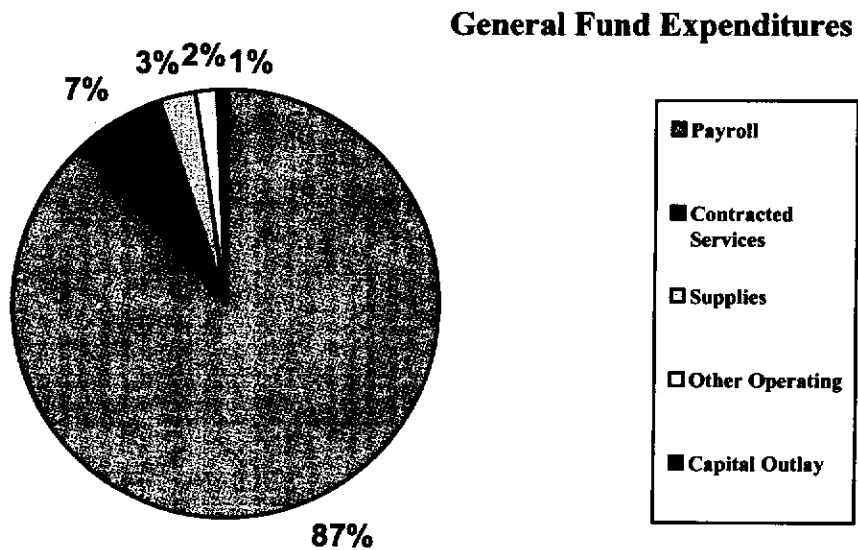
	<u>Fund Balance August 31, 2007</u>	<u>Fund Balance As Restated August 31, 2006</u>	<u>Change in Fund Balance</u>
General Fund	\$ 67,779,716	\$ 53,456,057	\$ 14,323,659
Food Service	5,829,135	4,910,165	918,970
Debt Service	13,439,971	12,084,774	1,355,197
Capital Projects	32,858,019	19,109,623	13,748,396
Other Funds	<u>1,148,288</u>	<u>260,120</u>	<u>888,168</u>
Total	<u>\$ 121,055,129</u>	<u>\$ 89,820,739</u>	<u>\$ 31,234,390</u>

General Fund

The fund balance of the General Fund increased \$14,323,659 from the prior year. \$4.0 million more local revenue from property tax collections was realized than originally expected mainly due to unexpected positive supplemental value changes for the year. Investment earnings increased \$2.6 million more than originally anticipated due to the continued growth in the economy and as interest rates were increased several times during the fiscal year. \$800,000 was received by the District due to a settlement with Dr. Pepper Bottling Company of Texas. General Fund expenditures were \$7.3 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 and due to some utility cost savings on the contract with Reliant Energy.

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 By Object	August 31, 2007 Amounts	August 31, 2006 Amounts	Increase(Decrease) from Prior Year
Payroll	\$175,451,718	\$160,244,190	15,207,528
Contracted Services	13,795,971	14,339,812	(543,841)
Supplies	5,521,301	5,374,099	147,202
Other Operating	3,289,990	2,875,475	414,515
Capital Outlay	<u>1,528,677</u>	<u>934,118</u>	<u>594,559</u>
Total	<u>\$199,587,657</u>	<u>\$183,767,694</u>	<u>\$15,819,963</u>



Food Service Fund

The fund balance of the Food Service fund increased \$918,970 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 slightly more than \$1 million in additional federal reimbursements for the National School Lunch and Breakfast program.

Debt Service Fund

The Debt Service fund balance increased \$1,355,197. \$903,046 more local revenue from property tax collections was realized than originally expected due to unexpected positive property value changes during the year and investment earnings increased \$417,712 due to increased interest rates.

Capital Projects Fund

The Capital Projects fund balance increased \$13,748,396 from the prior year due to the sale of the final \$20 million of 2001 voter approved bonds late in the summer and was offset with funds spent during the year due to 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. The major components of the \$7,267,988 change in revenues, the \$2,393,265 change in appropriations, and the \$2,005,167 change in other uses, reflected on Exhibit G-1 can be summarized as follows:

\$3,398,830 and \$250,000 increase to local revenue for current year tax collections due to an unexpected supplemental increase in property values and increase in delinquent collections

\$400,000 increase to local revenue for tax penalties and interest

\$2,500,000 increase to local revenue for investment earnings

\$739,000 increase to miscellaneous revenue for collection of past due Dr. Pepper exclusive vending contract revenue

\$5,062,823 decrease in function 11 due to replacing 450 resigning/retiring profession staff at much lower salary based on years of experience

\$1,240,251 increase in function 23 to correct the budget for staff salary

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2007, the District had invested \$367,882,441 in capital assets (net of accumulated depreciation of \$201,976,193), including land and improvements, facilities, and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase in capitalized cost of \$6,874,502 from last year. The increase is primarily due to completing various construction projects and equipment acquisitions.

The total depreciation expense for the year was \$19,544,726.

The following schedule presents capital asset balances net of depreciation for the fiscal year ended August 31, 2007:

Land and Improvements	\$ 31,191,821
Furniture and Equipment	16,525,713
Buildings and Improvements	320,016,361
Construction in Progress	<u>148,546</u>
Total	<u>\$367,882,441</u>

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

Debt

As of August 31, 2007, the District had \$457,137,621 in general obligation bonds payable and \$1,037,572 in claims payable. The District had \$15,542,222 in bonds payable and \$541,208 in claims 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 \$883,162,004, 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 7 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 2007-2008 budget and 2007 tax rates. One of those factors was the economy. Going into the 2007 tax year the District experienced a 10.5% increase in property values. This is the fourth 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 60% of the District's tax base in commercial and business personal property this was the second year since the tragic events of September 11, 2001 that the district experienced a significant increase in its values in this category. The residential property values for the 2006 fiscal year also continued

to increase with 5% 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 2007-2008 operating budget \$11,096,440 and to provide for an average 4% employee pay raise which cost the district \$6,059,232 of this overall budget increase. A use of fund balance reserves of \$1,774,416 was also part of the adopted 2007-2008 budget.

The maintenance and operating tax rate was reduced by 33 cents as part of House Bill 1's tax rate compression package. 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, new revenues include a high school allotment from the state, an additional \$400 pay raise from the state to the teachers, librarians, counselors, and nurses, teacher incentive funds to qualifying campuses, and access to 4 cents of enrichment tax rate.

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, 2007

EXHIBIT A-1

DATA CONTROL CODES	ASSETS	<u>GOVERNMENTAL ACTIVITIES</u>
1110	Cash & Cash Equivalents	\$85,492,953
1120	Investments	45,010,937
1220	Delinquent Taxes Receivable - Net of Estimated Uncollectible Taxes	5,123,763
1240	Due from Other Governments	6,370,374
1250	Accrued Interest	861,659
1290	Other Receivables	1,048,896
1310	inventories	1,304,580
1410	Deferred Expenses	3,949,143
1490	Other Assets	20,025
1510	Land	18,072,851
1515	Land Improvements	17,192,783
1520	Buildings and Improvements	464,516,534
1580	Construction in Progress	148,546
1530	Furniture and Equipment	69,927,920
1570	Accumulated Depreciation	<u>(201,976,193)</u>
1000	TOTAL ASSETS	<u>517,064,771</u>
	LIABILITIES	
2110	Accounts Payable and Claims Liabilities	3,834,506
2150	Payroll Deductions and Withholdings	457,734
2160	Accrued Wages Payable	5,011,693
2140	Interest Payable	3,392,669
2180	Due to Other Governments	1,497,676
2300	Unearned Revenue	640,782
	Noncurrent Liabilities:	
	Due Within One Year:	
2121	Bonds Payable	15,542,222
2123	Claims Payable	541,208
	Due in More than One Year:	
2800	Claims Payable	496,364
2510	Bonds Payable	<u>439,156,330</u>
2000	TOTAL LIABILITIES	<u>470,571,184</u>
	NET ASSETS	
3800	Invested in Capital Assets, Net of Related Debt	17,326,732
3840	Restricted for Food Service	5,829,135
3850	Restricted for Debt Service	483,099
3430	Unrestricted Net Assets	<u>22,854,621</u>
3000	TOTAL NET ASSETS	<u>\$46,493,587</u>

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

IRVING INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDED AUGUST 31, 2007

EXHIBIT B-1

Data Control Codes	1	2		3	Net (Expense) Revenue and Changes in Net Assets
		Program Revenues			
		Charges for Services	Operating Grants and Contributions		
Functions/Programs	Expenses			Total Governmental Activities	
Governmental Activities:					
11	Instruction	\$156,793,863	\$1,428,425	\$15,844,359	(\$139,521,079)
12	Instructional Resources and Media Services	4,427,356	-	84,261	(4,343,095)
13	Curriculum Development and Instructional Staff Development	3,295,719	-	1,431,854	(1,863,865)
21	Instructional Leadership	4,932,500	344,144	786,766	(3,801,590)
23	School Leadership	16,069,867	-	282,718	(15,787,149)
31	Guidance, Counseling, and Evaluation Services	10,134,028	177,332	1,024,154	(8,932,542)
32	Social Work Services	391,517	-	-	(391,517)
33	Health Services	2,070,801	-	30,009	(2,040,792)
34	Student (Pupil) Transportation	3,141,164	-	576,742	(2,564,422)
35	Food Services	12,864,427	2,985,422	11,410,717	1,531,712
36	Co-Curricular/Extracurricular Activities	4,291,034	1,487,930	10,169	(2,792,935)
41	General Administration	6,831,531	-	34,332	(6,797,199)
51	Plant Maintenance and Operations	18,259,089	163,346	-	(18,095,743)
52	Security and Monitoring Services	1,671,357	-	-	(1,671,357)
53	Data Processing Services	3,978,718	-	67,253	(3,911,465)
61	Community Services	858,752	-	687,266	(171,486)
71	Debt Service - Interest and Fiscal Charges	21,739,963	-	-	(21,739,963)
95	Payments to Juvenile Justice Alternative Education Program	121,135	-	-	(121,135)
	Total Governmental Activities	\$271,872,821	\$6,586,599	\$32,270,600	(233,015,622)
General Revenues:					
Taxes:					
MT	M & O Property Taxes				114,148,984
DT	Debt Service Property Taxes				26,892,668
SF	State Aid - Not Restricted to Specific Programs				99,077,027
IE	Investment Income				7,551,678
MI	Miscellaneous				1,764,629
TG	Total General Revenues and Direct Allocation				<u>249,434,986</u>
CN	Change in Net Assets				16,419,364
NB	Net Assets - Beginning, as Restated				<u>30,074,223</u>
NE	Net Assets - Ending				<u>\$46,493,587</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, 2007

DATA CONTROL CODES		MAJOR			
		GENERAL	FOOD SERVICE	DEBT SERVICE	CAPITAL PROJECTS
	ASSETS				
	Current Assets:				
1110	Cash & Cash Equivalents	\$24,744,294	\$5,649,049	\$14,759,207	\$35,974,129
1120	Investments	45,010,937	-	-	-
	Receivables:				
1220	Property Taxes - Delinquent	6,686,606	-	1,491,113	-
1230	Allowance for Uncollectible Taxes	(2,438,892)	-	(615,064)	-
1240	Due from Other Governments	4,421,564	275,528	-	-
1250	Accrued Interest	881,659	-	-	-
1260	Due from Other Funds	1,188,828	-	79,808	-
1290	Other Receivables	970,565	-	78,331	-
1310	Inventories, at cost	1,158,176	141,172	-	2,007
1410	Deferred Expenditures - Prepaid Items	198,110	-	-	-
1490	Other Current Assets	17,701	-	-	-
1000	TOTAL ASSETS	\$82,819,548	\$6,065,749	\$15,793,395	\$35,976,136
	LIABILITIES				
	Current Liabilities:				
2110	Accounts Payable	\$1,366,413	\$236,614	\$ 14,240	\$618,117
2150	Payroll Deductions and Withholdings	457,734	-	-	-
2160	Accrued Wages Payable	5,000,998	-	-	-
2170	Due to Other Funds	3,479,808	-	-	2,500,000
2180	Due to Other Governments	2,171	-	1,463,135	-
2300	Deferred Revenue	4,732,708	-	876,049	-
2000	TOTAL LIABILITIES	15,039,832	236,614	2,353,424	3,118,117
	FUND BALANCE				
	Reserved Fund Balances:				
3410	Investments in Inventory	1,158,176	141,172	-	2,007
3420	Retirement of Long-Term Debt	-	-	13,439,971	-
3430	Prepaid Items	198,110	-	-	-
3440	Outstanding Encumbrances	678,354	260,752	-	3,101,725
3450	Food Service	-	5,427,211	-	-
	Unreserved, Designated Fund Balances:				
3530	Capital Expenditures	-	-	-	29,754,287
3540	Self Insurance	1,163,106	-	-	-
3590	Campus and Other Activities	1,981,221	-	-	-
	Unreserved, Undesignated Fund Balance:				
3600	Reported in the General Fund	62,600,749	-	-	-
3610	Reported in Special Revenue Funds	-	-	-	-
3000	TOTAL FUND BALANCE	67,779,716	5,829,135	13,439,971	32,858,019
4000	TOTAL LIABILITIES AND FUND BALANCE	\$82,819,548	\$6,065,749	\$15,793,395	\$35,976,136

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

EXHIBIT C-1

<u>NONMAJOR OTHER FUNDS</u>	<u>TOTALS GOVERNMENTAL FUNDS</u>
\$1,144,051	\$82,270,730
-	45,010,937
-	8,177,719
-	(3,053,956)
1,673,282	6,370,374
-	861,659
-	1,268,636
-	1,048,896
-	1,301,355
-	198,110
-	17,701
<u>\$2,817,333</u>	<u>\$143,472,161</u>
\$281,364	\$2,516,748
-	457,734
10,695	5,011,693
1,188,828	7,168,636
32,370	1,497,676
155,788	5,764,545
<u>1,669,045</u>	<u>22,417,032</u>
-	1,301,355
-	13,439,971
-	198,110
-	4,040,831
-	5,427,211
-	29,754,287
-	1,163,106
-	1,981,221
-	62,600,749
1,148,288	1,148,288
<u>1,148,288</u>	<u>121,055,129</u>
<u>\$2,817,333</u>	<u>\$143,472,161</u>



IRVING INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 AUGUST 31, 2007

EXHIBIT C-1R

Total Fund Balances - Governmental Funds \$121,055,129

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 \$569,858,634, and the accumulated depreciation is \$201,976,193. 367,882,441

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. 5,123,763

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. 6,772,442

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	(\$457,137,621)	
Premium on Bonds Payable	(6,901,333)	
Discount on Bonds Payable	2,364,955	
Deferred Loss on Refunding Bonds	6,975,447	
Interest Payable	(3,392,669)	
Bond Issuance Costs	3,751,033	(454,340,188)

Net Assets - Governmental Activities \$46,493,587

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 FISCAL YEAR ENDED AUGUST 31, 2007

DATA CONTROL CODES		MAJOR			
		GENERAL	FOOD SERVICE	DEBT SERVICE	CAPITAL PROJECTS
	REVENUES				
5700	Local and Intermediate Sources	\$124,073,908	\$3,210,101	\$27,994,311	\$1,109,368
5800	State Program Revenues	91,213,758	105,045	7,863,269	-
5900	Federal Program Revenues	664,241	11,305,672	-	-
5020	Total Revenues	<u>215,951,907</u>	<u>14,620,818</u>	<u>35,857,580</u>	<u>1,109,368</u>
	EXPENDITURES				
	Current:				
0011	Instruction	128,889,943	-	-	4,434,056
0012	Instructional Resources and Media Services	3,879,006	-	-	265,971
0013	Curriculum Development and Instructional Staff Development	1,936,118	-	-	-
0021	Instructional Leadership	3,664,767	-	-	4,957
0023	School Leadership	15,348,192	-	-	11,002
0031	Guidance, Counseling, and Evaluation Services	8,823,941	-	-	-
0032	Social Work Services	399,004	-	-	-
0033	Health Services	1,951,856	-	-	295
0034	Student (Pupil) Transportation	2,064,770	-	-	472,481
0035	Food Services	240,078	12,420,284	-	74,269
0036	Co-Curricular/Extracurricular Activities	3,890,697	-	-	59,920
0041	General Administration	6,113,018	-	-	49,553
0051	Plant Maintenance and Operations	17,667,278	579,368	-	50,627
0052	Security and Monitoring Services	1,697,844	-	-	9,986
0053	Data Processing Services	2,739,576	-	-	557,893
0061	Community Services	162,434	-	-	-
	Debt Service:				
0071	Principal on Long-Term Debt	-	-	16,464,750	-
0072	Interest and Charges on Long-Term Debt	-	-	18,054,594	-
0073	Bond Issuance Costs and Fees	-	-	779,948	139,455
0081	Facilities Acquisition and Construction	-	702,198	-	1,328,537
0095	Payments to Juvenile Justice Alternative Education Program	121,135	-	-	-
6030	Total Expenditures	<u>199,587,657</u>	<u>13,701,848</u>	<u>35,299,292</u>	<u>7,459,002</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,364,250</u>	<u>918,970</u>	<u>558,288</u>	<u>(6,349,634)</u>
	OTHER FINANCING SOURCES (USES)				
7912	Proceeds from Sale of Capital Assets	5,576	-	-	-
7901	Issuance of Refunding Bonds	-	-	109,045,000	-
7911	Issuance of Bonds	-	-	-	20,000,000
7916	Premium on Issuance of Debt	-	-	3,237,476	98,030
8911	Transfers to Internal Service Funds	(2,046,167)	-	-	-
8940	Payment to Refunded Bond Escrow Agent	-	-	(111,485,567)	-
7080	Total Other Financing Sources and (Uses)	<u>(2,040,591)</u>	<u>-</u>	<u>796,909</u>	<u>20,098,030</u>
1200	Net Change in Fund Balances	14,323,659	918,970	1,355,197	13,748,396
0100	Fund Balance - September 1 (Beginning) as Restated	<u>53,456,057</u>	<u>4,910,165</u>	<u>12,084,774</u>	<u>19,109,623</u>
3000	Fund Balance - August 31 (Ending)	<u>\$67,779,716</u>	<u>\$5,829,135</u>	<u>\$13,439,971</u>	<u>\$32,858,019</u>

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

EXHIBIT C-2

<u>NONMAJOR OTHER FUNDS</u>	<u>TOTALS GOVERNMENTAL FUNDS</u>
\$163,820	\$156,551,508
5,993,401	105,175,473
<u>14,702,662</u>	<u>26,672,575</u>
<u>20,859,883</u>	<u>288,399,556</u>
15,071,517	148,385,516
84,261	4,229,238
1,371,217	3,307,335
778,852	4,448,576
280,854	15,638,048
981,864	9,805,805
-	399,004
30,009	1,982,160
576,742	3,113,993
-	12,734,631
10,189	3,960,786
34,332	6,196,903
-	18,297,271
-	1,707,830
64,632	3,362,101
687,266	849,700
-	16,464,750
-	18,054,594
-	919,403
-	2,030,735
-	121,135
<u>19,971,715</u>	<u>276,019,514</u>
<u>888,168</u>	<u>12,380,042</u>
-	5,576
-	109,045,000
-	20,000,000
-	3,335,506
-	(2,046,167)
-	<u>(111,485,567)</u>
-	<u>18,854,348</u>
888,168	31,234,390
<u>260,120</u>	<u>89,820,739</u>
<u>\$1,148,288</u>	<u>\$121,055,129</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 FISCAL YEAR ENDED AUGUST 31, 2007

EXHIBIT C-3

Total Net Change in Fund Balances - Governmental Funds \$31,234,390

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 (\$19,544,726) exceeded capital outlays (\$7,545,940) in the current period. (11,998,786)

The disposal of capital assets is not recognized in the governmental funds. (10,050)

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. (746,204)

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. 5,136,170

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 16,464,750

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	\$ (129,045,000)	
Discount/Premium on Bonds Issued	(3,335,506)	
Bond Issue Costs	912,057	
Refunded Bonds	109,045,000	
Deferred Loss on Refunding	2,440,566	
Amortization of Issue Costs	(173,406)	
Amortization of Refunding Loss	(491,073)	
Amortization of Bond Premium/Discount	467,783	(20,179,579)

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	\$ 235,803	
Interest Accretion	(9,078,355)	
Accretion Retirement	5,361,225	(3,481,327)

Change in Net Assets - Governmental Activities \$16,419,364

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, 2007

EXHIBIT D-1

Data Control Codes		<u>Governmental Activities - Internal Service Funds</u>
ASSETS		
	Current Assets:	
1110	Cash and Temporary Investments	\$3,222,223
1260	Due from Other Funds	5,900,000
1310	Inventories, at cost	3,225
1490	Other Current Assets	<u>2,324</u>
	Total Current Assets	<u>9,127,772</u>
1000	Total Assets	<u>9,127,772</u>
 LIABILITIES		
	Current Liabilities:	
2110	Accounts Payable and Claims Liabilities	<u>1,317,758</u>
	Total Current Liabilities	<u>1,317,758</u>
	Long-Term Liabilities:	
2800	Long-Term Claim Reserve	<u>1,037,572</u>
	Total Long-Term Liabilities	<u>1,037,572</u>
2000	Total Liabilities	<u>2,355,330</u>
 NET ASSETS		
3900	Unrestricted Net Assets	<u>6,772,442</u>
3000	Total Net Assets	<u>\$6,772,442</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
FISCAL YEAR ENDED AUGUST 31, 2007

EXHIBIT D-2

Data Control Codes	<u>Governmental Activities - Internal Service Funds</u>
OPERATING REVENUES	
5700 Charges for Services	<u>\$16,540,602</u>
5020 Total Operating Revenues	<u>16,540,602</u>
OPERATING EXPENSES	
6100 Payroll Costs	268,238
6200 Professional/Contracted Services	51,187
6300 Supplies and Materials	307,000
6400 Claims, Administration, and Other Expenses	12,937,578
6600 Capital Outlay	<u>499</u>
6030 Total Operating Expenses	<u>13,564,502</u>
Operating Income	2,976,100
NON-OPERATING REVENUES	
7955 Interest Income	113,903
7911 Transfers In	<u>2,046,167</u>
Change in Net Assets	5,136,170
Total Net Assets - September 1 (Beginning)	<u>1,636,272</u>
Total Net Assets - August 31 (Ending)	<u><u>\$6,772,442</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
FISCAL YEAR ENDED AUGUST 31, 2007

EXHIBIT D-3

	<u>Governmental Activities Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash Received for Premiums and Services	\$ 12,807,527
Cash Paid for Claims and Administration, and Other Costs	<u>(11,531,874)</u>
Net Cash Used in Operating Activities	<u>1,275,653</u>
Cash Flows from Noncapital Financing Activities:	
Cash Advances to Other Funds	(5,900,000)
Transfers from Other Funds	<u>2,046,167</u>
Net Cash Used in Noncapital Financing Activities	<u>(3,853,833)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>113,903</u>
Net Cash Provided by Investing Activities	<u>113,903</u>
Net Decrease in Cash and Cash Equivalents	(2,464,277)
Cash and Cash Equivalents at Beginning of the Year	<u>5,686,500</u>
Cash and Cash Equivalents at End of the Year	<u>\$ 3,222,223</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	<u>\$ 2,976,100</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Change in Current Assets and Liabilities:	
Decrease in Inventories	1,550
Decrease in Other Current Assets	200
Decrease in Accounts Payable	(395,256)
Decrease in Due to Other Funds	(996,319)
Increase in Long-term Claims Reserve	<u>(310,622)</u>
Total Adjustments	<u>(1,700,447)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,275,653</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, 2007

EXHIBIT E-1

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and Temporary Investments	<u>\$520,115</u>
Total Assets	<u><u>\$520,115</u></u>
LIABILITIES	
Accounts Payable	\$10,327
Due to Student Groups	289,866
Due to Flex Excess Funds	<u>219,922</u>
Total Liabilities	<u><u>\$520,115</u></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, 2007

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 (FAR). 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 reasonable 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.

The District reports the following Major Funds:

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

IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2007

B. GOVERNMENT-WIDE AND FUND ACCOUNTING STATEMENTS, cont.

2. **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.
3. **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.
4. **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 (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.

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.

IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2007

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 Resource Guide (FAR), 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 FAR. Mandatory codes are utilized in the form provided in that section.

D. BUDGETARY DATA

Formal budgetary accounting is employed for the General, Food Service, and Debt Service funds, as required in TEA's FAR. 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.

IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2007

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, 2007 that were subsequently provided for in the 2007-2008 budget totaled \$678,354 for the General Fund, \$260,752 for the Food Service Fund, and \$3,101,725 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 9 for additional discussion of interfund receivables and payables.

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 \$198,110 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 \$3,751,033, net of accumulated amortization of \$749,746. These bond issuance costs will be amortized using the straight-line method over the life of the bonds.

IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2007

J. CAPITAL ASSETS

Capital assets, which include land, buildings, furniture and equipment, 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

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, 2007, General Fund Reserved Fund Balance includes \$1,158,176 for inventories, \$198,110 for prepaid items and \$678,354 for year-end encumbrances. The Food Service Fund Balance includes \$141,172 for inventories and reserves \$260,752 for year-end encumbrances and \$5,427,211 for food service. Debt Service Fund reserves total \$13,439,971 for retirement of bonded indebtedness.

IRVING INDEPENDENT SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 AUGUST 31, 2007

L. FUND EQUITY, cont'd.

The Capital Projects Fund Reserved Fund Balance includes \$2,007 for inventories and \$3,101,725 for year-end encumbrances.

Unreserved Designated Fund Balance includes \$1,163,106 for self-insurance and \$1,981,221 for campus and other activities in the General Fund. A total of \$29,754,287 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 \$62,600,749 and \$1,148,288. 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.

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 claims paid on behalf of District employees. The District contributed \$259.50 per month per employee to the plan for a total of \$12,419,961. 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, 2007, the total liabilities of the health self-insurance fund of \$1,298,759 include accounts payable of \$268,130 and current health claim short term liabilities of \$1,030,629 representing claims reported but not paid and incurred but not reported. Net assets of the health self-insurance fund were \$1,939,608.

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 HMO 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 \$17,029,540.

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 2006 and 2007 are presented below:

	Beginning of Fiscal-Year <u>Liability</u>	Current-Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance at Fiscal <u>Year-End</u>
2006 - Medical	1,495,746	15,025,676	14,968,248	1,553,174
2007 - Medical	1,553,174	9,778,262	10,300,807	1,030,629

IRVING INDEPENDENT SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 AUGUST 31, 2007

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 Frost Insurance Company and Midwest Employer's Casualty. 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.

The total liabilities for the Workers' Compensation self-insurance fund of \$1,042,809 include incurred but not reported claims in the amount of \$1,037,572, of which \$541,208 is expected to be paid within one year, and accounts payable of \$5,237. The claims liability reported in the fund at August 31, 2007 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 \$1,037,572 as of August 31, 2007 for the ultimate loss reserve of the fund. The fund had net assets as of August 31, 2007 of \$4,495,314.

Changes in the workers' compensation claims liability amounts in fiscal 2006 and 2007 are presented below:

	Beginning of Fiscal-Year <u>Liability</u>	Current-Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance at Fiscal <u>Year End</u>
2006 – Workers' Compensation	2,563,032	(511,606)	703,232	1,348,194
2006 – Workers' Compensation	1,348,194	225,669	536,291	1,037,572

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, 2007 were \$151,925.

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, 2007 net assets were \$6,926.

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, 2007

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, 2007, the carrying amount of the District's cash, not including fiduciary funds, was \$3,536,299 including petty cash funds of \$53,710. The bank balance was \$6,272,548. During 2006-07, 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 \$55,212,021 and occurred on June 30, 2007.
3. Largest combined collected cash account balance required to be collateralized amounted to \$37,165,074 and occurred on June 30, 2007.
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	\$ 3,536,299	1 Day
Certificates of Deposit	36,000,000	382 Days
U.S. Agencies	9,010,937	74 Days
Investments in Texpool	27,052,080	1 Day
Investments in TexStar	31,049,422	1 Day
Investments in Texas Class	<u>23,855,152</u>	<u>1 Day</u>
Total	<u>\$ 130,503,890</u>	<u>111 Days</u>

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.

IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2007

NOTE 2. DEPOSITS AND INVESTMENTS, cont'd.

The Texas Local Government Investment Pool ("Texpool") and the Texas Short Term Asset Reserve Program ("TexStar") 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.

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 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. 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 controls 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 controls this risk by trading all securities on a delivery vs. payment

IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2007

NOTE 2. DEPOSITS AND INVESTMENTS, cont'd.

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, 2007 the District held Federal Home Loan Bank securities with a par amount of \$9,000,000, which is 6.90% of the total portfolio and \$36,000,000 of certificates of deposit, which is 27.60% 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.

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 its 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, 2006, upon which the levy for the 2006-2007 fiscal year was based, was \$8,777,240,437. The roll was subsequently increased to a year-end assessed value of \$8,831,620,036. 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, 2007, to finance General Fund operations and the payment of principal and interest on general obligation long term debt were \$1.33 and \$.314 per \$100 valuation, respectively, for a total of \$1.644 per \$100 valuation.

Current tax collections for the year ended August 31, 2007 were 98.41% 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, 2007, property taxes receivable, net of estimated uncollectible taxes, totaled \$4,247,714 and \$876,049 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.

No taxes were collected for the zone in the current fiscal year because the assessed valuation of real property in the reinvestment zone decreased below 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, 2007

NOTE 4. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2007 are summarized below. 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, 2007 consisted of the following Due from Other Governments:

Fund:	
General Operating Fund	\$ 4,421,564
Food Service Fund	275,528
Federal & State Special Revenue Funds	<u>1,673,282</u>
Total	<u>\$ 6,370,374</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended August 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated:					
Land	\$18,072,851	\$	\$	\$	\$ 18,072,851
Construction in Progress	<u>480,826</u>			<u>(332,280)</u>	<u>148,546</u>
Total Capital Assets not being depreciated	<u>18,553,677</u>			<u>(332,280)</u>	<u>18,221,397</u>
Capital Assets being depreciated:					
Land Improvements	17,110,833	81,950			17,192,783
Buildings and Improvements	462,439,405	1,744,849		332,280	464,516,534
Furniture and Equipment	<u>64,880,217</u>	<u>5,719,141</u>	<u>(671,438)</u>		<u>69,927,920</u>
Total Capital Assets being depreciated	<u>544,430,455</u>	<u>7,545,940</u>	<u>(671,438)</u>	<u>332,280</u>	<u>551,637,237</u>
Total Capital Assets	<u>562,984,132</u>	<u>7,545,940</u>	<u>(671,438)</u>		<u>569,858,634</u>
Less Accumulated Depreciation for:					
Land Improvements	3,217,930	855,883			4,073,813
Buildings and Improvements	135,440,903	9,059,270			144,500,173
Furniture and Equipment	<u>44,434,022</u>	<u>9,629,573</u>	<u>(661,388)</u>		<u>53,402,207</u>
Total Accumulated Depreciation	<u>183,092,855</u>	<u>19,544,726</u>	<u>(661,388)</u>		<u>201,976,193</u>
Governmental Activities Capital Assets, Net	<u>\$ 379,891,277</u>	<u>\$(11,998,786)</u>	<u>\$ (10,050)</u>	<u>\$</u>	<u>\$ 367,882,441</u>

IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2007

NOTE 5. CAPITAL ASSETS

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

Governmental activities:	
Instruction	\$ 14,815,729
Instructional Resources and Media Services	527,966
Curriculum Development and Instructional Staff Development	13,883
Instructional Leadership	104,701
School Leadership	662,642
Guidance, Counseling and Evaluation Services	441,099
Health Services	118,807
Student Transportation	27,171
Food Services	690,752
Co-Curricular/Extracurricular Activities	397,747
General Administration	570,576
Plant Maintenance and Operations	286,375
Security and Monitoring Services	15,909
Data Processing Services	871,369
Total Depreciation Expense, Governmental Activities	<u>\$ 19,544,726</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. The system also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and Chapter 805, respectively.

IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2007

NOTE 6. RETIREMENT PLAN, cont'd.

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 6.0% of the District's covered payroll. The District's employees' contributions to the System for the years ending August 31, 2007, 2006 and 2005 were \$10,320,609, \$9,329,563, and \$8,738,192, 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, 2007, 2006, and 2005 were \$1,684,814, \$1,466,745, and \$1,332,283, 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, 2007, 2006 and 2005 were \$8,603,531, \$7,917,208, and \$7,611,848, 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.

IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2007

NOTE 7. 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:

	Beginning 9/1/06	Increases	Decreases	Balance 8/31/07	Current Portion
Arbitrage Payable	\$ 136,697	\$ --	\$ --	\$ 136,697	\$ 136,697
Claims Payable	1,348,194	--	310,622	1,037,572	541,208

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

Description	Interest Rate Payable	Original Amounts (Principal Only)	Amounts Outstanding 9/1/06	Interest Accretion	Refunded Issued or Retired Current Year	Amounts Outstanding 8/31/07
Bonded Indebtedness:						
1993 Refunding	2.60%-5.50%	\$11,055,000	\$957,047	\$43,762	\$(505,000)	\$495,809
1994 Refunding	2.90%-4.85%	39,630,000	1,465,166	63,777	(750,000)	778,943
1997 School Bldg	5.00%-5.20%	125,003,220	29,947,909	459,246	(22,535,000)	7,872,155
1997A Refunding	4.85%-5.42%	33,140,000	52,723,625	2,635,682	(4,825,000)	50,534,307
1998 Refunding	4.00%-4.00%	8,629,935	6,200,504	246,883	(2,080,000)	4,367,387
1999 School Bldg	3.70%-5.45%	8,000,000	770,000	--	(245,000)	525,000
2000 School Bldg	4.45%-5.00%	10,267,201	235,000	--	(180,000)	55,000
2001 School Bldg	4.00%-5.50%	27,390,000	11,705,173	4,827	(7,555,000)	4,155,000
2001A Refunding	3.70%-4.30%	6,170,000	1,485,000	--	(345,000)	1,140,000
2002 School Bldg	2.09%-6.03%	130,853,959	94,453,761	2,351,159	(47,685,001)	49,119,919
2003 School Bldg	2.00%-5.00%	51,882,264	49,490,480	151,839	(39,980,000)	9,662,319
2004A School Bldg	Variable	20,000,000	17,800,000	--	--	17,800,000
2004B School Bldg	Variable	20,000,000	20,000,000	--	(2,600,000)	17,400,000
2005 Refunding	3.00%-5.25%	92,425,000	92,425,000	--	(1,735,000)	90,690,000
2006 Refunding	3.95%-5.46%	66,472,786	66,407,427	2,988,751	(150,000)	69,246,178
2007 Refunding	3.65%-4.40%	109,045,000	--	132,429	113,163,175	113,295,604
2007 A School Bldg	3.87%-5.00%	20,000,000	--	--	20,000,000	20,000,000
Total Bonded Indebtedness			<u>\$ 446,066,092</u>	<u>\$ 9,078,355</u>	<u>\$ 1,993,174</u>	<u>\$457,137,621</u>
Less Current Portion						<u>15,542,222</u>
Long term portion as of August 31, 2007						441,595,399
Premium/Discounts/Loss on Refunding			461,851	--	(2,900,920)	<u>(2,439,069)</u>
Total Long-term Bonds Payable						<u>\$ 439,156,330</u>

Debt service principal requirements to maturity below exclude accumulated accretion of \$67,533,791, which is included in the interest column:

Year Ended August 31	Principal	Interest	Total Requirements
2008	\$15,542,222	\$23,142,632	\$38,684,854
2009	13,414,392	18,869,951	32,284,343
2010	12,876,407	19,293,177	32,169,584
2011	11,960,670	20,201,401	32,162,071
2012	12,888,540	19,276,570	32,165,110
2013-2017	67,691,599	92,599,479	160,291,078
2018-2022	94,170,000	63,541,263	157,711,263
2023-2027	62,800,000	85,054,609	147,854,609
2028-2032	93,295,000	26,388,803	119,683,803
2033-2033	<u>4,965,000</u>	<u>111,244</u>	<u>5,076,244</u>
Totals	<u>\$389,603,830</u>	<u>\$368,479,129</u>	<u>\$ 758,082,959</u>

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all limitations and restrictions at August 31, 2007.

IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2007

NOTE 8. DEBT ISSUANCES AND DEFEASED DEBT

On January 15, 2007, the District issued \$109,045,000 Series 2007 Unlimited Tax Refunding Bonds bearing interest at a rate of 3.65%-4.40%. The capital interest bearing bonds pay interest every February 15 and August 15, commencing August 15, 2007. Interest on the capital appreciation bonds will be paid upon maturity. The Refunding Bonds were used to refund a portion of the District's Unlimited Tax Building Bonds, Series 1997, \$19,035,000; Series 2001, \$6,210,000; Series 2002, \$44,730,000; and Series 2003, \$39,070,000. As a result of the advance refunding, the District realized a present value economic gain of \$4,172,216 and reduced its future debt service requirements by \$7,030,987. The book loss on refunding of \$ 2,440,566 is being amortized over the life of the debt, with an unamortized balance of \$2,252,830.

The bond documents state that the proceeds from the sale of the bonds will be used to refund a portion of the District's outstanding bonds and to pay the issuance of the Bonds.

On June 15, 2007, the District issued \$20,000,000 Series 2007-A Unlimited Tax School Building Bonds bearing interest at a rate of 3.87%-5.00%. The bonds pay interest every February 15 and August 15, commencing August 15, 2007. The bond documents state that the bonds will be used to acquire, construct, and equip school buildings in the District, purchase necessary sites therefore, to purchase school buses, and to 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, 2007 is \$150,080,623.

NOTE 9. 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, 2007 consisted of the following individual fund receivables and payables:

Fund	Receivable	Payable	Reason
General Fund:			
Debt Service Fund	\$ --	\$ 79,808	To clear negative cash.
Other Nonmajor Funds	1,188,828	--	To clear negative cash.
Internal Service Funds	--	3,400,000	To clear negative cash.
Debt Service Fund:			
General Fund	79,808	--	To clear negative cash.
Other Nonmajor Funds:			
General Fund	--	1,188,828	To clear negative cash.
Internal Service Funds:			
General Fund	3,400,000	--	To clear negative cash.
Capital Project Funds	2,500,000	--	To clear negative cash.
Capital Projects Funds:			
Internal Service Funds	--	2,500,000	To clear negative cash.
	<u>\$ 7,168,636</u>	<u>\$ 7,168,636</u>	

IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2007

NOTE 10. 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, 2007 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.

The District was obligated at August 31, 2007 for one major construction project. The contract for Construction Manager-at-Risk on the 2007 Security Systems Initiative was let on August 6, 2007 for an estimated \$2,000,000, of which no payments had been made as of August 31, 2007.

NOTE 11. 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	\$113,534,974	\$ --	\$26,730,495	\$ --	\$ --	\$ 140,265,469
Food Sales	--	2,985,757	--	--	--	2,985,757
Investment Income	5,077,735	224,344	1,026,328	1,109,368	--	7,437,775
Penalties, Interest and Other Tax Related Income	1,284,899	--	237,488	--	--	1,522,387
Co-curricular Student Activities	1,487,930	--	--	--	--	1,487,930
Other	<u>2,688,370</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>163,820</u>	<u>2,852,190</u>
Total	<u>\$124,073,908</u>	<u>\$3,210,101</u>	<u>\$27,994,311</u>	<u>\$ 1,109,368</u>	<u>\$ 163,820</u>	<u>\$ 156,551,508</u>

IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2007

NOTE 12. 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	\$ 4,247,714	\$ 876,049	\$ --	\$ 5,123,763
Taxes Paid in Advance	5,156			5,156
Laptop Computer Fees	388,797	--	--	388,797
Immigration Legal Fees	91,041	--	--	91,041
Examination Campus Awards	--	--	50,813	50,813
Region X Grant			7,600	7,600
Regional State Deaf	--	--	<u>97,375</u>	<u>97,375</u>
Total Deferred Revenue	<u>\$ 4,732,708</u>	<u>\$ 876,049</u>	<u>\$ 155,788</u>	<u>\$ 5,764,545</u>

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

NOTE 13. NEW ACCOUNTING PRONOUNCEMENTS

GASB has issued Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" ("GASB 45") which will be effective for the District in the fiscal year ending August 31, 2008. GASB 45 requires state and local governments to establish standards for the measurement, recognition, and display of other post employment benefits, expenses/expenditures, related liabilities and note disclosures in the financial statements. As of August 31, 2007, the District does not expect this Statement to have an impact on its financial statements.

GASB has issued Statement No. 47, "Accounting for Termination Benefits", which provides guidance on how employers should account for benefits associated with either voluntary or involuntary terminations. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2005 (except for those provisions involving other postemployment benefits, which only take effect upon the implementation of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions"). As of August 31, 2007, the District does not expect this Statement to have an impact on its financial statements.

NOTE 14. PRIOR PERIOD ADJUSTMENT

During the year ended August 31, 2007 it was noted that the District was recording deferred revenue on resources that should have been recognized as revenue. This resulted in an overstatement of deferred revenue and an understatement of fund balance and net assets in the Governmental and Government-Wide financial statements of \$260,120. The current year statements reflect the recognition of the prior year deferred revenue as an increase to the beginning of year net assets and the beginning of year fund balance by \$260,120.



**REQUIRED SUPPLEMENTARY
INFORMATION**

IRVING INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR FISCAL YEAR ENDED AUGUST 31, 2007

EXHIBIT G-1

DATA CONTROL CODES		Original Budget	Final Amended Budget	Fiscal Year Actual	Variance Positive or (Negative)
REVENUES					
5700	Local and Intermediate Sources	\$116,330,503	\$123,948,440	\$124,073,908	\$125,468
5800	State Program Revenues	91,073,238	90,483,177	91,213,758	730,581
5900	Federal Program Revenues	423,000	663,112	664,241	1,129
5020	Total Revenues	207,826,741	215,094,729	215,951,907	857,178
EXPENDITURES					
Current:					
0010	Instruction and Instructional-Related Services:				
0011	Instruction	135,479,553	130,416,730	128,889,943	1,526,787
0012	Instructional Resources and Media Services	4,080,874	4,108,497	3,879,006	229,491
0013	Curriculum Development and Instructional Staff Development	2,184,000	2,034,966	1,936,118	98,848
	Total Instruction and Instructional-Related Services:	141,744,427	136,560,193	134,705,067	1,855,126
0020	Instructional and School Leadership:				
0021	Instructional Leadership	3,462,991	3,773,726	3,664,787	108,959
0023	School Leadership	14,209,236	15,449,487	15,346,192	103,295
	Total Instructional and School Leadership	17,672,227	19,223,213	19,010,959	212,254
0030	Support Services - Student (Pupil):				
0031	Guidance, Counseling, and Evaluation Services	8,947,588	9,074,880	8,823,941	250,939
0032	Social Work Services	384,450	402,419	399,004	3,415
0033	Health Services	2,026,881	2,009,829	1,951,856	57,973
0034	Student (Pupil) Transportation	2,504,423	2,499,423	2,064,770	434,653
0035	Food Services	240,288	262,390	240,078	22,312
0036	Co-Curricular/Extracurricular Activities	3,485,535	4,119,381	3,890,697	228,684
	Total Support Services - Student (Pupil)	17,589,165	18,368,302	17,370,346	997,956
0040	Administrative Support Services:				
0041	General Administration	6,347,894	6,368,062	6,113,018	255,044
	Total Administrative Support Services	6,347,894	6,368,062	6,113,018	255,044
0050	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	18,382,723	18,526,958	17,667,278	859,680
0052	Security and Monitoring Services	1,612,719	1,736,933	1,697,844	39,089
0053	Data Processing Services	2,791,668	2,880,326	2,739,576	140,750
	Total Support Services - Nonstudent Based	22,787,110	23,144,217	22,104,698	1,039,519
0060	Ancillary Services:				
0061	Community Services	138,229	236,800	162,434	74,366
	Total Ancillary Services	138,229	236,800	162,434	74,366
0090	Intergovernmental Charges:				
0095	Payments to JJAEP	150,000	135,000	121,135	13,865
	Total Intergovernmental Charges	150,000	135,000	121,135	13,865
6030	Total Expenditures	206,429,052	204,035,787	199,587,657	4,448,130
1100	Excess of Revenues Over Expenditures	1,397,689	11,058,942	16,364,250	5,305,308
OTHER FINANCING SOURCES (USES)					
7912	Proceeds from Sale of Fixed Assets	30,000	41,000	5,578	(35,424)
8911	Transfers to Internal Service Funds		(2,046,167)	(2,046,167)	
	Total Other Financing Sources and (Uses)	30,000	(2,005,167)	(2,040,591)	(35,424)
1200	Net Change in Fund Balances	1,427,689	9,053,775	14,323,659	5,269,884
0100	Fund Balance - September 1 (Beginning)	53,456,057	53,456,057	53,456,057	-
3000	Fund Balance - August 31 (Ending)	\$54,883,746	\$62,509,832	\$67,779,716	\$5,269,884

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 FISCAL YEAR ENDED AUGUST 31, 2007

EXHIBIT G-2

DATA CONTROL CODES		Original Budget	Final Amended Budget	Fiscal Year Actual	Variance Positive or (Negative)
REVENUES					
5700	Local and Intermediate Sources	\$3,151,400	\$3,226,400	\$3,210,101	(\$16,299)
5800	State Program Revenues	105,000	105,045	105,045	-
5900	Federal Program Revenues	9,459,267	10,878,456	11,305,672	427,216
5020	Total Revenues	<u>12,715,667</u>	<u>14,209,901</u>	<u>14,620,818</u>	<u>410,917</u>
EXPENDITURES					
Current:					
0030	Support Services - Student (Pupil):				
0035	Food Services	12,243,724	12,981,509	12,420,284	561,225
	Total Support Services - Student (Pupil)	<u>12,243,724</u>	<u>12,981,509</u>	<u>12,420,284</u>	<u>561,225</u>
0050	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	400,000	593,051	579,366	13,685
	Total Support Services - Nonstudent Based	<u>400,000</u>	<u>593,051</u>	<u>579,366</u>	<u>13,685</u>
0080	Capital Outlay:				
0081	Facilities Acquisition and Construction	333,500	748,187	702,198	45,989
	Total Capital Outlay	<u>333,500</u>	<u>748,187</u>	<u>702,198</u>	<u>45,989</u>
6030	Total Expenditures	<u>12,977,224</u>	<u>14,322,747</u>	<u>13,701,848</u>	<u>620,899</u>
1100	Excess of Revenues Over Expenditures	<u>(261,557)</u>	<u>(112,846)</u>	<u>918,970</u>	<u>1,031,816</u>
1200	Net Change in Fund Balances	(261,557)	(112,846)	918,970	1,031,816
0100	Fund Balance - September 1 (Beginning)	4,910,165	4,910,165	4,910,165	-
3000	Fund Balance - August 31 (Ending)	<u>\$4,648,608</u>	<u>\$4,797,319</u>	<u>\$5,829,135</u>	<u>\$1,031,816</u>

See Notes to Required Supplementary Information.

IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AUGUST 31, 2007

NOTE 1. BUDGETARY LEGAL COMPLIANCE

The Official Budget was prepared for adoption prior to August 20, 2006 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 27, 2007.



**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, 2007

EXHIBIT H-1

DATA CONTROL CODES		FEDERAL SPECIAL REVENUE	STATE SPECIAL REVENUE	TOTALS NONMAJOR GOVERNMENTAL FUNDS
	ASSETS			
1110	Cash & Temporary Investment Receivables:	\$ 2,390	\$ 1,141,661	\$ 1,144,051
1240	Due from Other Governments	<u>928,720</u>	<u>744,562</u>	<u>1,673,282</u>
1000	TOTAL ASSETS	<u>\$ 931,110</u>	<u>\$ 1,886,223</u>	<u>\$ 2,817,333</u>
	LIABILITIES			
2110	Accounts Payable	\$ 94,067	\$ 187,297	\$ 281,364
2160	Accrued Wages Payable	10,895	-	10,695
2170	Due to Other Funds	826,348	362,480	1,188,828
2180	Due to Other Governments	-	32,370	32,370
2300	Deferred Revenue	<u>-</u>	<u>155,788</u>	<u>155,788</u>
2000	TOTAL LIABILITIES	<u>931,110</u>	<u>737,935</u>	<u>1,669,045</u>
	FUND BALANCE			
	Unreserved, Undesignated Fund Balance:	<u>-</u>	<u>1,148,288</u>	<u>1,148,288</u>
3000	TOTAL FUND BALANCE	<u>-</u>	<u>1,148,288</u>	<u>1,148,288</u>
4000	TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 931,110</u>	<u>\$ 1,886,223</u>	<u>\$ 2,817,333</u>

IRVING INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL ENDED AUGUST 31, 2007

EXHIBIT H-2

DATA CONTROL CODES		FEDERAL SPECIAL REVENUE	STATE SPECIAL REVENUE	TOTALS NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
5700	Local and Intermediate Sources	\$ -	\$ 163,820	\$ 163,820
5800	State Program Revenues	-	5,993,401	5,993,401
5900	Federal Program Revenues	<u>14,702,662</u>	-	<u>14,702,662</u>
5020	Total Revenues	<u>14,702,662</u>	<u>6,157,221</u>	<u>20,859,883</u>
EXPENDITURES				
Current:				
0010	Instruction and Instructional-Related Services:			
0011	Instruction	10,290,896	4,780,621	15,071,517
0012	Instructional Resources and Media Services	81,601	2,660	84,261
0013	Curriculum Development and Instructional Staff Development	<u>1,181,630</u>	<u>189,587</u>	<u>1,371,217</u>
	Total Instruction and Instructional-Related Services	<u>11,554,127</u>	<u>4,972,868</u>	<u>16,526,995</u>
0020	Instructional and School Leadership:			
0021	Instructional Leadership	692,829	86,024	778,853
0023	School Leadership	<u>252,577</u>	<u>28,276</u>	<u>280,853</u>
	Total Instructional and School Leadership	<u>945,406</u>	<u>114,300</u>	<u>1,059,706</u>
0030	Support Services - Student (Pupil):			
0031	Guidance, Counseling, and Evaluation Services	814,237	167,627	981,864
0033	Health Services	21,751	8,258	30,009
0034	Student (Pupil) Transportation	576,742	-	576,742
0036	Co-Curricular/Extracurricular Activities	<u>10,169</u>	-	<u>10,169</u>
	Total Support Services - Student (Pupil)	<u>1,422,899</u>	<u>175,885</u>	<u>1,598,784</u>
0040	Administrative Support Services:			
0041	General Administration	<u>34,332</u>	-	<u>34,332</u>
	Total Administrative Support Services	<u>34,332</u>	-	<u>34,332</u>
0050	Support Services - Nonstudent Based:			
0053	Data Processing Services	<u>58,632</u>	6,000	<u>64,632</u>
	Total Support Services - Nonstudent Based	<u>58,632</u>	<u>6,000</u>	<u>64,632</u>
0060	Ancillary Services:			
0061	Community Services	<u>687,266</u>	-	<u>687,266</u>
	Total Ancillary Services	<u>687,266</u>	-	<u>687,266</u>
6030	Total Expenditures	<u>14,702,662</u>	<u>5,269,053</u>	<u>19,971,715</u>
1100	Excess of Revenues Over Expenditures	-	<u>888,168</u>	<u>888,168</u>
1200	Net Change in Fund Balances	-	888,168	888,168
0100	Fund Balance - September 1 (Beginning) as Restated	-	<u>280,120</u>	<u>260,120</u>
	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 1,148,288</u>	<u>\$ 1,148,288</u>

**INTERNAL
SERVICE FUNDS**



IRVING INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2007

Data Control Codes	HEALTH	WORKERS COMPENSATION	UNEMPLOYMENT	BENEFITS ADMINISTRATION
ASSETS				
Current Assets:				
1110	\$ 638,367	\$ 2,235,799	\$ 160,211	\$ 6,926
1260	2,600,000	3,300,000		
1310	-	-	-	-
1490	-	2,324	-	-
	<u>3,238,367</u>	<u>5,538,123</u>	<u>160,211</u>	<u>6,926</u>
1000	<u>3,238,367</u>	<u>5,538,123</u>	<u>160,211</u>	<u>6,926</u>
LIABILITIES				
Current Liabilities:				
2110	1,298,759	5,237	8,286	-
	<u>1,298,759</u>	<u>5,237</u>	<u>8,286</u>	<u>-</u>
Long-Term Liabilities:				
2800	-	1,037,572	-	-
	<u>-</u>	<u>1,037,572</u>	<u>-</u>	<u>-</u>
2000	<u>1,298,759</u>	<u>1,042,809</u>	<u>8,286</u>	<u>-</u>
NET ASSETS				
3900	1,939,608	4,495,314	151,925	6,926
3000	<u>\$ 1,939,608</u>	<u>\$ 4,495,314</u>	<u>\$ 151,925</u>	<u>\$ 6,926</u>

EXHIBIT H-3

<u>SCIENCE KIT REFURBISHMENT</u>	<u>IRVING.NET</u>	<u>PRINT SHOP</u>	<u>TOTALS INTERNAL SERVICE FUNDS</u>
\$ 63,833	\$ 31,949	\$ 85,138	\$ 3,222,223
-	-	3,225	5,900,000
-	-	-	3,225
<u>63,833</u>	<u>31,949</u>	<u>88,363</u>	<u>9,127,772</u>
<u>63,833</u>	<u>31,949</u>	<u>88,363</u>	<u>9,127,772</u>
<u>3,496</u>	<u>-</u>	<u>1,980</u>	<u>1,317,758</u>
<u>3,496</u>	<u>-</u>	<u>1,980</u>	<u>1,317,758</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,037,572</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,037,572</u>
<u>3,496</u>	<u>-</u>	<u>1,980</u>	<u>2,355,330</u>
<u>60,337</u>	<u>31,949</u>	<u>86,383</u>	<u>6,772,442</u>
<u>\$ 60,337</u>	<u>\$ 31,949</u>	<u>\$ 86,383</u>	<u>\$ 6,772,442</u>

IRVING INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FISCAL YEAR ENDED AUGUST 31, 2007

Data Control Codes	HEALTH	WORKERS COMPENSATION	UNEMPLOYMENT	BENEFITS ADMINISTRATION
OPERATING REVENUES				
5700 Charges for Services	\$ 15,023,066	\$ 860,845	\$ 67,894	\$ 59,393
5020 Total Operating Revenues	<u>15,023,066</u>	<u>860,845</u>	<u>67,894</u>	<u>59,393</u>
OPERATING EXPENSES				
6100 Payroll Costs	-	65,337	-	-
6200 Professional/Contracted Services	-	-	-	-
6300 Supplies and Materials	-	-	-	-
6400 Claims, Administration, and Other Expenses	12,437,776	394,321	42,290	52,689
6600 Capital Outlay	-	-	-	-
6030 Total Operating Expenses	<u>12,437,776</u>	<u>459,658</u>	<u>42,290</u>	<u>52,689</u>
Operating income (Loss)	2,585,290	401,187	25,604	6,704
NON-OPERATING REVENUES				
7955 Interest Income	-	113,903	-	-
7911 Transfers In	<u>2,046,167</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	4,631,457	515,090	25,604	6,704
Total Net Assets - September 1 (Beginning)	<u>(2,691,849)</u>	<u>3,980,224</u>	<u>126,321</u>	<u>222</u>
Total Net Assets - August 31 (Ending)	<u>\$ 1,939,608</u>	<u>\$ 4,495,314</u>	<u>\$ 151,925</u>	<u>\$ 6,926</u>

EXHIBIT H-4

<u>SCIENCE KIT REFURBISHMENT</u>	<u>IRVING.NET</u>	<u>PRINT SHOP</u>	<u>TOTALS INTERNAL SERVICE FUNDS</u>
<u>\$ 339,597</u>	<u>\$ 48,536</u>	<u>\$ 141,271</u>	<u>\$ 16,540,602</u>
<u>339,597</u>	<u>48,536</u>	<u>141,271</u>	<u>16,540,602</u>
189,878	13,023	-	268,238
1,949	-	49,238	51,187
231,229	1,125	74,646	307,000
3,470	7,032	-	12,937,578
<u>499</u>	<u>-</u>	<u>-</u>	<u>499</u>
<u>427,025</u>	<u>21,180</u>	<u>123,884</u>	<u>13,564,502</u>
(87,428)	27,356	17,387	2,976,100
-	-	-	113,903
-	-	-	<u>2,046,167</u>
(87,428)	27,356	17,387	5,136,170
<u>147,765</u>	<u>4,593</u>	<u>68,996</u>	<u>1,636,272</u>
<u>\$ 60,337</u>	<u>\$ 31,949</u>	<u>\$ 86,383</u>	<u>\$ 6,772,442</u>

IRVING INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FISCAL YEAR ENDED AUGUST 31, 2007

	Health Insurance	Workers Compensation	Unemployment	Benefit Administration
Cash Flows from Operating Activities:				
Cash Received for Premiums and Services	\$ 11,288,241	\$ 861,045	\$ 67,894	\$ 59,393
Cash Paid for Claims, Administration, and Other Costs	(10,096,041)	(768,369)	(42,290)	(52,689)
Net Cash Provided by (Used in) Operating Activities	<u>1,192,200</u>	<u>92,676</u>	<u>25,604</u>	<u>6,704</u>
Cash Flows from Noncapital Financing Activities:				
Cash Advances to Other Funds	(2,600,000)	(3,300,000)	-	-
Transfers from Other Funds	2,046,167	-	-	-
Net Cash Used in Noncapital Financing Activities	<u>(553,833)</u>	<u>(3,300,000)</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest Received	-	113,903	-	-
Net Cash Provided by Investing Activities	<u>-</u>	<u>113,903</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	638,367	(3,093,421)	25,604	6,704
Cash and Cash Equivalents at Beginning of the Year	-	5,329,220	134,607	222
Cash and Cash Equivalents at End of the Year	<u>\$ 638,367</u>	<u>\$ 2,235,799</u>	<u>\$ 160,211</u>	<u>\$ 6,926</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	<u>\$ 2,585,290</u>	<u>\$ 401,187</u>	<u>\$ 25,604</u>	<u>\$ 6,704</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Change in Current Assets and Liabilities:				
Decrease in Inventories	-	-	-	-
Decrease in Other Current Assets	-	200	-	-
Decrease in Accounts Payable	(396,771)	1,911	-	-
Decrease in Due to Other Funds	(996,319)	-	-	-
(Decrease) in Long-term Claims Reserve	-	(310,622)	-	-
Total Adjustments	<u>(1,393,090)</u>	<u>(308,511)</u>	<u>-</u>	<u>-</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,192,200</u>	<u>\$ 92,676</u>	<u>\$ 25,604</u>	<u>\$ 6,704</u>

EXHIBIT H-5

<u>Science Kit Refurbishment</u>	<u>Irving.Net</u>	<u>Print Shop</u>	<u>TOTALS Internal Service Funds</u>
\$ 339,597	\$ 48,536	\$ 142,821	\$ 12,807,527
<u>(427,436)</u>	<u>(21,180)</u>	<u>(123,869)</u>	<u>(11,531,874)</u>
(87,839)	27,356	18,952	1,275,653
-	-	-	(5,900,000)
-	-	-	<u>2,046,167</u>
-	-	-	<u>(3,853,833)</u>
-	-	-	113,903
-	-	-	<u>113,903</u>
(87,839)	27,356	18,952	(2,464,277)
<u>151,672</u>	<u>4,593</u>	<u>66,186</u>	<u>5,686,500</u>
<u>\$ 63,833</u>	<u>\$ 31,949</u>	<u>\$ 85,138</u>	<u>\$ 3,222,223</u>
<u>\$ (87,428)</u>	<u>\$ 27,356</u>	<u>\$ 17,387</u>	<u>\$ 2,976,100</u>
-	-	1,550	1,550
(411)	-	15	200
-	-	-	(395,256)
-	-	-	(996,319)
-	-	-	<u>(310,622)</u>
(411)	-	1,565	(1,700,447)
<u>\$ (87,839)</u>	<u>\$ 27,356</u>	<u>\$ 18,952</u>	<u>\$ 1,275,653</u>



FIDUCIARY FUNDS

IRVING INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 AUGUST 31, 2007

EXHIBIT H-6

	<u>STUDENT ACTIVITY FUNDS</u>	<u>FLEXIBLE BENEFITS</u>	<u>TOTALS AGENCY FUNDS</u>
ASSETS			
Cash and Temporary Investments	\$ 300,193	\$ 219,922	\$ 520,115
Total Assets	<u>\$ 300,193</u>	<u>\$ 219,922</u>	<u>\$ 520,115</u>
 LIABILITIES			
Accounts Payable	\$ 10,327	\$ -	\$ 10,327
Due to Student Groups	289,866	-	289,866
Due to Flex Excess Funds	-	219,922	219,922
Total Liabilities	<u>\$ 300,193</u>	<u>\$ 219,922</u>	<u>\$ 520,115</u>

IRVING INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES
 IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED AUGUST 31, 2007

EXHIBIT H-7

	<u>BALANCE SEPTEMBER 1, 2006</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE AUGUST 31, 2007</u>
STUDENT ACTIVITIES:				
Assets:				
Cash and Temporary Investments	\$ 392,432	\$ 1,114,317	\$ 1,206,556	\$ 300,193
Total Assets	<u>\$ 392,432</u>	<u>\$ 1,114,317</u>	<u>\$ 1,206,556</u>	<u>\$ 300,193</u>
Liabilities:				
Accounts Payable	\$ 7,443	\$ 1,110,542	\$ 1,107,658	\$ 10,327
Due to Student Groups	384,989	1,187,386	1,282,509	289,866
Total Liabilities	<u>\$ 392,432</u>	<u>\$ 2,297,928</u>	<u>\$ 2,390,167</u>	<u>\$ 300,193</u>
 FLEXIBLE BENEFITS:				
Assets:				
Cash and Temporary Investments	\$ 180,050	\$ 1,320,356	\$ 1,280,484	\$ 219,922
Total Assets	<u>\$ 180,050</u>	<u>\$ 1,320,356</u>	<u>\$ 1,280,484</u>	<u>\$ 219,922</u>
Liabilities:				
Due to Flex Excess Fund	\$ 180,050	\$ 1,360,188	\$ 1,320,316	\$ 219,922
Total Liabilities	<u>\$ 180,050</u>	<u>\$ 1,360,188</u>	<u>\$ 1,320,316</u>	<u>\$ 219,922</u>
 TOTAL AGENCY FUNDS:				
Assets:				
Cash and Temporary Investments	\$ 572,482	\$ 2,434,673	\$ 2,487,040	\$ 520,115
Total Assets	<u>\$ 572,482</u>	<u>\$ 2,434,673</u>	<u>\$ 2,487,040</u>	<u>\$ 520,115</u>
Liabilities:				
Accounts Payable	\$ 7,443	\$ 1,110,542	\$ 1,107,658	\$ 10,327
Due to Student Groups	384,989	1,187,386	1,282,509	289,866
Due to Flex Excess Funds	180,050	1,360,188	1,320,316	219,922
Total Liabilities	<u>\$ 572,482</u>	<u>\$ 3,658,116</u>	<u>\$ 3,710,483</u>	<u>\$ 520,115</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, 2007

EXHIBIT I-1

Activity	Land and Improvements	Buildings and Improvements	Construction in Progress	Furniture and Equipment	Total
Senior High Schools	\$ 10,157,557	\$ 154,389,607	\$ -	\$ 22,998,701	\$ 187,545,865
Middle Schools	13,609,268	98,573,442	148,546	10,372,175	122,703,431
Elementary	7,699,823	179,073,274	-	18,181,132	204,954,229
Administration and Services	3,798,986	32,480,211	-	18,375,912	54,655,109
Total	\$ 35,265,634	\$ 464,516,534	\$ 148,546	\$ 69,927,920	\$ 569,858,634

IRVING INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
CHANGES BY FUNCTION AND ACTIVITY
AUGUST 31, 2007

EXHIBIT I-2

Activity	Capital Assets 09/01/06	Increases	Decreases	Capital Assets 08/31/07
Senior High Schools				
Land and Improvements	\$ 10,079,501	\$ 78,056	\$ -	\$ 10,157,557
Buildings and Improvements	153,994,319	395,288	-	154,389,607
Construction in Progress	189,672	-	(189,672)	-
Furniture and Equipment	22,863,157	295,514	(159,970)	22,998,701
Total	187,126,649	768,858	(349,642)	187,545,865
Middle Schools				
Land and Improvements	13,605,374	3,894	-	13,609,268
Buildings and Improvements	97,982,607	590,835	-	98,573,442
Construction in Progress	148,546	-	-	148,546
Furniture and Equipment	10,136,662	284,378	(48,865)	10,372,175
Total	121,873,189	879,107	(48,865)	122,703,431
Elementary				
Land and Improvements	7,699,823	-	-	7,699,823
Buildings and Improvements	178,646,637	426,637	-	179,073,274
Construction in Progress	114,510	-	(114,510)	-
Furniture and Equipment	17,894,068	459,886	(172,822)	18,181,132
Total	204,355,038	886,523	(287,332)	204,954,229
Administration and Services				
Land and Improvements	3,798,986	-	-	3,798,986
Buildings and Improvements	31,815,842	664,369	-	32,480,211
Construction in Progress	28,098	-	(28,098)	-
Furniture and Equipment	13,986,330	4,679,363	(289,781)	18,375,912
Total	49,629,256	5,343,732	(317,879)	54,655,109
Total for All Functions/Activities	\$ 562,984,132	\$ 7,878,220	\$ (1,003,718)	\$ 569,858,634

IRVING INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY LOCATION
AUGUST 31, 2007

EXHIBIT I-3

Location	Land and Improvements	Buildings and Improvements	Construction in Progress	Furniture and Equipment	Total
Senior High Schools					
Irving High School	\$ 2,236,417	\$ 42,528,976	\$ -	\$ 405,090	\$ 45,170,483
MacArthur High School	2,750,395	37,899,585	-	796,570	41,446,550
Nimitz High School	2,230,968	39,001,671	-	748,985	41,981,624
Union Bower	46,777	2,795,282	-	65,545	2,907,604
The Academy of Irving ISD	1,984,808	26,903,453	-	1,648,894	30,537,155
Ratterree	320,832	2,948,319	-	139,297	3,408,448
Reassignment Center	587,360	2,312,321	-	1,000	2,900,681
All High Schools	-	-	-	19,193,320	19,193,320
Total Senior High Schools	10,157,557	154,389,607	-	22,998,701	187,545,865
Middle Schools					
Bowie Middle School	815,411	15,152,288	-	198,829	16,166,528
Crockett Middle School	712,298	12,094,417	-	154,897	12,961,612
Travis Middle School	2,290,583	14,617,848	-	211,294	17,119,725
Lamar Middle School	801,579	10,998,588	-	268,699	12,068,866
Austin Middle School	1,562,909	11,708,019	-	185,172	13,456,100
Houston Middle School	2,207,991	14,931,086	-	189,513	17,328,590
de Zavala Middle School	3,095,843	19,071,197	-	307,184	22,474,224
New Middle School	2,122,654	-	148,546	-	2,271,200
All Middle Schools	-	-	-	8,856,586	8,856,586
Total Middle Schools	13,609,268	98,573,443	148,546	10,372,174	122,703,431
Elementary					
Barton Elementary	117,166	6,776,729	-	121,098	7,014,993
Brown Elementary	112,697	7,389,903	-	149,740	7,652,340
Britain Elementary	150,560	10,617,526	-	102,177	10,870,263
Gilbert School	18,118	960,793	-	6,886	985,797
Good Elementary	120,307	6,395,677	-	131,130	6,647,114
J Haley Elementary	102,551	7,635,420	-	101,834	7,839,805
T Haley Elementary	646,740	9,637,559	-	208,825	10,493,124
Johnston Elementary	127,628	6,908,938	-	109,094	7,145,660
Keyes Elementary	262,956	7,002,627	-	154,622	7,420,205
Lee Elementary	149,160	7,612,240	-	93,524	7,854,924
Lively Elementary	215,060	7,914,176	-	138,524	8,267,760
Farine Elementary	278,513	8,420,903	-	216,774	8,916,190
Schultz Elementary	231,429	6,113,991	-	140,002	6,485,422
Brandenburg Elementary	119,236	6,378,566	-	111,688	6,609,490
Elliott Elementary	329,952	7,224,435	-	160,560	7,714,947
Hanes Elementary	461,747	8,683,665	-	127,129	9,272,541
Townley Elementary	268,251	7,521,174	-	188,731	7,978,156
Davis Elementary	101,907	7,267,557	-	94,682	7,464,146
FM Gilbert Elementary	1,062,426	7,848,797	-	111,505	9,022,728
Townsell Elementary	278,055	12,699,903	-	279,693	13,257,651
Stipes Elementary	1,263,880	13,208,189	-	144,579	14,616,648
New Elementary	3,199	-	-	-	3,199
Clifton Early Childhood Center	96,260	4,955,323	-	77,958	5,129,541
Pierce Early Childhood Center	703,003	4,812,240	-	72,973	5,588,216
Kinkeade Early Childhood Center	479,022	5,086,942	-	84,039	5,650,003
All Elementary Schools	-	-	-	15,053,366	15,053,366
Total Elementary Schools	7,699,823	179,073,273	-	18,181,133	204,954,229
Administration and Services	3,798,986	32,480,211	-	18,375,912	54,655,109
Total	\$ 35,265,634	\$ 464,516,534	\$ 148,546	\$ 69,927,920	\$ 569,858,634



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



IRVING INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2007

Last Ten Years Tax Roll Fiscal Year Ending August 31	Operations	Maintenance Debt	Total	Interest & Sinking	3 Assessed/Appraised Value for School Tax
1998 & Prior Years	1.3627	0.0373 **	1.4000	0.2484	6,133,433,560
1999	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 *
1000 Totals					

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 \$5,030,937.

* Source: 2006 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.

10 Beginning Balance 9/1/2006	20 Current Year's Total Levy	30 Maintenance Total Collections	30a Debt Service Total Collections	40 Fiscal Year's Adjustment	50 Ending Balance 8/31/2007
\$ 1,728,286 ***	\$ -	\$ 8,926	\$ 1,836	\$ (49,976)	\$ 1,667,548
266,777	-	3,418	622	(3,185)	259,552
299,788	-	12,791	1,998	(46,407)	238,592
897,226	-	158,560	23,034	(84,889)	630,743
511,244	-	199,044	26,628	204,466	490,038
580,960	-	207,634	37,457	132,842	468,711
669,135	-	215,744	45,306	201,914	609,999
851,604	-	317,986	71,441	158,390	620,567
2,751,847	-	940,126	196,800	(670,882)	944,039
-	<u>140,160,896</u>	<u>111,589,042</u>	<u>26,345,076</u>	-	<u>2,226,778</u>
<u>\$ 8,556,867</u>	<u>\$ 140,160,896</u>	<u>\$ 113,653,271</u>	<u>\$ 26,750,198</u>	<u>\$ (157,727)</u>	<u>\$ 8,156,567</u>

Column 30 - Fiscal Year's 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 8/31/07:

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

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

EXHIBIT J-2

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

Account Number	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
6100	\$ 20,020	\$ 203,088	\$ 801,143	\$ 3,785,186	\$ 91,878	\$ -	\$ 4,901,315
6211	355,835	-	54,069	-	-	-	409,904
6212	-	-	-	70,000	-	-	70,000
6213	-	519,549	-	-	-	-	519,549
621X	-	13,803	17,941	172,470	300	-	204,514
6230	-	-	-	58,778	-	-	58,778
6240	-	-	-	-	291,697	-	291,697
6250	-	-	-	-	11,978	-	11,978
6260	-	2,766	82,036	13,393	-	-	98,195
6290	-	-	-	2,564	-	-	2,564
6320	-	-	-	151	3,055	-	3,206
63XX	-	18,926	18,282	249,782	1,332	-	288,321
6410	13,761	5,308	8,038	56,322	-	-	83,429
6420	-	225	-	128,625	-	-	128,850
6430	19,117	-	-	-	-	-	19,117
6490	4,849	1,824	20,409	86,604	-	-	113,686
6600	-	-	-	-	-	187,600	187,600
TOTAL	\$ 413,582	\$ 765,490	\$ 1,001,917	\$ 4,623,874	\$ 400,241	\$ 187,600	\$ 7,392,704

Total Expenditures for General and Special Revenue Funds (Schedule C-2) (8) \$ 233,261,220

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(9) \$ 2,938,531
Total Debt & Lease (6500)	(10) -
Plant Maintenance (Function 51, 6100-6400)	(11) 18,119,483
Food (Function 35, 6341 and 6499)	(12) 4,704,463
Stipends (6413)	(13) -
Column 4 (above) - Total Indirect Cost	(14) <u>4,623,874</u>
Subtotal:	<u>30,386,350</u>
Net Allowed Direct Cost	(15) <u>\$ 202,874,870</u>

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(16) \$ 464,516,534
Historical Cost of Buildings over 50 years old	(17) 23,237,059
Amount of Federal Money in building cost (Net of Above)	(18) -
Total Cost of Furniture & Equipment before Depreciation (1530)	(19) 69,927,920
Historical Cost of Furniture & Equipment over 16 years old	(20) 1,012,637
Amount of Federal Money in Furniture & Equipment (Net of Above)	(21) 2,329,079

Note A - \$1,245,355 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 AS OF AUGUST 31, 2007

EXHIBIT J-3

1. Total General Fund Balance as of 8/31/07	<u>\$ 67,779,716</u>
2. Total General Fund Reserved Fund Balance	2,034,640
3. Total General Fund Designated Unreserved Fund Balance	3,144,327
4. Estimated amount needed to cover Fall (9/1/07 - 1/31/08) cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	24,267,173
5. Estimated Average Monthly Cash Disbursements of General Fund for period 9/1/07 - 5/31/08	16,501,399
6. Estimate of delayed payments from state sources (58XX) including August payment delays	5,166,126
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	-
8. Estimate of delayed payments from federal sources (59XX)	1,204,248
9. Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-
10. General Fund Optimum Fund Balance (Lines 2+3+4+5+6+7+8+9)	<u>52,317,913</u>
11. Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)	<u>\$ 15,461,803</u>

Explanation for Undesignated Unreserved General Fund Balance:

The Board of Trustee's has a minimum goal of a 15% fund balance. This represents a 7.7% ratio of undesignated unreserved general fund balance to expenditures.

IRVING INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR FISCAL YEAR ENDED AUGUST 31, 2007

EXHIBIT J-4

DATA CONTROL CODES		Original Budget	Final Amended Budget	Fiscal Year Actual	Variance Positive or (Negative)
	REVENUES				
5700	Local and Intermediate Sources	\$ 26,647,195	\$ 28,005,241	\$ 27,994,311	\$ (10,930)
5800	State Program Revenues	8,125,773	7,863,269	7,863,269	-
5020	Total Revenues	<u>34,772,968</u>	<u>35,868,510</u>	<u>35,857,580</u>	<u>(10,930)</u>
	EXPENDITURES				
0070	Debt Service:				
0071	Principal	16,002,948	16,464,752	16,464,750	2
0072	Interest and Charges on Long-Term Debt	18,506,064	18,054,600	18,054,594	6
0073	Bond Issue Costs and Fees	263,956	1,060,866	779,948	280,918
	Total Debt Services	<u>34,772,968</u>	<u>35,580,218</u>	<u>35,299,292</u>	<u>280,926</u>
6030	Total Expenditures	<u>34,772,968</u>	<u>35,580,218</u>	<u>35,299,292</u>	<u>280,926</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	288,292	558,288	269,996
	OTHER FINANCING SOURCES (USES)				
7901	Issuance of Debt	-	112,282,478	109,044,999	(3,237,479)
7916	Premium on Issuance of Debt	-	98,030	3,237,477	3,335,507
8940	Payment to Refunded Bond Escrow Agent	-	(111,485,568)	(111,485,567)	1
	Total Other Financing Sources and (Uses)	<u>-</u>	<u>894,940</u>	<u>796,909</u>	<u>98,029</u>
1200	Net Change in Fund Balances	-	1,183,232	1,355,197	171,965
0100	Fund Balance - September 1 (Beginning)	<u>12,084,774</u>	<u>12,084,774</u>	<u>12,084,774</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 12,084,774</u>	<u>\$ 13,268,006</u>	<u>\$ 13,439,971</u>	<u>\$ 171,965</u>

IRVING INDEPENDENT SCHOOL DISTRICT

NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS¹ (UNAUDITED)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Governmental activities					As Restated	
Invested in capital assets, net of related debt	\$ 22,969,447	\$ 31,468,629	\$ 53,188,552	\$ 20,925,351	\$ 15,482,850	\$ 17,326,732
Restricted						
Food Service	437,222	1,713,224	2,486,215	3,379,086	4,910,165	5,829,135
Debt Service	8,942,926	7,767,463	5,854,438	(320,233)	3,546,649	483,099
Unrestricted	8,889,321	(10,721,894)	(41,061,425)	(4,516,715)	6,134,559	22,854,621
Total primary government net assets	\$ 41,238,916	\$ 30,227,422	\$ 20,467,780	\$ 19,467,489	\$ 30,074,223	\$ 46,493,587

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

Note:

¹ Amounts were not available prior to the GASB 34 requirements in 2002.

IRVING INDEPENDENT SCHOOL DISTRICT

Exhibit S-2

**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS¹ (UNAUDITED)**

	Fiscal Year					
	2002 ²	2003	2004	2005	2006	2007
Expenses						
Governmental activities						
Instruction	\$ 140,506,756	\$ 141,378,290	\$ 140,482,414	\$ 146,901,790	\$ 151,485,746	\$ 156,793,863
Instructional resources and media services	-	4,125,063	4,086,837	4,226,810	4,305,056	4,427,356
Curriculum and staff development services	-	2,922,273	2,796,047	3,045,050	3,113,527	3,295,719
Instructional leadership	16,603,759	4,124,716	4,520,665	4,290,512	4,285,657	4,932,500
School leadership	-	13,656,367	14,133,219	14,355,641	15,372,131	16,069,867
Guidance, counseling, and evaluation services	24,352,766	9,070,236	9,428,195	9,556,167	9,622,840	10,134,028
Social work services	-	313,467	338,892	334,891	386,673	391,517
Health services	-	1,630,314	1,847,329	1,891,844	1,911,962	2,070,801
Student transportation	-	1,780,177	2,082,926	2,407,130	2,818,312	3,141,164
Food Service	-	10,271,774	10,992,177	11,327,917	11,868,793	12,864,427
Extracurricular activities	-	3,566,372	3,601,010	3,640,268	3,819,855	4,291,034
General administration	5,471,326	5,582,107	6,271,739	6,253,171	6,533,431	6,831,531
Plant maintenance and operations	20,130,821	16,627,084	16,583,792	17,454,062	19,046,590	18,259,089
Security and monitoring services	-	1,460,917	1,486,013	1,486,523	1,557,058	1,671,357
Data processing services	-	2,447,109	2,564,905	3,627,658	3,050,837	3,978,718
Community services	309,318	709,301	1,031,252	801,428	738,404	858,752
Interest on long-term debt	18,859,658	20,209,588	24,143,929	21,928,409	20,163,981	21,739,963
Facilities acquisition/construction	1,253,511	1,792	3,458	-	-	-
Intergovernmental charges	818,673	601,929	112,540	98,414	162,003	121,135
Total primary government program expenses	228,306,388	240,678,876	246,507,339	253,627,685	260,242,856	271,872,821
Prior Period Adjustment	-	-	-	948,689	-	-
As restated	\$ 228,306,388	\$ 240,678,876	\$ 246,507,339	\$ 254,576,354	\$ 260,242,856	\$ 271,872,821
Program Revenues						
Governmental activities						
Charges for services						
Instruction	619,595	1,063,806	1,658,110	1,703,997	1,703,590	1,428,425
Instructional leadership	-	35,555	370,890	-	-	344,144
Guidance, counseling, and evaluation services	4,054,385	-	-	-	-	177,332
Food service	-	3,023,447	2,854,792	3,025,401	3,063,206	2,985,422
Extracurricular activities	-	1,333,805	1,428,587	1,303,344	1,333,011	1,487,930
Plant maintenance and operations	169,784	137,990	166,366	192,941	178,949	163,346
Operating grants and contributions	18,582,537	26,434,666	25,974,739	30,492,545	33,430,779	32,270,600
Total primary government program revenues	\$ 23,426,301	\$ 32,029,269	\$ 32,455,484	\$ 36,718,228	\$ 39,709,535	\$ 38,857,199
Net (Expense)/Revenue						
Total primary government expenses	\$ (204,880,087)	\$ (208,649,607)	\$ (214,051,855)	\$ (217,858,126)	\$ (220,533,321)	\$ (233,015,622)

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

Notes:

¹ Amounts were not available prior to the GASB 34 requirements in 2002.

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

IRVING INDEPENDENT SCHOOL DISTRICT

Exhibit S-3

GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS
LAST TEN FISCAL YEARS¹ (UNAUDITED)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Net (Expense)/Revenue						
Total primary government expenses	\$ (204,880,087)	\$ (208,649,607)	\$ (214,051,855)	\$ (217,858,126)	\$ (220,533,321)	\$ (233,015,622)
General Revenues						
Governmental activities						
Taxes						
Property taxes levied for general purposes	\$ 113,675,672	\$ 112,163,035	\$ 110,325,929	\$ 114,765,808	\$ 118,995,866	\$ 114,148,984
Property taxes levied for debt service	15,243,715	20,041,515	23,214,927	25,730,326	24,870,366	26,892,668
State Aid Formula Grants	56,043,738	61,600,073	67,793,701	72,033,002	80,428,670	99,077,027
Investment earnings	3,760,849	2,386,301	1,847,751	3,358,191	5,407,773	7,551,678
Miscellaneous	1,927,092	1,447,189	1,109,905	970,508	1,177,260	1,764,629
Total primary government	190,651,066	197,638,113	204,292,213	216,857,835	230,879,935	249,434,986
Change in Net Assets						
Total primary government	\$ (14,229,021)	\$ (11,011,494)	\$ (9,759,642)	\$ (1,000,291)	\$ 10,346,614	\$ 16,419,364

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

Note:

¹ Amounts were not available prior to the GASB 34 requirements in 2002.

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2005	2007
									As Restated	
General Fund										
Reserved	\$ 13,483,900	\$ 15,921,998	\$ 14,001,014	\$ 13,037,813	\$ 9,469,016	\$ 8,774,971	\$ 7,828,443	\$ 7,783,890	\$ 6,658,936	\$ 5,178,967
Unreserved	23,230,871	23,908,822	22,915,945	24,996,935	28,521,931	21,389,155	25,229,172	30,251,545	46,797,121	62,600,749
Total general fund	\$ 36,714,771	\$ 39,830,820	\$ 36,916,959	\$ 38,034,548	\$ 37,990,947	\$ 30,164,126	\$ 33,058,615	\$ 38,035,235	\$ 53,456,057	\$ 67,779,716
All Other Governmental Funds										
Reserved										
Special revenue funds	1,773,522	1,158,692	175,671	(283,172)	437,222	1,713,224	2,486,215	3,379,086	5,170,285	6,977,423
Debt service fund	7,881,258	8,922,073	9,380,033	9,742,310	10,321,508	9,260,702	9,540,106	10,454,826	12,084,774	13,439,971
Capital projects fund	117,956,869	71,415,703	31,578,814	23,205,248	101,574,549	74,463,098	70,965,056	41,325,555	19,109,823	32,658,019
Total all other governmental funds	\$ 127,611,649	\$ 81,496,468	\$ 41,132,518	\$ 32,664,386	\$ 112,333,279	\$ 85,437,024	\$ 82,991,379	\$ 55,159,267	\$ 36,364,882	\$ 53,275,413

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

IRVING INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES -
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Federal sources:										
Federal grants	\$ 171,046	\$ 537,598	\$ 609,207	\$ 572,390	\$ 8,166,254	\$ 11,296,230	\$ 14,241,524	\$ 17,290,408	\$ 18,513,271	\$ 15,366,903
Food service	8,524,157	9,586,972	11,234,393	11,878,852	6,649,977	7,505,425	8,062,369	8,833,357	9,837,963	11,305,672
Capital projects	-	-	352,926	58,635	-	-	-	-	-	-
Total federal sources	\$ 8,695,205	\$ 10,104,570	\$ 12,396,526	\$ 12,509,877	\$ 14,816,231	\$ 19,801,655	\$ 22,303,893	\$ 26,123,765	\$ 28,351,234	\$ 26,672,575
State sources:										
State grants and other	39,877,827	38,589,073	45,550,607	48,795,992	56,053,440	65,041,434	65,901,252	69,877,065	77,597,077	97,207,159
Food service	2,262,862	2,726,372	3,312,982	4,337,275	104,271	109,717	105,897	101,329	104,521	105,045
Debt service	-	682,260	4,116,878	4,391,562	4,195,529	4,798,323	5,931,418	6,777,084	8,426,457	7,863,268
Total state sources	\$ 42,140,689	\$ 41,977,705	\$ 52,980,567	\$ 57,524,829	\$ 60,353,240	\$ 69,949,474	\$ 71,938,567	\$ 76,755,478	\$ 86,128,055	\$ 105,175,473
Local sources:										
Local and intermediate sources	89,767,463	100,004,638	108,679,628	114,096,255	118,628,634	115,689,544	115,104,227	118,114,539	125,880,509	124,237,728
Food service	2,590,927	2,474,277	2,563,069	2,371,448	2,744,444	3,023,447	2,868,595	3,088,575	3,223,491	3,210,101
Debt service	15,496,731	17,764,301	16,712,187	16,425,154	15,604,634	20,286,203	23,284,950	25,915,188	25,414,527	27,984,311
Capital projects	4,302,984	5,508,118	3,747,114	1,858,411	1,465,675	1,137,469	839,266	1,251,009	1,200,876	1,109,368
Total local sources	\$ 112,160,085	\$ 125,751,334	\$ 131,701,988	\$ 134,751,268	\$ 138,441,387	\$ 140,136,663	\$ 142,107,038	\$ 149,369,311	\$ 155,719,403	\$ 156,551,508
Total revenues	\$ 182,995,979	\$ 177,833,609	\$ 197,079,091	\$ 204,786,974	\$ 213,610,668	\$ 228,887,792	\$ 236,349,496	\$ 252,248,554	\$ 270,198,692	\$ 288,399,556

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

Note:
 * Includes General, Food Service, Debt Service, Capital Projects, and Special Revenue Funds.

IRVING INDEPENDENT SCHOOL DISTRICT

Exhibit 8-6

GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO¹
LAST TEN FISCAL YEARS (UNAUDITED)

Expenses	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Governmental activities										
11 Instruction					\$ 151,720,835	\$ 133,489,497	\$ 137,871,663	\$ 140,965,033	\$ 148,395,516	
12 Instructional resources and media services					4,651,601	4,262,714	4,438,085	4,196,788	4,229,238	
13 Curriculum and staff development services					2,905,061	2,768,619	3,041,583	3,108,979	3,307,335	
Total function 10	98,521,777	109,639,833	124,188,987	125,865,079	133,692,821	159,277,497	140,520,830	145,351,321	148,270,500	155,932,089
21 Instructional leadership					4,091,776	4,181,626	3,927,789	4,044,615	4,448,576	
23 School leadership					13,180,846	13,445,689	13,934,237	14,771,684	15,638,048	
Total function 20	12,397,455	13,767,255	15,042,416	16,318,038	17,252,422	17,627,315	17,862,006	18,816,299	20,086,624	
31 Guidance, counseling, and evaluation services					8,751,742	8,976,635	9,197,470	9,218,780	9,805,805	
32 Social work services					312,915	337,185	338,207	388,421	399,004	
33 Health services					1,762,015	1,789,906	1,853,302	1,803,601	1,982,160	
34 Student transportation					1,753,028	2,055,755	2,379,959	2,791,141	3,113,983	
35 Food service					9,720,315	10,336,431	10,970,668	11,576,056	12,734,631	
36 Extracurricular activities					3,118,132	3,283,191	3,390,310	3,608,333	3,960,786	
Total function 30	18,022,730	19,711,891	22,273,651	21,844,659	22,866,703	26,789,103	28,129,916	29,286,312	31,986,379	
41 General administration					6,726,117	5,880,996	5,816,669	5,900,645	6,196,903	
Total function 40	4,024,853	4,980,954	5,040,245	5,521,151	5,522,034	6,726,117	5,880,996	5,816,669	5,900,645	6,196,903
51 Plant maintenance and operations					16,557,828	16,481,837	17,238,257	18,943,773	18,297,271	
52 Security and monitoring services					1,482,338	1,501,233	1,483,529	1,563,207	1,707,830	
53 Data processing services					2,347,326	2,473,285	4,516,984	3,827,566	3,862,101	
Total function 50	15,898,355	16,394,317	17,986,825	20,254,831	19,400,321	20,387,490	20,436,155	23,238,780	24,354,548	23,367,202
61 Community services					708,822	1,008,516	800,270	735,436	849,700	
Total function 60	73,800	99,621	33,427	170,105	306,114	708,822	1,008,516	800,270	735,436	849,700
71 Debt service ²										
Principal on long-term debt					7,071,041	11,521,344	12,100,437	13,444,789	13,460,943	16,464,750
Interest on long-term debt ³					13,746,172	15,004,129	17,212,417	18,386,035	18,698,018	19,054,594
Bond issuance costs and fees								810,321		919,403
Total function 70	19,010,251	19,904,486	21,939,166	22,828,896	20,817,213	28,525,473	29,312,854	31,830,824	32,969,280	35,438,147
81 Facilities acquisition/construction					54,932,374	34,408,064	21,088,401	24,801,852	2,030,735	
Total function 80	3,530,281	36,387,066	44,864,242	40,012,659	45,779,339	54,932,374	34,408,064	21,088,401	24,801,852	2,030,735
95 Payments to JJAEP					66,504	112,540	98,414	162,003	121,135	
97 Payments to TIF					535,425	112,540	98,414	162,003	121,135	
Total function 90					601,929	112,540	98,414	162,003	121,135	
Total expenditures	171,467,502	222,885,423	251,368,989	253,383,109	265,217,903	312,030,271	276,094,373	274,216,601	285,276,973	276,019,514
Prior Period Adjustment								946,669		
As restated	\$ 171,467,502	\$ 222,885,423	\$ 251,368,989	\$ 253,383,109	\$ 265,217,903	\$ 312,030,271	\$ 276,094,373	\$ 275,165,270	\$ 285,276,973	\$ 276,019,514
Debt service as a percentage of noncapital expenditures	11.3%	10.8%	10.8%	10.7%	9.5%	10.3%	12.1%	12.5%	12.7%	12.9%

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

Notes:
¹ Includes General, Food Service, Debt Service, Capital Projects, and Special Revenue Funds.
² Functional expenditure reporting was rolled into a summary format for fiscal years 1998 through 2002, therefore the detailed functional breakdown is not provided.
³ Principal and interest were not split for financial reporting in 1998, 1999, 2000, 2001. Bond issuance costs and fees were not split until 2006.

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007
Excess of revenues over (under) expenditures	\$ (8,471,523)	\$ (45,051,814)	\$ (48,577,135)	\$ (51,607,045)	\$ (83,142,479)	\$ (39,744,875)	\$ (22,916,716)	\$ (15,078,281)	\$ 12,380,042
Other Financing Sources (Uses)									
Proceeds from sale of bonds	125,003,220	8,000,000	38,946,894	130,000,000	49,500,000	40,000,000	92,425,000	10,000,000	20,000,000
Premium or (discount) on bonds issued	-	-	-	-	-	187,400	6,573,811	(83,842)	3,335,506
Proceeds from sale of maintenance tax notes	-	1,000,000	-	-	-	-	-	-	-
Proceeds from sale of refunding bonds	47,409,709	-	-	9,351,533	4,875,256	-	-	56,292,787	108,045,000
Proceeds from sale of contractual obligations	-	2,000,000	3,521,444	-	-	-	-	-	-
Sale of real or personal property	22,551	52,682	11,524	24,688	13,353	6,319	41,427	-	-
Transfers in	3,197,000	545,053	211,000	301,983	252,156	381,751	616,229	946,074	5,576
Transfers out	(200,000)	(545,053)	(211,000)	(777,964)	(1,789,424)	(381,751)	(849,502)	-	-
Payments to escrow agents	(45,789,168)	-	(1,253,270)	(7,667,483)	(4,431,938)	-	(98,945,741)	(55,450,501)	(2,046,167)
Total other financing sources (uses)	\$ 129,643,312	\$ 2,052,682	\$ 11,012,087	\$ 131,232,337	\$ 48,419,403	\$ 40,193,719	\$ 61,224	\$ 11,704,518	\$ 18,654,348
Net change in fund balances	\$ 121,171,789	\$ (42,999,132)	\$ (7,350,543)	\$ 79,625,292	\$ (34,723,076)	\$ 448,844	\$ (22,855,492)	\$ (3,373,763)	\$ 31,234,390

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

IRVING INDEPENDENT SCHOOL DISTRICT

Exhibit S-8

**APPRAISED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (UNAUDITED)**

APPRAISED VALUE ¹

Fiscal Year	Residential or Real Property		Personal Property	Less: Exemptions ²	Total Estimated Taxable Value	Total Direct Rate ¹
	Residential	or Real Property				
1998	5,357,723,774		1,588,141,440	812,431,654	6,133,433,560	1.648
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	1.649
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

Source: Dallas Central Appraisal District

Notes:

- ¹ Property is appraised at full market value. Properties are reappraised at least once every three years.
- ² Effective 1998, the state mandated homestead exemption on qualified residential property increased from \$5,000 to \$15,000.

¹ 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 ¹							
	Maintenance and Operations	Debt Service	Total	City of Irving	Irving Flood Control District Section I	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
1998	\$ 1,400	\$ 0,248	\$ 1,648	\$ 0,493	\$ 0,306	\$ 0,680	\$ 0,652	\$ 0,197	\$ 0,050	\$ 0,186	\$ 1,919	\$ 1,595
1999	1,420	0,258	1,678	0,488	0,282	0,675	0,649	0,197	0,050	0,180	1,990	1,498
2000	1,443	0,225	1,649	0,488	0,274	0,670	0,668	0,196	0,050	0,196	1,990	1,202
2001	1,480	0,215	1,695	0,488	0,267	0,670	0,668	0,196	0,060	0,254	2,870	1,221
2002	1,495	0,200	1,695	0,488	0,263	0,670	0,668	0,196	0,060	0,254	2,100	1,381
2003	1,500	0,271	1,771	0,498	0,263	0,670	0,670	0,196	0,078	0,254	2,080	1,868
2004	1,500	0,315	1,815	0,533	0,200	0,670	0,670	0,204	0,080	0,254	2,080	2,322
2005	1,500	0,337	1,837	0,548	0,200	0,670	0,720	0,204	0,082	0,254	2,780	2,360
2006	1,500	0,314	1,814	0,548	0,225	0,670	0,742	0,214	0,081	0,254	2,836	2,097
2007	1,330	0,314	1,644	0,548	0,271	0,670	0,729	0,228	0,080	0,234	2,836	1,628

Source: Appropriate government entities' tax departments

Note:

¹ Includes levies for operating and debt service costs.

IRVING INDEPENDENT SCHOOL DISTRICT

Exhibit S-10

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

Taxpayer	2007		1998	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value ¹	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Verizon	\$ 237,115,690	2.7%	\$ -	0.0%
SP	142,250,000	1.6%	-	0.0%
TIAA	140,214,740	1.6%	-	0.0%
Texas Utilities Electric Company	91,178,330	1.0%	69,829,160	1.1%
Artlake Chateau Inc.	56,068,100	0.6%	-	0.0%
Las Colinas USAA LTD PS	52,795,780	0.6%	-	0.0%
MPA Las Colinas LTD PS	52,000,000	0.6%	-	0.0%
Simon Property Group	49,000,000	0.6%	100,686,170	1.6%
Frito Lay Inc.	47,225,630	0.5%	61,032,160	1.0%
Dr Pepper Bottling Co.	42,382,340	0.5%	-	0.0%
GTE Telephone	-	0.0%	290,012,089	4.7%
Teachers Insurance	-	0.0%	161,978,290	2.6%
Crescent Real Estate	-	0.0%	86,972,300	1.4%
HMS Office	-	0.0%	71,633,630	1.2%
Las Colinas Corporation	-	0.0%	67,307,980	1.1%
Associates Corporation	-	0.0%	65,764,720	1.1%
MCI Telecommunications	-	0.0%	60,859,930	1.0%
	\$ 910,230,610	10.3%	\$ 1,036,076,429	16.8%

IRVING INDEPENDENT SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS ¹
 LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ending	Taxes Levied for the Fiscal Year ²		Collected within the Fiscal Year of the Levy		Collections other than Current Year			Total Collections to Date	
	Amount	Percentage of Levy	Amount	Percentage of Levy	Delinquent Taxes	Penalty and Interest	Amount	Percentage of Levy	
1998	\$ 99,454,832	98.82%	\$ 98,277,964	98.82%	\$ 549,071	\$ 613,274	\$ 99,440,309	99.99%	
1999	111,198,028	99.17%	110,277,466	99.17%	851,884	529,057	111,658,407	100.41%	
2000	117,599,080	98.78%	116,166,865	98.78%	733,030	701,324	117,601,219	100.00%	
2001	123,699,211	98.30%	121,599,158	98.30%	991,253	626,943	123,217,354	99.61%	
2002	127,313,189	98.59%	125,522,907	98.59%	1,398,486	1,079,277	128,000,670	100.54%	
2003	132,100,388	97.36%	128,617,287	97.36%	1,490,073	1,079,133	131,186,493	99.31%	
2004	133,004,134	98.47%	130,969,935	98.47%	1,902,788	907,035	133,779,758	100.58%	
2005	138,674,876	98.29%	136,301,769	98.29%	2,228,831	1,149,148	139,679,748	100.72%	
2006	142,940,929	98.07%	140,189,082	98.07%	1,537,958	1,359,651	143,086,691	100.10%	
2007	140,160,896	98.41%	137,934,118	98.41%	2,469,351	1,565,168	141,968,637	101.29%	

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

Notes:

¹ The District performs its own tax collection activities.

² 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.

IRVING INDEPENDENT SCHOOL DISTRICT

Exhibit S-12

OUTSTANDING DEBT BY TYPE ¹
LAST TEN FISCAL YEARS (UNAUDITED)

Governmental Activities

Fiscal Year	General Obligation Bonds	Loans	Contractual Obligations	Total Primary Government	Percentage of Personal Income ²	Per Capita ²
1998	\$ 214,010,591	\$ 16,632	\$ 2,270,000	\$ 216,297,223	5.92%	1,236
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	-	-

Source: Dallas Central Appraisal District

Notes:

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

² See Schedule S-15 for personal income and population data. No 2007 population data was available from the current City of Irving CAFR.

IRVING INDEPENDENT SCHOOL DISTRICT

Exhibit S-13

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF AUGUST 31, 2007 (UNAUDITED)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Irving	\$ 167,705,000	71.25%	\$ 119,489,813
Irving Flood Control District Section I	4,456,701	100.00%	4,456,701
City of Grand Prairie	133,012,370	0.77%	1,024,195
City of Dallas	1,668,942,609	0.24%	4,005,462
Dallas County	186,676,085	6.91%	12,899,317
Dallas County Community College	63,035,000	6.91%	4,355,719
Dallas County Hospital	-	6.91%	-
Dallas County Flood Control	31,400,100	97.70%	30,677,898
Dallas County Utility and Reclamation	308,838,550	90.63%	279,900,378
Subtotal, overlapping bonded debt			456,809,483
Irving Independent School District direct debt	457,137,621	100%	457,137,621
Total direct and overlapping debt			\$ 913,947,104

Source: Taxable value data used to estimate applicable percentages provided by the Dallas Central Appraisal 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.

¹ 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)

Legal Debt Margin Calculation for Fiscal Year 2007
 Assessed value \$ 8,881,620,036
 Debt limit (10% of assessed value) \$ 883,162,004
 Debt applicable to limit 443,687,650
 Legal debt margin \$ 439,464,354

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$ 613,343,356	\$ 673,387,420	\$ 715,051,723	\$ 741,237,329	\$ 786,349,107	\$ 762,658,256	\$ 755,419,801	\$ 786,022,075	\$ 823,949,359	\$ 883,162,004
Total net debt applicable to limit	206,129,333	201,770,984	201,378,245	228,801,744	383,581,516	415,042,304	447,186,212	433,547,807	433,981,318	443,687,650
Legal debt margin	\$ 407,214,023	\$ 471,616,436	\$ 513,673,478	\$ 512,635,585	\$ 404,767,591	\$ 347,615,952	\$ 308,233,589	\$ 352,474,268	\$ 389,968,041	\$ 439,464,354
Total net debt applicable to the limit as a percentage of debt limit	33.61%	29.96%	28.16%	30.84%	47.32%	54.42%	59.20%	55.16%	52.67%	50.24%

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

IRVING INDEPENDENT SCHOOL DISTRICT

Exhibit S-15

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS (UNAUDITED)**

Period Ending	Population ¹	Personal Income ² (thousands of dollars)	Per Capita Personal Income (dollars)	Unemployment Rate ³
1998	175,000	3,652,075	20,869	3.00%
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				

Sources:

¹ City of Irving CAFR, 'Demographic and Economic Statistics' and the North Central Texas Council of Governments 2007 Population data was not available from the current City of Irving CAFR.

² City of Irving CAFR, 'Demographic and Economic Statistics.' 2007 Personal Income data was not available from the current City of Irving CAFR.

³ City of Irving CAFR, 'Demographic and Economic Statistics' and the Texas Workforce Commission Website Unemployment Rate data for 2007 was not available from the current City of Irving CAFR.

IRVING INDEPENDENT SCHOOL DISTRICT

Exhibit S-16

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO* (UNAUDITED)**

<u>Employer</u>	2007		
	Employees	Rank	Percentage of Total Employment
Citigroup	8,800	1	15.81%
Irving Independent School District	3,856	2	6.93%
Sprint-Nextel Corp.	3,850	3	6.92%
Verizon Communications	3,260	4	5.86%
Nokia	2,500	5	4.49%
Irving Mall	2,100	6	3.77%
Central Freight Lines Inc.	2,000	7	3.59%
Microsoft Corp.	2,000	8	3.59%
Sprint	2,000	9	3.59%
Nexstar Broadcasting Group Inc.	1,889	10	3.39%
Total	32,255		57.94%

Source: Greater Irving-Las Colinas Chamber of Commerce

Note: * 1998 data not available for 10-year comparison.

IRVING INDEPENDENT SCHOOL DISTRICT

Exhibit S-17

FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED)

	Full-time-Equivalent Employees						
	2001 ²	2002 ²	2003	2004	2005	2006	2007
Teachers	2,061.6	2,125.6	2,209.6	2,092.9	2,093.6	2,155.4	2,213.0
Professional Support							
Associate School Psychologist			4.7	3.7	3.4	3.7	3.7
Counselor			83.0	78.3	75.0	80.7	79.9
Educational Diagnostician			24.0	27.0	27.5	27.5	27.0
Librarian			34.1	35.4	34.2	32.2	32.0
Occupational Therapist			5.0	5.3	4.8	5.3	4.8
Physical Therapist			1.0	1.0	0.0	2.0	2.0
School Nurse			34.0	34.0	33.8	33.9	33.4
Speech Therapist/Speech-Language Pathologist			24.6	22.1	25.0	23.1	25.5
Teacher Facilitator			41.6	42.1	40.4	39.3	3.0
Campus Professional Personnel			2.0	2.0	2.0	1.1	14.0
Non-Campus Professional Personnel			26.6	27.1	33.0	53.2	59.9
Total Professional Support	290.2	266.5	280.6	278.0	279.1	302.0	285.2
Campus Administration							
Assistant Principal			73.5	75.0	76.8	75.6	75.0
Instructional Officer			12.0	12.0	10.0	9.0	11.0
Principal			34.8	33.0	36.0	36.0	35.7
Teacher Supervisor			35.4	31.2	29.6	31.8	3.0
Athletic Director			2.0	2.0	2.0	2.0	1.0
Total Campus Administration	117.0	148.5	157.7	153.2	154.4	154.4	125.7
Central Administration							
Assistant/Assoc/Deputy Superintendent			3.0	3.0	3.0	3.0	4.0
Superintendent			1.0	1.0	1.0	1.0	1.0
Teacher Supervisor			4.0	3.7	3.2	2.2	28.0
Business Manager			1.0	1.0	1.0	1.0	1.0
Tax Assessor &/or Collector			1.0	1.0	1.0	1.0	1.0
Director of Personnel/HR			1.0	1.0	1.0	1.0	1.0
Total Central Administration	6.0	5.9	11.0	10.7	10.2	9.2	36.0
Educational Aides							
Educational Aides			394.5	411.7	422.0	437.4	430.9
Interpreter			2.8	1.0	4.0	1.8	2.0
Total Educational Aides	443.8	390.1	397.3	412.7	426.0	439.2	432.9
Auxiliary Staff							
Total All Full-Time Equivalent Employees	3,596.5	3,677.3	3,835.0	3,741.1	3,780.0	3,863.2	3,909.7

Source: District records from the Fall PEIMS submission

Notes:

¹ Data not available for years 1998 through 2000, therefore a ten year comparison is not presented.

² Detailed information was not available for fiscal year 2002.

IRVING INDEPENDENT SCHOOL DISTRICT

Exhibit S-18

OPERATING STATISTICS
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
1998 ¹	27,173	\$ 129,481,567	\$ 4,765	(39.75)%	-	-	49.5%
1999 ¹	27,651	138,100,804	4,994	4.59 %	-	-	50.5%
2000 ¹	27,961	161,265,370	5,768	13.40 %	-	-	53.7%
2001	29,097	166,091,016	5,708	(1.04)%	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	2.50 %	2,209.6	14.0	59.3%
2004	31,215	174,851,490	5,602	(4.02)%	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%

Source: District records

Note:

¹ Data for teaching staff counts and pupil teacher ratios are not available for years 1998 through 2000.

IRVING INDEPENDENT SCHOOL DISTRICT

CAPITAL ASSET INFORMATION
(UNAUDITED)

2007

School		
Elementary		
Buildings	24	
Square feet	2,003,550	
Maximum Capacity	18,600	
Enrollment	17,005	
Middle		
Buildings	7	
Square feet	1,149,983	
Maximum Capacity	6,125	
Enrollment	7,000	
High		
Buildings	7	
Square feet	1,276,660	
Maximum Capacity	14,700	
Enrollment	7,982	
Administrative		
Buildings	10	
Square feet	224,283	
Transportation		
Buses (quantity)	47 ¹	
Athletics		
Football fields (quantity)	11	
Soccer fields (quantity)	11	
Running tracks (quantity)	11	
Baseball/softball (quantity)	6	
Playgrounds (quantity)	38	

Source: District records

Note:

¹ Buses are titled under Dallas County Schools. DCS maintains and repairs these buses.



**SINGLE AUDIT
REPORTS**



**WEAVER
&
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, 2007 and have issued our report thereon dated January 9, 2008. 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 07-01 and 07-02.

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.

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.

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Board of Trustees
Irving Independent School District
January 9, 2008

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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 9, 2008.

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 9, 2008



**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, 2007. 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, 2007.

Internal Control Over Compliance

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

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Board of Trustees
Irving Independent School District
January 9, 2008

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internal control over compliance in accordance with OMB Circular A-133.

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 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.
Dallas, Texas
January 9, 2008

IRVING INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SUPPLEMENTARY SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2007

Pass-Through Federal Grantor/ Grantor's Number	Pass-Through Grantor Program Title	Federal CFDA Number	Direct Expenditures	Indirect Charges	Total Expenditures
77029	Passed Through State Department of Education:				
	Mckinney-Vento Homeless Education	84.196	\$ 167,934	2,595	\$ 170,529
88029	Mckinney-Vento Homeless Education	84.196	875		875
P060	Child Care Development Grant	93.575	95,238		95,238
76950017110028	21st Century Community Learning Centers-Cycle 3, Yr. 3	84.287C	691,327	8,673	700,000
66950087110021	21st Century Community Learning Centers-Cycle 1, Yr. 4-Good	84.287C	127,668	2,657	130,325
66950117110016	21st Century Community Learning Centers-Cycle 4, Yr. 1	84.287C	707,685	14,619	722,304
76950117110022	21st Century Community Learning Centers-Cycle 4, Yr. 2	84.287C	17,589		17,589
V215L0042213	Smaller Learning Communities-Academy	84.215L	29,576		29,576
6520301057912	Temporary Emergency Impact Aid for Displaced Student	84.938C	55,219		55,219
66160037110025	Title I - Comprehensive School Reform - Year 3 - Irving	84.332A	34,639	708	35,347
66160037110026	Title I - Comprehensive School Reform - Year 3 - MacArthur	84.332A	38,901	448	39,349
66160027110023	CSR-High School Initiative-Continuation-Nimitz	84.332A	34,450	1,586	36,036
742000605791210	Carl D. Perkins Basic Grant for Career & Technology	84.048A	173,656	3,270	176,926
842000605791210	Carl D. Perkins Basic Grant for Career & Technology	84.048A	2,754		2,754
7610104057912040	Title I - School Improvement Program - De Zavala	84.010A	16,209		16,209
7610101057912	Title 1, Part A - Improving Basic Program	84.010A	4,941,221	105,639	5,046,860
8610101057912	Title 1, Part A - Improving Basic Program	84.010A	96,676		96,676
7630001057912	Title II-Part D-Technology	84.318X	41,055	879	41,934
8630001057912	Title II-Part D-Technology	84.318X	6,753		6,753
8691001057912	Title IV-Safe & Drug Free Schools	84.186A	15,000		15,000
7691001057912	Title IV-Safe & Drug Free Schools	84.186A	96,947	1,981	98,928
7685001057912	Title V- Part A -Innovative	84.298A	32,361	702	33,063
8685001057912	Title V- Part A -Innovative	84.298A	1,552		1,552
7694501057912	Title II-Part A, Teacher & Principal Training & Recruiting	84.367	975,438	21,722	997,160
8694501057912	Title II-Part A, Teacher & Principal Training & Recruiting	84.367	135,884		135,884
76600010579126600	IDEA B-Formula*	84.027	4,430,118	91,219	4,521,337
86600010579126600	IDEA B-Formula*	84.027	21,803		21,803
76610010579126610	IDEA B-Preschool*	84.173	149,172	3,072	152,244
76610010579126611	IDEA B-Preschool, Deaf*	84.173	9,687	47	9,734
76600010579126601	IDEA B-Formula, Deaf*	84.027	6,760	138	6,898
76600020579126673	IDEA B-Discretionary, Deaf*	84.027	31,802		31,802
73911010579123911	IDEA C-Early Intervention	84.181	1,402		1,402
7615001057912	Title I-Part C - Migrant	84.011A	125,800	2,815	128,615
7671001057912	Title III-Part A, Limited English Proficiency	84.365A	1,301,037	27,268	1,328,305
8671001057912	Title III-Part A, Limited English Proficiency	84.365A	22,449		22,449
69550602	Summer School-Limited English Proficiency	84.369A	44,272		44,272
	TOTAL DEPARTMENT OF EDUCATION		14,680,909	290,038	14,970,947
	Passed through Texas Department of Health and Human Services:				
00057912	Medicaid	93.778	21,751		21,751
	TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		21,751		21,751
	USDA Donated Commodities	10.565	1,108,009		1,108,009
	Passed through State Department of Education:				
00057912	National School Lunch*	10.555	7,845,764		7,845,764
00057912	School Breakfast Program*	10.553	2,351,899		2,351,899
	TOTAL DEPARTMENT OF AGRICULTURE		11,305,672		11,305,672
00057912	Reserve Officer Training Corps	12.000	196,876		196,876
	TOTAL DEPARTMENT OF DEFENSE		196,876		196,876
	TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 26,205,208	\$ 290,038	\$ 26,495,246

IRVING INDEPENDENT SCHOOL DISTRICT

**NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2007**

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 (\$177,329). 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, 2007**

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:

10.565	Donated Commodities
10.555	National School Lunch Program
10.553	School Breakfast Program

- h. The dollar threshold used to distinguish between Type A and Type B programs. **\$794,857**
- 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, 2007**

SECTION II - FINANCIAL STATEMENT FINDINGS

FINDINGS #07-1

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 Significant Deficiency Material Weakness

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

Effect: Multiple errors were noted throughout 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.

FINDINGS #07-2

Criteria or Specific Requirement:

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.

IRVING INDEPENDENT SCHOOL DISTRICT

**SUMMARY OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2007**

Condition:

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

Context: Historically the District has been deferring all special revenue funds received in until the funds were utilized.

Effect: Revenues and fund balance have been understated by the District.

Cause: The District was unaware of the standard which required recognition of the revenue in their financial records.

Recommendation: 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.

Corrective action plan: Current year state allotments were adjusted to properly recognize revenue. For future allotments, we will handle the accounting of revenue based on the recommendation of the appropriate regulatory agency.

**SECTION III – FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING
AUDITING FINDINGS AS DESCRIBED IN 1.F ABOVE**

IRVING INDEPENDENT SCHOOL DISTRICT

SUMMARY OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED AUGUST 31, 2007

SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS

06-1. Improve Controls over Vendor Disbursements (Reportable Condition)

During our testing of the District's vendor disbursements, we noted the following:

- Clerical errors – we noted a disbursement in which the wrong account code was used, another in which the wrong dollar amount was paid, and another in which the wrong dollar amount was entered into the general ledger.
- Unallowable costs under OMB Circular A-133 – we noted three instances in which disbursements were made under Federal grants for goods/services that are considered unallowable under the applicable grant. In all three instances, it appears that the disbursements were initiated by individual campuses, and bypassed the review of the Division Director of Special Services.

Recommendation:

We recommend that the District current controls over vendor disbursements be improved as follows:

- Clerical errors – we recommend that the District review current policies and procedures regarding the review/supervision of disbursements and make changes, as needed, to improve the coding of payments.
- Unallowable costs under OMB Circular A-133 – we recommend the District redesign the payables cycle involving Federal grants to include the review of the Division Director of Special Services. This will help ensure that payments made under Federal grants are made for only goods/services that are allowable under Federal regulations.

Status: Corrected

06-2. Improve Controls Over Payroll (Reportable Condition)

During our testing of payroll disbursements we noted three instances in which the employee was paid the incorrect amount: two instances in which the employee was overpaid and one in which the employee was underpaid. The cause of the overpayment appears to be insufficient supervision/review of the data being entered into the payroll system.

Recommendation: We recommend that the District review current controls over the entry of data into the payroll system and make any revisions necessary to improve them.

Status: Issues noted in 2007

06-3. Improve Cut-Off of Disbursements (Reportable Condition)

During our testing of the District's accounts payable, we detected several unrecorded liabilities, totaling over \$2.0 million, which were subsequently recorded by the District. This condition appears to be the product of insufficient supervision/review of disbursements transactions near year-end and new accounting software (MUNIS) implemented during fiscal year 2006.

IRVING INDEPENDENT SCHOOL DISTRICT

**SUMMARY OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2007**

Recommendation: We recommend the District provide increased supervision/review of disbursements and increased MUNIS training, as needed. This will help improve the cut-off of District disbursements and increase the accuracy of the payables balances reported by the District.

Status: Corrected

06-4. Journal Entries (Reportable Condition)

During our review of journal entries, we noted that 27 of the 40 entries tested did not have the written approval of someone other than the preparer. This increases the likelihood that errors or irregularities could exist and go undetected.

Recommendation: We recommend that the District implement policies and procedures to ensure that all significant journal entries are reviewed and signed by someone other than the preparer in order to evidence approval.

Status: Corrected