



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended August 31, 2012



Diverse. Inspiring. Successful.

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

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**



Irving, Texas

**For the
Fiscal Year Ended
August 31, 2012**

Dana T. Bedden, Ed. D.
Superintendent of Schools

**Prepared by
Irving ISD Business Office**

Debbie Cabrera, CPA, MBA
Associate Superintendent for Business Services

Kimberlyee Chappell, CIA, CGAP
Director of Business Operations



**IRVING INDEPENDENT SCHOOL DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED
 AUGUST 31, 2012**

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CERTIFICATE OF BOARD

Irving Independent School District
Name of School District

Dallas
County

057-912
Co-District Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2012 at a meeting of the board of school trustees of such school district on the 28th day of January, 2013.



Board President
Ronda Huffstetler



Board Secretary
Larry Stipes

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





DEBBIE CABRERA, CPA, MBA
Associate Superintendent
Business Services

DR. DANA T. BEDDEN
Superintendent of Schools

January 23, 2013

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

Dear Citizens and Board Members:

The Comprehensive Annual Financial Report (CAFR) of Irving Independent School District (“the District”) for the fiscal year ended August 31, 2012 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, 2012, 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 and Canada (GFOA).

The CAFR is presented in five sections: introductory, financial, required TEA, 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 Required TEA 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 the MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the independent auditor’s 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.

Mailing Address: P.O. Box 152637, Irving, Texas 75015-2637

2621 W. Airport Freeway, Irving, Texas 75062-6020 | Tel. 972.600.5405 | Fax 972.215.5412 | dcabrera@irvingisd.net

Profile of the District

The District is one of 1,237 school districts and charter schools 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. Since members of the Board are elected by the public and have the authority to make decisions, appoint administrators and managers, 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 Initiative 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. With the implementation of the more rigorous and comprehensive TAKS Assessment, the District earned an Academically Acceptable rating in from 2004 to 2011. In 2011, one campus earned an Exemplary rating and 12 individual campuses earned Recognized ratings. In addition, 28 campuses earned 50 Gold Performance acknowledgements during the 2011 school year. The District also received a district-level commendation in Social Studies. No state accountability rating was assigned for 2012, with the implementation of the STAAR (State of Texas Assessments of Academic Readiness) test.

Irving High School, MacArthur High School and Singley Academy each received the *Silver Badge Award* from U.S. News & World Report. All three high schools ranked among the top 7.6% of 22,000 high school nationwide. In addition, Singley Academy received the *Most Connected* award by U.S. News & World Report, and was selected as one of the 170 schools in Texas for the 2012 College Readiness Award.

Results of the 2011-2012 National Merit Scholarship competition included four semifinalists (top 1 percent statewide) and eight commended students (top 5 percent nationwide). In addition, eleven students were named National Hispanic Scholars (top 2 percent nationwide) and three students were recognized by the National Achievement Scholarship Program for African American students, with one designated semifinalist (top 1 percent nationwide) and two designated Outstanding Participants (top 5 percent nationwide).

Graduating seniors in the Class of 2012 earned \$16 million in scholarship offers.

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

The District’s newest facility is a “net zero” middle school. The District completed construction on the new middle school, which is named Lady Bird Johnson Middle School, and it is the first net zero school in Texas and the largest in the country. Renewable energy sources are on site that powers the building. On days of high demand, electricity is purchased from the electric grid.

At other times of the day and year, electricity is produced on the site and sold back to the electric company. Over the course of a year, electricity purchased and consumed will be offset by electricity produced and sold; thus the term, net zero. This new school opened in the Fall of 2011.

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 were issued laptop computers for use at home and school. All teachers received laptop computers with connections to the IISD network. In November 2007, \$49.8 million in bond funds were approved by Irving ISD voters to be used to fund replacement technology for students and staff members, update server equipment for the IISD Network, and provide technology for new schools and facilities.

General Education Services

The mission statement of the Irving Independent School District is "We engage learners to become critical thinkers, leaders and contributors in a diverse and competitive world."

Instruction

The District, established by the Texas Legislature in 1909, provides a comprehensive curriculum of educational services appropriate for over 34,000 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), eight middle schools (6-8), three high schools (9-12), a high school academy (9-12), a career preparatory center (9-12), a reassignment center (9-12) and a learning center. All campuses are air-conditioned facilities complete with cafeterias, library/media centers and gymnasiums. In addition, the District owns and operates additional facilities, which include an administration building and an annex, a maintenance service center, a safety and security department, a food service center, a career development center and an athletic stadium.

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 in the western portion of Dallas County, Texas. The District encompasses 48.5 square miles, which includes the major portion of the City of Irving ("Irving") and portion of the cities of Dallas and Grand Prairie.

Irving offers its residents learning opportunities to last a lifetime. Irving has four institutions of higher learning within the City proper. These fully accredited institutions of higher learning are the University of Dallas, the University of Phoenix, North Lake Community College and DeVry Institute of Technology.

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, ExxonMobil, Verizon, 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 Human Resources 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, and the Associate Superintendent of Business Services. 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 June, with the final adoption of the budget in August.

Financial Information

The Comprehensive Annual Report for the year ended August 31, 2012 is prepared in accordance with GAAP and in conformance with standards of financial reporting established by 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, 2012 provided no conditions that would be considered a material weakness in relation to a Federal financial assistance program, and no material instances of non-compliance 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.

Internal Controls

An internal control structure that has been designed, managed and maintained by the District is in place to ensure that the District's assets are protected from loss, theft and misuse, and to ensure that accurate accounting data is compiled in the preparation of financial statements in conformity

with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

Independent Audit

State law and District policy require an annual audit by independent certified public accountants. Weaver and Tidwell, L.L.P. was selected to fulfill this requirement. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirement 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*. The independent auditor's 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, and the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting, to the District for its comprehensive annual financial report for the fiscal year ended August 31, 2011. 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 twenty-third 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 2012 certificates.

For the third consecutive year, Irving ISD was awarded a five-star rating from the Texas State Comptroller's Financial Allocation Study for Texas (FAST) program for having the lowest relative spending compared to the highest level of student academic progress. Irving ISD is one of only 15 school districts in the state to receive a five –star rating for three consecutive years.

For the tenth consecutive year, the District earned a Superior rating from the School's Financial Integrity Rating System of Texas, a system developed by the Texas Education Agency. The District received a perfect score of 70. The Superior Achievement Rating confirms its excellence in managing and reporting taxpayer dollars.

Acknowledgements

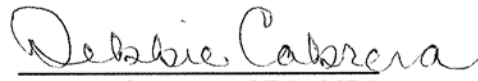
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Business and Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation.

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,



Dana T. Bedden, Ed.D.
Superintendent



Debbie Cabrera, CPA, MBA
Associate Superintendent of Business Services



LIST OF PRINCIPAL OFFICIALS

BOARD OF TRUSTEES

<u>Name</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Ronda Huffstetler, President	12 years	2013	Salon Owner
Gwen Craig, Vice President	3 years	2013	Retired Educator
Larry Stipes, Secretary	1 year	2015	Contract Manager
Jerry Christian, Member	9 years	2013	Retired School Administrator
Steven Jones, Member	2 years	2014	Producer
Valerie Jones, Member	6 years	2012	Civic Leader
Gail Conder Wells, Member	2 years	2014	CPA

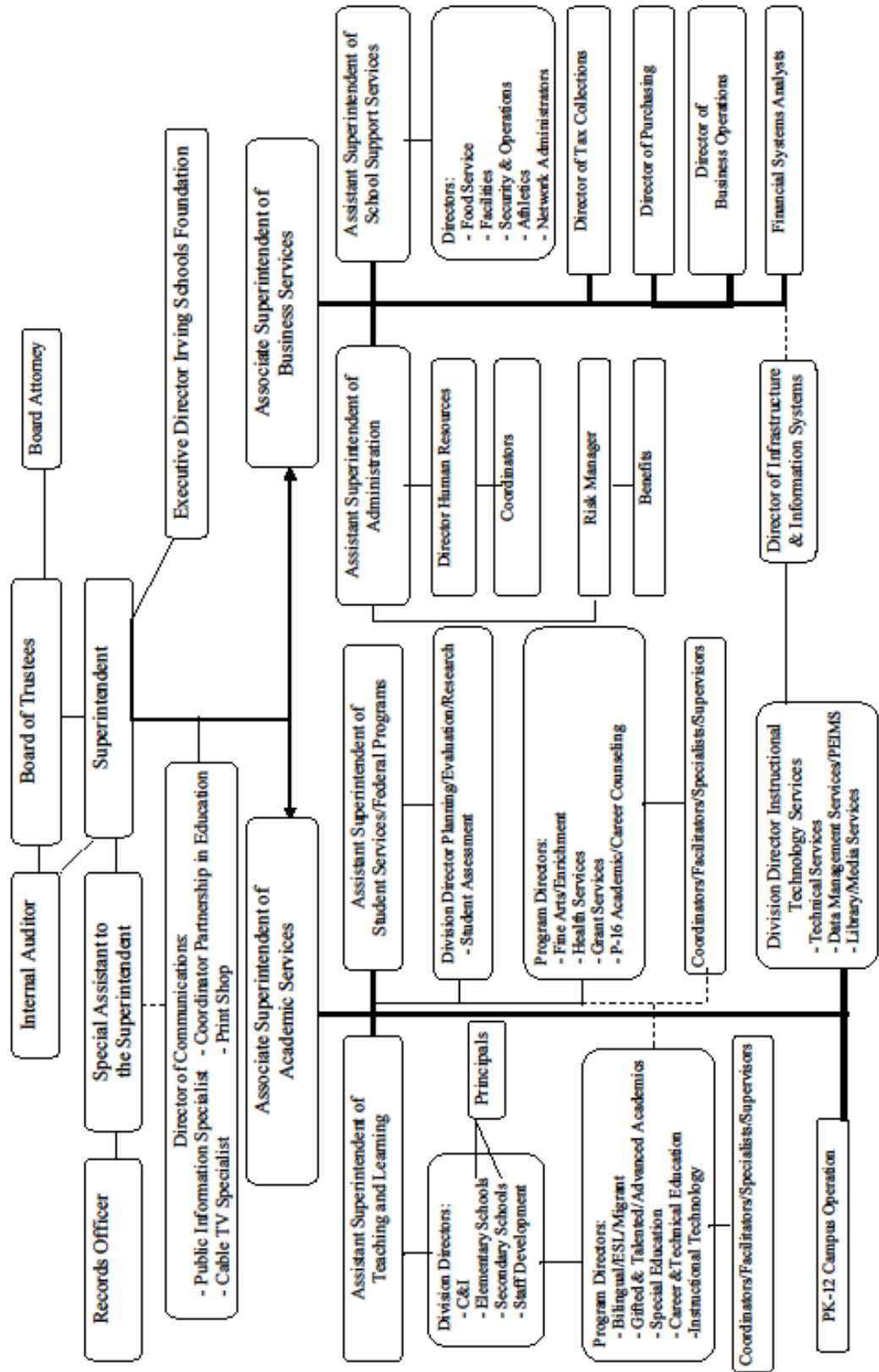
ADMINISTRATIVE OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>
Dana T. Bedden, Ed.D.	Superintendent	3 years
Debbie Cabrera, CPA, MBA	Associate Superintendent for Business Services	15 years
Melody Paschall	Associate Superintendent for Academic Services	2 years
Scott Layne	Assistant Superintendent of School Support Services	21 years
Karry Chapman	Interim Assistant Superintendent of Administration	2 years
Cheryl Jennings	Assistant Superintendent of Teaching and Learning	25 years
Judy Rudebusch	Assistant Superintendent of Student Services and Federal Programs	11 years
Ralph Diaz	Special Assistant to the Superintendent	14 years

CONSULTANTS AND ADVISORS

Weaver and Tidwell LLP Dallas, Texas	Independent Auditors
Bracewell & Guiliani LLP Dallas, Texas	Bond Counsel
RBC Capital Markets Dallas, Texas	Financial Advisor
Boyle and Lowry LLP 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, 2011

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.



Christopher P. Morrell

President

Jeffrey R. Enser

Executive Director

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Irving Independent School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended August 31, 2011*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading 'Brian L. Mee'.

Brian L. Mee, SFO, RSBA
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director



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, 2012, 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.

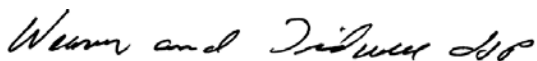
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Irving Independent School District, Texas, as of August 31, 2012, 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 23, 2013, on our consideration of the Irving Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 14 through 23) and the schedule of revenues, expenditures and changes in fund balances - budget and actual for the General Fund and Food Service Fund (on pages 58 through 60) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 23, 2013

**IRVING INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2012 (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, 2012. We encourage readers to consider the information presented here in conjunction with the District's financial statements and in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- General revenues accounted for \$288,799,661, or 82%, of all fiscal year 2012 revenues. Program-specific revenues in the form of charges for services and grants and contributions accounted for \$62,839,567, or 18%, of total fiscal year 2012 revenues.
- The District had \$336,319,707 in expenses related to governmental activities, of which \$62,839,567 was offset by program-specific charges for services or grants and contributions. General revenues of \$288,799,661 were adequate to provide for the remaining costs of these programs, resulting in a \$15,319,521 increase in net assets.
- Among major funds, the General Fund had \$247,076,331 in revenues, which primarily consisted of state aid and property taxes, and \$243,870,930 in expenditures. The General Fund's fund balance increased \$6,050,079, from \$79,417,365 as of August 31, 2011 to \$85,467,444 as of August 31, 2012.

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 \$67,421,278 as of August 31, 2012. This is an increase of \$15,319,521 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, 2012, the District's restricted net assets for food service was \$9,102,534 and restricted net assets for future debt service payments was \$12,602,461. 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, 2012, the District's unrestricted net assets were \$15,693,677.

Net assets invested in capital assets net of related debt was \$30,022,606. 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, 2012 and 2011.

Table I
Net Assets
Governmental
Activities

	<u>2012</u>	<u>2011</u>	<u>Difference</u>
Current and other assets	\$ 201,914,853	\$ 210,536,143	\$ (8,621,290)
Capital assets (net)	514,350,758	504,230,272	10,120,486
Total assets	<u>716,265,611</u>	<u>714,766,415</u>	<u>1,499,196</u>
Current liabilities	39,103,907	49,349,249	(10,245,342)
Long-term liabilities	609,740,426	613,315,409	(3,574,983)
Total liabilities	<u>648,844,333</u>	<u>662,664,658</u>	<u>(13,820,325)</u>
Invested in capital assets,			
Net of related debt	30,022,606	4,933,936	25,088,670
Restricted	21,704,995	11,260,253	10,444,742
Unrestricted	15,693,677	35,907,568	(20,213,891)
Total net assets	<u>\$ 67,421,278</u>	<u>\$ 52,101,757</u>	<u>\$ 15,319,521</u>

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

- Capital assets increased by \$10,120,486, or 2.0%, due to an increase in bond related construction activity. Twelve major building projects were completed during the fiscal year.
- Current liabilities decreased by \$10,245,342, or 21.8%, due to the decrease in outstanding payables for construction projects.

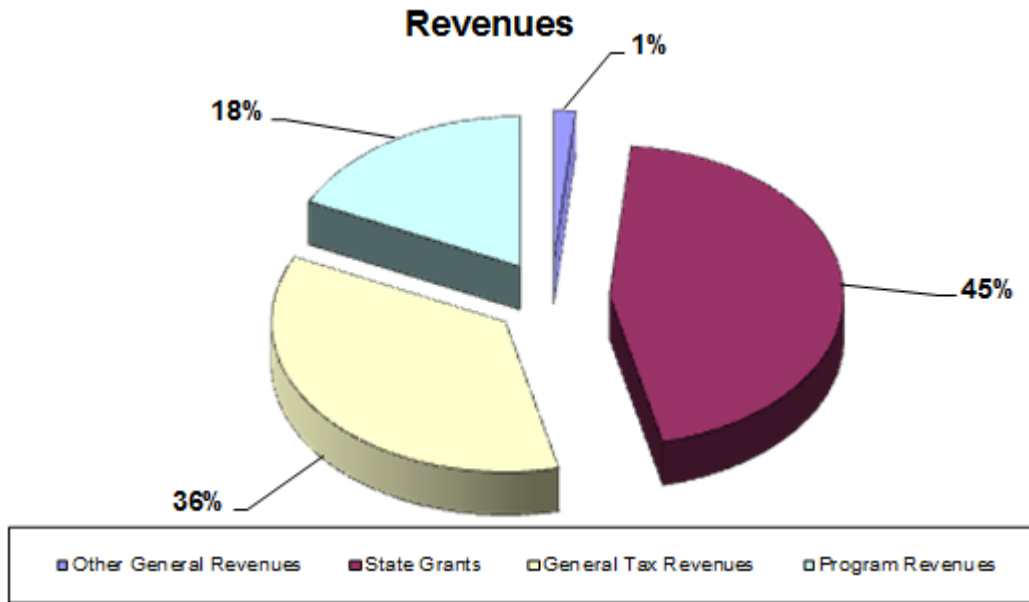
The District's total revenues for the fiscal year ended August 31, 2012 were \$351,639,228. The total cost of all programs and services was \$336,319,707. The following table presents a summary of the changes in net assets for the fiscal years ended August 31, 2012 and 2011.

Table II
Change in Net Assets
Governmental
Activities

	<u>2012</u>	<u>2011</u>	<u>Difference</u>
Revenues:			
Program revenues:			
Charges for services	\$ 5,646,811	\$ 4,643,979	\$ 1,002,832
Operating grants and contributions	57,192,756	74,113,382	(16,920,626)
General revenues:			
Maintenance and operations taxes	89,463,642	90,847,221	(1,383,579)
Debt service taxes	36,363,206	37,126,703	(763,497)
State grants	157,790,019	139,197,880	18,592,139
Investment earnings	692,064	871,377	(179,313)
Miscellaneous	4,490,730	2,849,167	1,641,563
Total revenue	<u>351,639,228</u>	<u>349,649,709</u>	<u>1,989,519</u>
Expenses:			
Instruction, curriculum, and media services	200,509,333	212,653,461	(12,144,128)
Instructional and school leadership	22,854,561	24,576,757	(1,722,196)
Student support services, child nutrition and co-curricular activities	44,679,308	45,340,147	(660,839)
General administration	7,199,150	7,248,095	(48,945)
Plant maintenance, security, and data processing	28,811,058	27,986,500	824,558
Community services	1,195,296	1,246,312	(51,016)
Interest and fiscal charges	28,718,685	28,495,578	223,107
Other facility costs	3,974	-	3,974
Intergovernmental charges	606,078	596,286	9,792
Payments to TIF	1,742,264	1,010,907	731,357
Total expenses	<u>336,319,707</u>	<u>349,154,043</u>	<u>(12,834,336)</u>
Change in net assets	15,319,521	495,666	14,823,855
Beginning Net Assets	<u>52,101,757</u>	<u>51,606,091</u>	<u>495,666</u>
Ending Net Assets	<u>\$ 67,421,278</u>	<u>\$ 52,101,757</u>	<u>\$ 15,319,521</u>

Net assets of the District's governmental activities increased from \$52,101,757 to \$67,421,278, or \$15,319,521.

The District's reliance upon tax revenues is demonstrated by the graph below, which indicates that 36% of total revenues for governmental activities come from local taxes.



The District's total revenues this year were \$351,639,228, up \$1,989,519 from the prior year. A significant part of this increase is from increased state revenue which is generated by an increase in ADA (Average Daily Attendance) and by the state covering the loss of revenue from the decline in property tax values. This increase in revenues, with the decrease in expenditures compared to prior year levels, allowed the District to see an overall increase in net assets.

The cost of all governmental activities this year was \$336,319,707. However, as shown in the statement of activities, the amount that our taxpayers ultimately financed for these activities through district taxes was \$125,826,848 because some of the costs were paid by those who directly benefited from the programs (\$5,646,811), by other governments and organizations that subsidized certain programs with grants and contributions (\$57,192,756), or by state aid (\$157,790,019), investment income (\$692,064), and other miscellaneous income (\$4,490,730).

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	\$ 200,509,333	\$ 168,094,722
Instructional and school leadership	22,854,561	21,482,425
Student support services, child nutrition and co-curricular activities	44,679,308	19,884,073
General administration	7,199,150	7,016,398
Plant maintenance, security, and data processing	28,815,032	27,510,319
Community services	1,195,296	364,348
Interest and fiscal charges	28,718,685	28,718,685
Intergovernmental charges	606,078	594,520
Payments to TIF	1,742,264	(185,350)
Total expenses	<u>\$ 336,319,707</u>	<u>\$ 273,480,140</u>

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$167,943,956, which is an increase of \$2,317,910 from the prior year.

The schedule below indicates the fund balance by fund type as of August 31, 2012 and August 31, 2011.

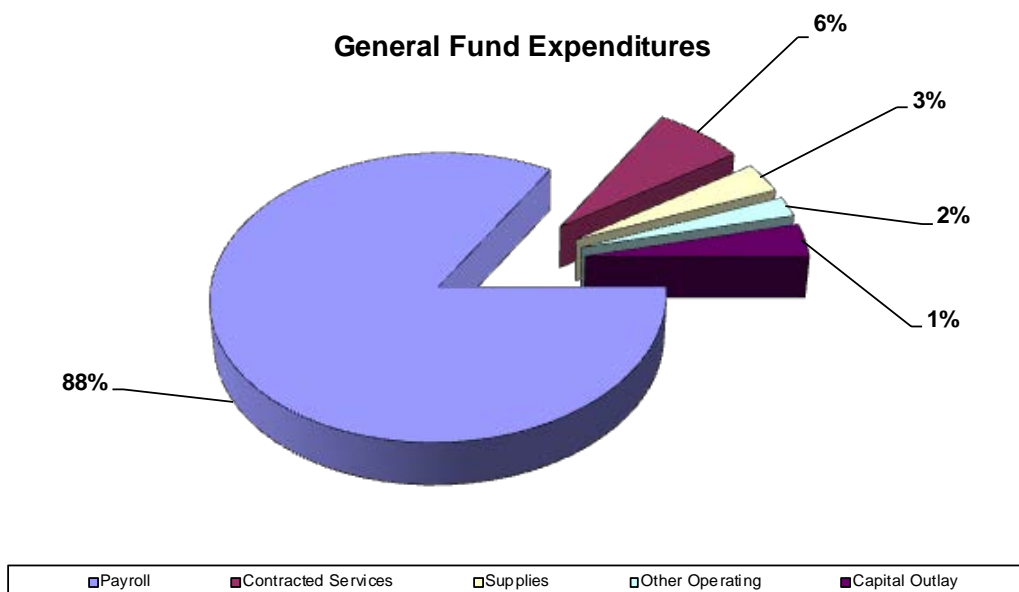
	<u>Fund Balance August 31, 2012</u>	<u>Fund Balance August 31, 2011</u>	<u>Change in Fund Balance</u>
General Fund	\$ 85,467,444	\$ 79,417,365	\$ 6,050,079
Food Service	9,102,534	6,710,687	2,391,847
Debt Service	14,450,968	13,614,669	836,299
Capital Projects	58,853,887	65,746,211	(6,892,324)
Other Funds	69,123	137,114	(67,991)
Total	<u>\$ 167,943,956</u>	<u>\$ 165,626,046</u>	<u>\$ 2,317,910</u>

General Fund

The fund balance of the General Fund increased \$6,050,079 from the prior year. The District's original budget plan was to increase fund balance \$1,671,120 but actual result is \$4,379,074 more. An increase of \$8.1 million from the budgeted fund balance can be explained as follows: \$4.8 million more state revenue from increased student enrollment growth and increased student attendance was realized than what was originally expected. An additional \$2.2 million was received from the District's participation in the School Health and Related Services (SHARS) program, from the final settle-up from the 2010 SHARS Cost Report. A total of \$1.1 million increase in tax collections was due to better collections than anticipated.

General Fund expenditures decreased \$2.5 million for lower salaries for instructional staff due to turnover and unspent budgets in other object categories, increased \$1.1 million over what was originally budgeted for contracted school bus transportation services due to actual cost settle up, and biweekly salaries and benefits were \$799 thousand more than originally budgeted due to 27 pay periods in the fiscal year when 26 were budgeted. A total of \$4.5 million was transferred out as an Other Financing Use from the assigned fund balance for Construction to the Capital Projects Fund to pay for additional costs for the new middle school built with bond proceeds.

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.



Food Service Fund

The fund balance of the Food Service fund increased \$2,391,847 from the prior year. Several key factors contributed to this unplanned increase including increases in the after school snack program, summer school feeding program, and breakfast and lunch meal participation. This resulted in increased reimbursement from the federal National School Lunch Program as well as more efficiencies with the use of USDA commodities and overproduction in school kitchens.

Debt Service Fund

The Debt Service fund balance increased \$836,299. The District was able to increase its state funding in the current year due to the increase in student enrollment and attendance.

Capital Projects Fund

The Capital Projects fund balance decreased \$6,892,324 from the prior year due to the use of funds spent during the year for the completion of construction projects. Although these and other capital expenditures reduce available fund balances as projects are completed, they create new assets for the District as reported in the statement of net assets and as discussed in Note 5 in the financial statements.

BUDGETARY HIGHLIGHTS

Over the course of the year, budget amendments are necessary to realign funds, which 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. Expenditures had budget amendments increasing the appropriation budget by \$9,579,841. Revenues had budget amendment increases of \$1,986,865. Other Financing Sources had budget amendment increases of \$8,019,685. The major components of these changes are reflected on Exhibit G-1 and the key factors for the changes can be summarized as follows:

- \$3,793,550 increase in state revenue, for better than anticipated student growth and average daily attendance and an increase in FTE's for special student populations.
- \$5,825,877 decrease in revenue and expenditures for funds from the General Operating Fund to the federal Education Jobs grant fund. Separate fund accounting was required by the state.
- \$1,900,000 increase in SHARS (School Health and Related Services) program revenues, due to an increase in revenue for the 2010 cost settle up.
- \$1,334,684 increase in tax revenue with collections greater than anticipated.
- \$600,210 increase in Tax Increment Finance Zone payments to the City of Irving as a result of the increase in values of properties located within the Zone as compared to the prior year.
- \$8,000,000 increase in other financing sources for insurance proceeds received from hail damage to multiple roofs in the district with a corresponding increase of \$11,206,775 to the facilities and construction expenditures budget. Many of the projects continued on into the next fiscal year.
- A positive variance, from actual to final budget, of \$1,454,682 is noted for State Program Revenues and is the result of state foundation school program generating more revenue than anticipated due to increase student attendance and growth of special populations.
- A positive variance, from actual to final budget, of \$1,672,877 is noted for function 11 expenditures and is attributed to less salary to professional staff due to employee turnover from the prior year and the uncertainty of actual savings from the planned reduction in force and department and campus savings on supplies, material and other operating budgets.
- A positive variance, from actual to final budget, of \$402,630 is noted for function 51 expenditures and is attributed to savings on utilities for gas and electric.
- A positive variance, from actual to final budget, of \$549,395 is noted for function 53 expenditures and the majority is attributed to e-rate reimbursements on internet services from prior years.

- A positive variance, from actual to budget, of \$3,232,623 in Facilities Acquisitions and Construction for roof repair projects still in progress from the hail damage claims that carried over to the next fiscal year.
- A negative variance, from actual to budget, of \$4,479,121 for a transfer of assigned fund balance to pay for the additional costs of the construction on the new middle school to the Capital Projects Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2012, the District had invested \$514,350,758 in capital assets, net of accumulated depreciation of \$293,313,727, including land and improvements, facilities, and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase in capitalized cost of \$10,120,486 from last year. The increase is primarily due to completing various construction projects and equipment acquisitions. The total depreciation expense for the year was \$22,755,364. The following schedule presents capital asset balances net of depreciation for the fiscal year ended August 31, 2012:

Land and Improvements	\$	30,934,497
Furniture and Equipment		20,091,928
Buildings and Improvements		441,789,370
Construction in Progress		21,534,963
		<hr/>
Total	\$	<u>514,350,758</u>

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

Debt

As of August 31, 2012, the District had \$621,492,018 in general obligation bonds payable and \$1,220,097 in claims payable. The District had \$16,119,223 in bonds payable that are due within one year. The District continues to have favorable general obligation bond ratings indicated by Aa2 and AA+ rating from Moody's Investors Service and Standard & Poor's Ratings Group, respectively.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the 2012-2013 budget and 2012 tax rates. One of those factors was the economy. Going into the 2012 tax year the District experienced a 1.4% increase in property values. This is the first year of an increase in property values after three years of decreasing values.

With 61% of the District's tax base in commercial and business personal property, this was the first year that the District experienced a significant increase (5.0%) in its values. The residential property values for the 2013 fiscal year decreased with a decline in values of 3.8%.

The increase in property values was offset by a decrease in state revenue for the General Fund as provided for under current state law, but this provision does not apply to the Debt Service Fund which experienced an increase in budgeted local property tax revenues of \$770,479. Since the state of Texas was faced with a budget shortfall for the new biennium, \$4 billion was cut from the public education system for the foundation school program. For the 2011-2012 school year, under Senate Bill (SB) 1, the District's state foundation revenue was decreased by \$12 million, as compared to what would have been received under House Bill 3646. But for the 2012-2013 school year, \$9 million of those dollars were returned to the district as part of SB1's attempt to eliminate the disparity in the district's low "target revenue" per student, as compared to the rest of the state as a whole. Part of the increase in funds was used to reinstate some of the positions that were cut in the first year of the biennium and to pass along a modest pay raise after salaries had been frozen in the prior year.

The maintenance and operating tax rate of \$1.04 is the same as last year. A total of 4 cents above \$1.00 is allowable at the local level, under provisions of HB 1. The District is now at its maximum maintenance and operating tax rate for the third year in a row and will remain at this rate until the Board of Trustees decide to call for a tax ratification election to access up to 13 additional pennies. The Board was able to adopt a balanced budget for the 2012-2013 year and did not have to use any of their fund balance at this time.

The debt service tax rate remains the same as last year at \$.425, which was possible due to the increase in property values.

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. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Director of Business Operations, Irving Independent School District, P.O. Box 152637, Irving, Texas, 75015-2637.

BASIC FINANCIAL STATEMENTS



**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**



**IRVING INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2012**

EXHIBIT A-1

DATA CONTROL CODES		GOVERNMENTAL ACTIVITIES
	ASSETS	
1110	Cash & Cash Equivalents	\$ 145,593,270
1120	Investments	31,000,278
1220	Delinquent Taxes Receivable - Net of Estimated Uncollectible Taxes	4,926,239
1240	Due from Other Governments	9,465,470
1250	Accrued Interest	566,425
1290	Other Receivables	3,784,077
1310	Inventories	1,206,589
1410	Deferred Charges	5,367,255
1490	Other Assets	5,250
1510	Land	20,085,090
1515	Land Improvements	19,411,743
1520	Buildings and Improvements	636,527,356
1580	Construction in Progress	21,534,963
1530	Furniture and Equipment	110,105,333
1570	Accumulated Depreciation	(293,313,727)
1000	TOTAL ASSETS	716,265,611
	LIABILITIES	
2110	Accounts Payable and Claims Liabilities	10,749,337
2150	Payroll Deductions and Withholdings	2,142,039
2160	Accrued Wages Payable	5,841,562
2140	Interest Payable	3,230,312
2180	Due to Other Governments	5,397
2300	Unearned Revenue	533,535
	Due Within One Year:	
2121	Bonds Payable	16,119,223
2123	Claims Payable	737,595
	Noncurrent Liabilities:	
	Due in More than One Year:	
2800	Claims Payable	482,502
2510	Bonds Payable	609,002,831
2000	TOTAL LIABILITIES	648,844,333
	NET ASSETS	
3800	Invested in Capital Assets, Net of Related Debt	30,022,606
3840	Restricted for Food Service	9,102,534
3850	Restricted for Debt Service	12,602,461
3900	Unrestricted Net Assets	15,693,677
3000	TOTAL NET ASSETS	\$ 67,421,278

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

**IRVING INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2012**

EXHIBIT B-1

Data Control Codes	Functions/Programs	1 Expenses	2 Charges for Services	3 Program Revenues		Net (Expense) Revenue and Changes in Net Assets
				Operating Grants and Contributions	Total Governmental Activities	
	Governmental Activities:					
11	Instruction	\$ 190,308,817	\$ 516,091	\$ 29,826,489		\$ (159,966,237)
12	Instructional Resources and Media Services	5,448,807	-	105,402		(5,343,405)
13	Curriculum Development and Instructional Staff Development	4,751,709	-	1,966,629		(2,785,080)
21	Instructional Leadership	5,624,822	-	974,900		(4,649,922)
23	School Leadership	17,229,739	-	397,236		(16,832,503)
31	Guidance, Counseling, and Evaluation Services	13,715,505	-	1,210,543		(12,504,962)
32	Social Work Services	422,845	-	8,067		(414,778)
33	Health Services	2,652,074	-	139,144		(2,512,930)
34	Student (Pupil) Transportation	4,086,234	-	756,061		(3,330,173)
35	Food Services	17,531,841	2,971,813	18,182,579		3,622,551
36	Co-Curricular/Extracurricular Activities	6,270,809	1,427,241	99,787		(4,743,781)
41	General Administration	7,199,150	-	182,752		(7,016,398)
51	Plant Maintenance and Operations	22,012,072	731,666	403,781		(20,876,625)
52	Security and Monitoring Services	2,905,808	-	55,130		(2,850,678)
53	Data Processing Services	3,893,178	-	114,136		(3,779,042)
61	Community Services	1,195,296	-	830,948		(364,348)
71	Debt Service - Interest and Fiscal Charges	28,718,685	-	-		(28,718,685)
81	Other Facility Costs	3,974	-	-		(3,974)
95	Payments to Juvenile Justice Alternative Education Program	86,526	-	1,650		(84,876)
97	Payments to TIF	1,742,264	-	1,927,614		185,350
99	Other Intergovernmental Charges	519,552	-	9,908		(509,644)
	Total Governmental Activities	<u>\$ 336,319,707</u>	<u>\$ 5,646,811</u>	<u>\$ 57,192,756</u>		<u>\$ (273,480,140)</u>

Data Control Codes	General Revenues:	
	Taxes:	
MT	M & O Property Taxes	89,463,642
DT	Debt Service Property Taxes	36,363,206
SF	State Aid - Not Restricted to Specific Programs	157,790,019
IE	Investment Income	692,064
MI	Miscellaneous	<u>4,490,730</u>
TG	Total General Revenues	288,799,661
CN	Change in Net Assets	15,319,521
NB	Net Assets - Beginning	<u>52,101,757</u>
NE	Net Assets - Ending	<u>\$ 67,421,278</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, 2012**

DATA CONTROL CODES		MAJOR	
		GENERAL	FOOD SERVICE
	ASSETS		
	Current Assets:		
1110	Cash & Cash Equivalents	\$ 67,972,408	\$ 9,848,156
1120	Investments	16,000,278	-
	Receivables:		
1220	Property Taxes - Delinquent	5,346,186	-
1230	Allowance for Uncollectible Taxes	(1,801,752)	-
1240	Due from Other Governments	5,990,178	450,913
1250	Accrued Interest	227,548	-
1260	Due from Other Funds	1,755,740	-
1290	Other Receivables	3,608,249	-
1310	Inventories, at cost	705,451	100,808
1410	Deferred Expenditures	67,534	161,512
1490	Other Current Assets	5,250	-
1000	TOTAL ASSETS	\$ 99,877,070	\$ 10,561,389
	LIABILITIES		
	Current Liabilities:		
2110	Accounts Payable	\$ 2,567,839	\$ 1,458,855
2140	Interest Payable	-	-
2150	Payroll Deductions and Withholdings	2,142,039	-
2160	Accrued Wages Payable	5,841,562	-
2170	Due to Other Funds	76,497	-
2180	Due to Other Governments	5,397	-
2300	Deferred Revenue	3,776,292	-
2000	TOTAL LIABILITIES	14,409,626	1,458,855
	FUND BALANCES		
	Nonspendable		
3410	Inventory	705,451	100,808
3430	Prepaid Items	67,534	161,512
	Restricted		
3450	Food Service	-	8,840,214
3450	Grant Funds	-	-
3470	Capital Acquisition and Contractual Obligation	-	-
3480	Retirement of Long-Term Debt	-	-
	Assigned		
3590	Campus Activity Funds	2,667,723	-
3590	Other Assigned Fund Balance	706,299	-
3600	Unassigned	81,320,437	-
3000	TOTAL FUND BALANCE	85,467,444	9,102,534
4000	TOTAL LIABILITIES AND FUND BALANCE	\$ 99,877,070	\$ 10,561,389

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

EXHIBIT C-1

MAJOR		NONMAJOR	TOTALS
DEBT SERVICE	CAPITAL PROJECTS	OTHER FUNDS	GOVERNMENTAL FUNDS
\$ 13,383,718	\$ 49,856,082	\$ 370,800	\$ 141,431,164
-	15,000,000	-	31,000,278
1,793,876	-	-	7,140,062
(412,071)	-	-	(2,213,823)
939,767	-	2,084,612	9,465,470
-	338,877	-	566,425
76,497	-	-	1,832,237
87,925	-	-	3,696,174
-	-	-	806,259
-	-	-	229,046
-	-	-	5,250
<u>\$ 15,869,712</u>	<u>\$ 65,194,959</u>	<u>\$ 2,455,412</u>	<u>\$ 193,958,542</u>
\$ -	\$ 6,341,072	\$ 328,872	\$ 10,696,638
36,939	-	-	36,939
-	-	-	2,142,039
-	-	-	5,841,562
-	-	1,755,740	1,832,237
-	-	-	5,397
1,381,805	-	301,677	5,459,774
<u>1,418,744</u>	<u>6,341,072</u>	<u>2,386,289</u>	<u>26,014,586</u>
-	-	-	806,259
-	-	-	229,046
-	-	-	8,840,214
-	-	69,123	69,123
-	58,853,887	-	58,853,887
14,450,968	-	-	14,450,968
-	-	-	2,667,723
-	-	-	706,299
-	-	-	81,320,437
<u>14,450,968</u>	<u>58,853,887</u>	<u>69,123</u>	<u>167,943,956</u>
<u>\$ 15,869,712</u>	<u>\$ 65,194,959</u>	<u>\$ 2,455,412</u>	<u>\$ 193,958,542</u>



**IRVING INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
AUGUST 31, 2012**

EXHIBIT C-1R

Total Fund Balances - Governmental Funds \$ 167,943,956

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 \$807,658,436, and the accumulated depreciation is \$293,308,282. 514,350,154

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. 4,926,239

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. 3,378,147

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	\$ (621,492,018)	
Premium/Discount on Bonds Payable	(8,263,727)	
Deferred Loss on Refunding Bonds	4,633,691	
Interest Payable	(3,193,373)	
Bond Issuance Costs	5,138,209	
		(623,177,218)

Net Assets - Governmental Activities \$ 67,421,278

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

**IRVING INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012**

DATA CONTROL CODES		MAJOR	
		GENERAL	FOOD SERVICE
	REVENUES		
5700	Local and Intermediate Sources	\$ 96,143,077	\$ 2,977,172
5800	State Program Revenues	147,179,869	113,286
5900	Federal Program Revenues	3,753,385	18,062,634
5020	TOTAL REVENUES	<u>247,076,331</u>	<u>21,153,092</u>
	EXPENDITURES		
	Current:		
0011	Instruction	146,464,615	-
0012	Instructional Resources and Media Services	4,469,404	-
0013	Curriculum Development and Instructional Staff Development	2,826,646	-
0021	Instructional Leadership	4,640,327	-
0023	School Leadership	16,283,592	-
0031	Guidance, Counseling, and Evaluation Services	12,111,459	-
0032	Social Work Services	423,082	-
0033	Health Services	2,434,386	-
0034	Student (Pupil) Transportation	3,367,212	-
0035	Food Services	349,246	16,449,158
0036	Co-Curricular/Extracurricular Activities	5,232,892	464,930
0041	General Administration	7,028,558	-
0051	Plant Maintenance and Operations	21,174,705	617,826
0052	Security and Monitoring Services	2,891,112	-
0053	Data Processing Services	3,471,855	-
0061	Community Services	371,926	-
	Debt Service:		
0071	Principal on Long-Term Debt	-	-
0072	Interest and Charges on Long-Term Debt	-	-
0073	Bond Issuance Costs and Fees	-	-
0081	Facilities Acquisition and Construction	7,981,571	1,229,331
0095	Payments to Juvenile Justice Alternative Education Program	86,526	-
0097	Payments to TIF	1,742,264	-
0099	Intergovernmental Charges	519,552	-
6030	TOTAL EXPENDITURES	<u>243,870,930</u>	<u>18,761,245</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,205,401</u>	<u>2,391,847</u>
	OTHER FINANCING SOURCES		
7911	Issuance of Bonds	-	-
7912	Proceeds from Sale of Capital Assets	55,783	-
7915	Transfers in	-	-
7916	Premium on Issuance of Debt	-	-
7919	Insurance Recoveries	7,268,016	-
8911	Transfers out	(4,479,121)	-
7080	TOTAL OTHER FINANCING SOURCES	<u>2,844,678</u>	<u>-</u>
1200	Net Change in Fund Balances	6,050,079	2,391,847
0100	Fund Balance - September 1 (Beginning)	<u>79,417,365</u>	<u>6,710,687</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 85,467,444</u>	<u>\$ 9,102,534</u>

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

MAJOR		NONMAJOR	TOTALS
DEBT SERVICE	CAPITAL PROJECTS	OTHER FUNDS	GOVERNMENTAL FUNDS
\$ 36,405,272	\$ 648,793	\$ 334,499	\$136,508,813
10,610,150	-	6,579,969	164,483,274
-	786,518	25,709,722	48,312,259
47,015,422	1,435,311	32,624,190	349,304,346
-	4,291,442	27,101,475	177,857,532
-	756,185	20,176	5,245,765
-	-	1,912,732	4,739,378
-	13,149	886,405	5,539,881
-	10,984	86,725	16,381,301
-	32,280	979,587	13,123,326
-	-	-	423,082
-	3,665	92,722	2,530,773
-	-	691,851	4,059,063
-	-	-	16,798,404
-	109,844	-	5,807,666
-	90,036	48,725	7,167,319
-	163,105	-	21,955,636
-	240,464	-	3,131,576
-	231,900	47,931	3,751,686
-	-	823,852	1,195,778
17,123,540	-	-	17,123,540
29,033,988	-	-	29,033,988
180,785	-	-	180,785
-	23,803,790	-	33,014,692
-	-	-	86,526
-	-	-	1,742,264
-	-	-	519,552
46,338,313	29,746,844	32,692,181	371,409,513
677,109	(28,311,533)	(67,991)	(22,105,167)
-	13,985,000	-	13,985,000
-	1,605,088	-	1,660,871
-	4,479,121	-	4,479,121
159,190	1,350,000	-	1,509,190
-	-	-	7,268,016
-	-	-	(4,479,121)
159,190	21,419,209	-	24,423,077
836,299	(6,892,324)	(67,991)	2,317,910
13,614,669	65,746,211	137,114	165,626,046
\$ 14,450,968	\$ 58,853,887	\$ 69,123	\$ 167,943,956

**IRVING INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2012**

EXHIBIT C-3

Total Net Change in Fund Balances - Governmental Funds \$ 2,317,910

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 capital outlays (\$32,973,101) exceeded depreciation (\$22,754,154) in the current period. 10,218,947

The disposal of capital assets is not recognized in the governmental funds. (97,251)

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, increased by this amount this year. 167,132

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. 587,345

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 17,123,540

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	\$	(13,985,000)	
Discount/Premium on Bonds Issued		(1,509,190)	
Bond Issue Costs		180,785	
Amortization of Issue Costs		(279,374)	
Amortization of Refunding Loss		(460,381)	
Amortization of Bond Premium/Discount		840,563	(15,212,597)

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	\$	(55,784)	
Interest Accretion		(7,246,181)	
Accretion Retirement		7,516,460	214,495
Change in Net Assets - Governmental Activities			\$15,319,521

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, 2012**

EXHIBIT D-1

DATA CONTROL CODES		GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	ASSETS	
	Current Assets:	
1110	Cash and Temporary Investments	\$ 4,162,106
1290	Other Receivables	87,903
1310	Inventories, at cost	400,330
	Total Current Assets	<u>4,650,339</u>
	Non-Current Assets:	
1500	Furniture and Equipment, net	604
	Total Non-Current Assets	<u>604</u>
1000	TOTAL ASSETS	<u><u>4,650,943</u></u>
	LIABILITIES	
	Current Liabilities:	
2110	Accounts Payable	52,699
2800	Claims Due Within One Year	737,595
	Total Current Liabilities	<u>790,294</u>
	Noncurrent Liabilities:	
	Claims Due in More than One Year	482,502
	Total Long-Term Liabilities	<u>482,502</u>
2000	TOTAL LIABILITIES	<u><u>1,272,796</u></u>
	NET ASSETS	
3800	Invested in Capital Assets	604
3900	Unrestricted Net Assets	3,377,543
3000	TOTAL NET ASSETS	<u><u>\$ 3,378,147</u></u>

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

**IRVING INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012**

EXHIBIT D-2

DATA CONTROL CODES		GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	OPERATING REVENUES	
5700	Charges for Services	\$ 2,605,684
5020	Total Operating Revenues	<u>2,605,684</u>
	OPERATING EXPENSES	
6100	Payroll Costs	353,062
6200	Professional/Contracted Services	149,343
6300	Supplies and Materials	325,607
6400	Claims, Administration, and Other Expenses	<u>1,193,440</u>
6030	Total Operating Expenses	<u>2,021,452</u>
	OPERATING LOSS	584,232
	NON-OPERATING REVENUES	
7955	Interest Income	<u>3,113</u>
	CHANGE IN NET ASSETS	587,345
0100	Total Net Assets - September 1 (Beginning)	<u>2,790,802</u>
3000	Total Net Assets - August 31 (Ending)	<u>\$ 3,378,147</u>

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

**IRVING INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012**

EXHIBIT D-3

	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:	
Cash Received for Premiums and Services	\$ 2,605,684
Cash Paid to Employees	(339,798)
Cash Paid for Claims and Administration, and Other Costs	(3,906,090)
Net Cash Used In Operating Activities	<u>(1,640,204)</u>
Cash Flows from Financing Activities:	
Cash Received from Other Funds	845,771
Net Cash Provided by Noncapital Financing Activities	<u>845,771</u>
Cash Flows from Investing Activities:	
Interest Received	3,113
Net Cash Provided by Investing Activities	<u>3,113</u>
Net Decrease in Cash and Cash Equivalents	(791,320)
Cash and Cash Equivalents at Beginning of the Year	4,953,426
Cash and Cash Equivalents at End of the Year	<u>\$ 4,162,106</u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities	
Operating loss	<u>\$ 584,232</u>
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities	
Depreciation	1,210
Change in Current Assets and Liabilities:	
Increase in Other Receivables	(83,359)
Decrease in Inventories	151,675
Decrease in Accounts Payable and Claims Liability	(1,875,664)
Decrease in Accrued Expenses	(299)
Decrease in Due To Other Funds	(67,481)
Decrease in Long-term Claims Reserve	(350,518)
	<u>(2,224,436)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (1,640,204)</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, 2012**

EXHIBIT E-1

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and Temporary Investments	\$ 832,705
TOTAL ASSETS	<u>\$ 832,705</u>
LIABILITIES	
Accounts Payable	\$ 463,913
Due to Student Groups	368,792
TOTAL LIABILITIES	<u>\$ 832,705</u>

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Board of Trustees, a seven-member group, has financial accountability for all activities related to public elementary and secondary education within the jurisdiction of the District. Because members of the board are elected by the public, they have the authority to make decisions and to appoint administrators and managers.

In evaluating how to define the government for financial reporting purposes, the District's management has considered all potential component units. By applying the criteria set forth in generally accepted accounting principles, the District has determined that no other organizations require inclusion in its reporting entity.

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

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

The District reports the following Major Funds:

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

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

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

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

The District reports the following Proprietary Funds:

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

The Internal Service Fund for health and benefit administration remained active during fiscal year 2012 to fund run-off health claims and associated expenses. See Note 1 (Q) and (R) for additional discussion of the health insurance program.

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

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

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

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 and are accounted for on the accrual basis. Financial resources for the Agency funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. If any unused resources are declared surplus by the student groups, they are transferred to the General Fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Texas are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Grant funds are considered earned to the extent of the expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until the related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount. In accordance with the Financial Accountability System

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS, cont'd.

Resource Guide (FASRG), the District has adopted and installed an accounting system that exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FASRG. Mandatory codes are utilized in the form provided in that section.

D. BUDGETARY DATA

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

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

E. ENCUMBRANCE ACCOUNTING

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or provided for in the subsequent year's budget. Outstanding encumbrances at August 31, 2012 that were subsequently provided for in the 2012-2013 budget totaled \$739,455 for the General Fund, \$436,070 for the Food Service Fund, \$2,930,077 for the Capital Projects Fund, and \$21,080 for the Nonmajor 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.

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

G. DUE FROM (TO) OTHER FUNDS

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

H. INVENTORIES

The consumption method is used to account for inventories of food products, technology, 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. The Food Service (Special Revenue Fund) commodity inventories received through the U.S. Department of Agriculture are recorded as inventory on the date received and recognized as revenue. In the governmental funds, inventories are reported as nonspendable fund balance.

I. DEFERRED EXPENDITURES

Deferred expenditures of \$229,046 in the General Fund and Food Service Fund are prepaid items, which benefit the next school year. In the governmental funds, they are reported as nonspendable fund balance. Deferred charges on the government-wide financial statements include these prepaid items and bond issuance costs of \$5,138,209, net of accumulated amortization of \$279,374. These bond issuance costs will be amortized using the straight-line method over the life of the bonds.

J. CAPITAL ASSETS

Capital assets, which include land, buildings, furniture and equipment, and construction in progress, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as land, land improvements, 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.

**IRVING INDEPENDENT SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 AUGUST 31, 2012**

J. CAPITAL ASSETS, cont'd.

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 fiscal year 2011, the District adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. In the fund financial statements, the District classifies governmental fund balances as follows:

Nonspendable -- includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories and prepaid items.

Restricted -- includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long term debt, construction programs and other federal and state grants.

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

L. FUND EQUITY, cont'd.

Committed -- includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Trustees.

Assigned -- includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. Fund balance can be assigned by the District's Board, the Superintendent, or the Associate Superintendent of Business Services.

Unassigned -- includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

It is the desire of the Board to attempt to maintain a fund balance in the general operating fund that is approximately 25 percent, or three months of general operating expenditures, excluding any nonspendable fund balance.

Net assets on the Statement of Net Assets include the following:

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

Restricted for Food Service -- the component of net assets that reports the difference between assets and liabilities with constraints placed on their use by the U.S. Department of Agriculture.

Restricted for Debt Service -- the component of net assets that reports the difference between assets and liabilities with constraints placed on their use by law.

Unrestricted -- the difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, Net of Related Debt and restricted net assets.

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

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. 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 and purchases excess coverage to statutory limits from Midwest Employer's Casualty Company. 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 \$1,226,541 include incurred but not reported claims in the amount of \$1,220,097 (of which \$737,595 is expected to be paid within one year,) and accounts payable of \$6,444. The claims liability reported in the fund at August 31, 2012 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 \$1,220,097 as of August 31, 2012 for the ultimate loss reserve of the fund. The fund had net assets at August 31, 2012 of \$1,665,082.

Changes in the workers' compensation claims liability amounts in fiscal year 2012 and 2011 are presented below:

	<u>Beginning of Fiscal-Year Liability</u>	<u>Current-Year Claims & Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2011 Workers' Compensation	\$ 1,880,571	\$ 720,620	\$ 1,030,576	\$ 1,570,615
2012 Workers' Compensation	\$ 1,570,615	\$ 623,300	\$ 973,818	\$ 1,220,097

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

P. 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 \$29,977 for claims reported and not paid, and net assets as of August 31, 2012 were \$390,765.

Q. BENEFITS ADMINISTRATION

Benefit administrative expenses for the self-insurance programs are funded at the rate of \$1 per month per employee. Benefit administration liabilities of \$0 for accounts payable were recorded at year end. The August 31, 2012 net assets were \$28,859.

R. HEALTH CARE

In previous years the District sponsored a self-insurance plan to provide health care benefits to staff members and their dependents. Transactions related to the plan were accounted for in the Health Insurance Internal Service Fund. During the year ended August 31, 2012, eligible employees and eligible dependents were offered a choice of medical plans provided through the Teachers Retirement System of Texas (TRS). The District contributes \$287 for the TRS-HD plan, and \$297 for all other plans, towards premium efforts. Throughout the year, the District continued to use the fund to pay any remaining claims. The District saved \$3,590,156, or the difference between current year and prior year expenses, from the prior year by moving to TRS.

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 with no settlements exceeding insurance coverage.

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, in 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, 2012, the carrying amount of the District's cash, not including fiduciary funds, was \$29,635 including petty cash funds of \$29,635. The bank balance was \$644,762. During 2011-2012, 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:

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

NOTE 2. DEPOSITS AND INVESTMENTS, cont'd.

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 \$40,894,060 and occurred on November 25, 2011.
3. Largest combined collected cash account balance required to be collateralized amounted to \$42,549,141 and occurred on November 25, 2011.
4. Total amount of FDIC coverage at the time of the largest combined balance was \$13,799,141.

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	\$ 29,635	1 Day
Certificates of Deposit	29,000,000	71 Days
U.S. Agencies	2,000,278	993 Days
Investments in Texpool	5,527,849	44 Days
Investments in TexStar	8,617,909	49 Days
Investments in Texas Class	77,332,206	42 Days
Investments in Lone Star	5,938,231	46 Days
Investments in LOGIC	48,980,145	45 Days
Total	<u>\$ 177,426,253</u>	<u>48 Days</u>

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

The Texas Local Government Investment Pool ("TexPool"), Local Government Investment Cooperative ("LOGIC"), Texas Short Term Asset Reserve Program ("TexSTAR") and Lone Star Investment Pool are organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. LOGIC and TexSTAR are co-administered by JP Morgan Chase & Co. and

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

NOTE 2. DEPOSITS AND INVESTMENTS, cont'd.

First Southwest Asset Management under an agreement with their Boards of Directors. The Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

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

Texas CLASS (Texas Cooperative Liquid Assets Security System) was organized in March 1996 under a trust agreement executed by and among Texas local governmental entities in accordance with the Public Funds Investment Act, and the Texas Government Code and remains in full compliance with Chapter 2256. The fund is administered by Cutwater Investor Services Corp. and is rated AAAM by Standard & Poor's Rating Services. Furthermore, Cutwater Investor Services Corp. 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 final maturity of its investments between two and five years, with most purchases less than two years. The District's investment policy states under the 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. State law and the District's investment policy limits the District's investments to high quality rated instruments that have been evaluated by agencies such as Standard and Poor's or Moody's Investor Service. The District controls and monitors credit risk by purchasing only quality rated instruments or investing in local government investment pools that have been evaluated by Standard and Poor's, Fitch, or Moody's Investors Service and complies with the Public Funds Investment Act. The Public Funds Investment Act limits investments in commercial paper to A1P1 ratings issued by at least two of the nationally

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

NOTE 2. DEPOSITS AND INVESTMENTS, cont'd.

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. Lone Star is rated AAA by Standard & Poor's. Texas CLASS, TexPool, and TexSTAR are rated AAAM by Standard & Poor's.

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

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

Concentration of credit risk is the risk associated with holding investments that are not in pools and in excess of 5% of the total portfolio. As of August 31, 2012 the District held \$2,000,000 of securities with a zero par amount, which is 1.11% of the total portfolio, and \$29,000,000 of certificates of deposit, which is 16.06% 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 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, 2011, upon which the levy for the 2011-2012 fiscal year was based, was \$9,162,488,657. The roll was subsequently decreased to a year-end assessed value of \$8,914,841,212. 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, 2012, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.04 and \$.425 per \$100 valuation, respectively, for a total of \$1.465 per \$100 valuation.

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

NOTE 3. PROPERTY TAXES, cont'd.

Current tax collections for the year ended August 31, 2012 were 99.54% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of August 31, 2012, property taxes receivable, net of estimated uncollectible taxes, totaled \$3,544,434 and \$1,381,805 for the General and Debt Service Funds, respectively.

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

A total of \$1,742,264 in tax levy was collected for the zone in the current fiscal year because the assessed valuation of real property in the reinvestment zone was greater than the tax increment base value as provided for in the participation agreement. Under current state funding laws, as well as a "hold harmless" provision in the participation agreement, the District will remain revenue neutral with respect to the total revenue from local ad valorem taxes and state sources. The District can expect to receive funds for each year it contributes to the tax increment reinvestment zone.

NOTE 4. DUE FROM OTHER GOVERNMENTS

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

Balances at August 31, 2012 consisted of the following Due from Other Governments:

<u>Fund:</u>		
General Operating Fund	\$	5,990,178
Food Service Fund		450,913
Debt Service Fund		939,767
Nonmajor Special Revenue Funds		2,084,612
Total	\$	<u>9,465,470</u>

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

NOTE 5. CAPITAL ASSETS

Capital asset activity, as reported in governmental activities, for the year ended August 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital Assets not depreciated:					
Land	\$ 19,987,459	\$ 97,631	\$ -	\$ -	\$ 20,085,090
Construction in Progress	11,758,737	21,534,963	-	(11,758,737)	21,534,963
Total Capital Assets not depreciated	31,746,196	21,632,594	-	(11,758,737)	41,620,053
Capital Assets depreciated:					
Land Improvements	19,376,411	35,332	-	-	19,411,743
Buildings and Improvements	620,217,802	4,747,471	(196,654)	11,758,737	636,527,356
Furniture and Equipment	106,264,777	6,557,704	(2,717,148)	-	110,105,333
Total Capital Assets depreciated	745,858,990	11,340,507	(2,913,802)	11,758,737	766,044,432
Total Capital Assets	777,605,186	32,973,101	(2,913,802)	-	807,664,485
Less Accumulated Depreciation for:					
Land Improvements	7,592,393	969,943	-	-	8,562,336
Buildings and Improvements	182,417,451	12,497,563	(177,028)	-	194,737,986
Furniture and Equipment	83,365,070	9,287,858	(2,639,523)	-	90,013,405
Total Accumulated Depreciation	273,374,914	22,755,364	(2,816,551)	-	293,313,727
Governmental Activities Capital Assets, Net	\$ 504,230,272	\$10,217,737	\$ (97,251)	\$ -	\$ 514,350,758

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

Governmental Activities:	
Instruction	\$ 17,347,004
Instructional Resources & Media Services	961,350
Curriculum Development & Instructional Staff Development	13,957
Instructional Leadership	100,822
School Leadership	868,664
Guidance, Counseling & Evaluation Services	601,075
Health Services	126,421
Student Transportation	27,171
Food Services	1,112,166
Co-Curricular/Extracurricular Activities	625,786
General Administration	135,748
Plant Maintenance & Operations	453,461
Security & Monitoring Services	15,492
Data Processing Services	365,037
Internal Service Funds	1,210
Total Depreciation Expense, Governmental Activities	<u>\$ 22,755,364</u>

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

NOTE 6. PENSION PLAN

Plan Description. The District contributes to the Teacher Retirement System of Texas (TRS), a public employee retirement system (PERS), which is a multiple-employer defined benefit pension plan. It is a cost-sharing PERS with one exception: all risks and costs are not shared by the District but are the 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. For members of the retirement system entitled to the minimum salary for certain school personnel, the District pays the state's contribution on the portion of the member's salary that exceeds the statutory minimum.

Types of Employees Covered. 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 are covered by TRS membership.

Benefit Provisions and Service Requirements. The system also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and Chapter 805, respectively. Service requirements are as follows:

Normal – Age 65 with 5 or more years of service credit, or at least age 60 and the sum of member's age and years of credit equals or exceeds 80, with at least five years of service.

Reduced – If a member prior to September 1, 2007, age 55 with 5 or more years of service credit, or any age below 50 with 30 or more years of credited service. If a member on or after September 1, 2007, at least age 55 with five or more years of service credit; your age and service credit total 80 but age is less than 60 with at least 5 years of service credit; or 30 years of service credit and age is less than 60.

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year; (2) state statute prohibits benefit improvements, if as a result of a the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

NOTE 6. RETIREMENT PLAN, cont'd.

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, 2012, 2011, and 2010 were \$12,539,074, \$13,315,174, and \$13,056,769, 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, 2012, 2011, and 2010 were \$2,535,117, \$3,058,269, and \$2,844,882, 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, 2012, 2011, and 2010 were \$11,791,433, \$11,879,712, and \$11,464,531, respectively, equal to the required contributions for each year.

The District recognized contributions made by the State on behalf of the District as revenues and expenditures in the General Fund in the current period.

NOTE 7. RETIREE HEALTH PLAN

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

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2012, 2011, and 2010. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2012, 2011, and 2010, the State's contributions to TRS-Care were \$1,959,231, \$2,080,496, and \$2,040,121, respectively, the active member contributions were \$1,273,489, \$1,352,310, and \$1,326,091, respectively, and the District's contributions were \$1,077,583, \$1,144,281, and \$1,122,079, respectively, which equaled the required contributions each year.

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

NOTE 7. RETIREE HEALTH PLAN, cont'd.

Contributions Made. Contributions made by the State, the District and its employees, and the District's covered payroll for the fiscal years 2012, 2011, and 2010 are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Covered payroll	\$ 195,923,073	\$ 208,049,596	\$ 204,012,053
Contributions made by the State	10,800,225	11,303,830	11,023,853
Retirement plan rate	6.000%	6.644%	6.58%, 6.644%
Retiree health care rate	1.00%	1.00%	1.00%
Medicare Part D	509,914	553,480	501,468
ERRP	482,214	-	-
District required and actual			
Contributions to TRS & TRS-Care	3,612,701	4,202,550	3,966,961
Employee contributions to TRS & TRS-Care	13,812,563	14,667,485	14,382,860

NOTE 8. LONG-TERM LIABILITIES

Long-term liabilities include actuarially determined claims liabilities (which are typically liquidated by the Internal Service fund). These liabilities are detailed as follows:

	<u>Beginning 9/1/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 8/31/2012</u>	<u>Current Portion</u>
Claims Payable	\$ 1,570,615	\$ 623,300	\$ 973,818	\$ 1,220,097	\$ 737,595

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

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Original Issue</u>	<u>Bonds Outstanding at 09/01/2011</u>	<u>Issued (Retired)</u>	<u>Interest Accretion</u>	<u>Accreted Interest Retirements</u>	<u>Bonds Outstanding at 08/31/2012</u>
1997A Refunding	4.85%-5.42%	33,140,000	36,278,092	(2,915,000)	1,782,225	(3,275,000)	31,870,317
2001 School Building	4.00%-5.50%	27,390,000	225,000	(225,000)	-	-	-
2002 School Building	2.09%-6.03%	130,853,959	29,660,768	(4,568,540)	1,343,391	(2,561,460)	23,874,159
2003 School Building	2.00%-5.00%	51,882,264	6,129,792	(830,000)	87,155	(665,000)	4,721,947
2004A School Building	Variable	20,000,000	15,300,000	-	-	-	15,300,000
2004B School Building	Variable	20,000,000	15,300,000	-	-	-	15,300,000
2005 Refunding	3.00%-5.25%	92,425,000	89,890,000	(4,215,000)	-	-	85,675,000
2006 Refunding	3.95%-5.46%	66,472,786	81,967,160	(245,000)	3,865,733	-	85,587,893
2007 Refunding	3.65%-4.40%	109,045,000	112,070,025	(215,000)	167,677	(1,015,000)	111,007,702
2007A School Building	3.87%-5.00%	20,000,000	15,560,000	(415,000)	-	-	15,145,000
2008 School Building	2.00%-5.00%	87,020,000	77,990,000	(1,720,000)	-	-	76,270,000
2009 School Building	3.00%-5.25%	66,106,018	64,405,000	(1,775,000)	-	-	62,630,000
2010A School Building	3.625%-5.000%	18,485,000	18,485,000	-	-	-	18,485,000
2010B Build America Bonds	5.561%-5.661%	40,000,000	40,000,000	-	-	-	40,000,000
2011 Qualified School Construction Bond	0%	21,640,000	21,640,000	-	-	-	21,640,000
2012 School Building	2.00%-5.00%	13,985,000	-	-	-	-	13,985,000
Total Bonded Indebtedness			<u>624,900,837</u>	<u>(3,138,540)</u>	<u>7,246,181</u>	<u>(7,516,460)</u>	<u>621,492,018</u>
Less Current Portion							<u>16,119,223</u>
Long term portion as of August 31, 2012							<u>605,372,795</u>
Premium/Discounts/Loss on Refunding			<u>2,501,028</u>	<u>1,129,008</u>	<u>-</u>	<u>-</u>	<u>3,630,036</u>
Total Long Term Bonds Payable							<u>609,002,831</u>

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

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

Debt service principal requirements to maturity (below) exclude accumulated accretion of \$67,400,418, which is included in the interest column:

<u>Year Ended August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2013	\$ 16,119,223	\$ 29,557,006	\$ 45,676,229
2014	17,671,433	29,944,683	47,616,116
2015	20,583,623	27,623,285	48,206,908
2016	20,841,698	27,396,098	48,237,796
2017	21,480,623	26,828,589	48,309,212
2018-2022	134,380,000	106,754,588	241,134,588
2023-2027	113,280,000	119,998,505	233,278,505
2028-2032	144,505,000	49,744,505	194,249,505
2033-2037	46,475,000	10,460,556	56,935,556
2038-2040	18,755,000	1,359,812	20,114,812
Totals	<u>\$ 554,091,600</u>	<u>\$ 429,667,627</u>	<u>\$ 983,759,227</u>

There are a number of limitations and restrictions contained in the various general obligation bond indentures. The District is in compliance with all limitations and restrictions at August 31, 2012.

NOTE 9. DEBT ISSUANCES AND DEFEASED DEBT

On August 1, 2012, the District issued \$13,985,000 Series 2012 Unlimited Tax School Building Bonds with interest rates from 2%-5%. The issuance is for construction, renovation, and capital acquisitions.

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 defeased debt as of August 31, 2012 is \$39,070,000.

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

NOTE 10. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

In the fund financial statements, interfund balances are the results of normal transactions between funds and will be liquidated in the subsequent fiscal year. These balances at August 31, 2012 consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>	<u>Reason</u>
General Fund:			
Debt Service Fund	\$ -	\$ 76,497	To reclassify deficit pooled cash.
Other Nonmajor Funds	1,755,740	-	To reclassify deficit pooled cash.
Debt Service Fund:			
General Fund	76,497	-	To reclassify deficit pooled cash.
Other Nonmajor Funds:			
General Fund	-	1,755,740	To reclassify deficit pooled cash.
	<u>\$ 1,832,237</u>	<u>\$ 1,832,237</u>	

NOTE 11. LITIGATION, COMMITMENTS, AND CONTINGENCIES

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

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

The District is obligated at August 31, 2012 for seven major construction projects. These projects cover construction and renovations at the Administration Building, two middle school campuses, and three elementary campuses. In addition, numerous campuses were damaged by a hail storm during the 2011 school year. Repairs to these campuses were consolidated into a single project. In total, the District was obligated for \$2,639,376 relating to these projects as of August 31, 2012.

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

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

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	\$90,184,374	\$ -	\$36,363,206	\$ -	\$ -	\$126,547,580
Food Sales	-	2,548,757	-	-	-	2,548,757
Food Service-Vending	-	423,056	-	-	-	423,056
Investment Income	313,780	5,359	42,066	648,793	-	1,009,998
Other Tax-Related Income	906,185	-	-	-	-	906,185
Co-curricular Student Activities	1,413,786	-	-	-	-	1,413,786
Other	3,324,952	-	-	-	334,499	3,659,451
Total	<u>\$96,143,077</u>	<u>\$ 2,977,172</u>	<u>\$36,405,272</u>	<u>\$ 648,793</u>	<u>\$ 334,499</u>	<u>\$136,508,813</u>

NOTE 13. DEFERRED REVENUE

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Other Funds</u>	<u>Total</u>
Net Tax Revenue	\$ 3,544,434	\$ 1,381,805	\$ -	\$ 4,926,239
Laptop Computer Fees	207,409	-	-	207,409
Other	24,449	-	-	24,449
AP/IB Program	-	-	34,560	34,560
Regional State Deaf	-	-	267,117	267,117
Total Deferred Revenue	<u>\$ 3,776,292</u>	<u>\$ 1,381,805</u>	<u>\$ 301,677</u>	<u>\$ 5,459,774</u>

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

NOTE 14. SHARED SERVICES ARRANGEMENT

The District is the fiscal agent for the Shared Services Arrangement (SSA) which provides deaf education to member districts whose students are enrolled in Regional Day School for the Deaf (RDSPD). In addition to the District, other member districts include Duncanville ISD and Grand Prairie ISD.

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

NOTE 14. SHARED SERVICES ARRANGEMENT, cont'd.

The District, acting as the fiscal agent, manages the shared arrangement's financial matters, including the budgeting, accounting, auditing, and reporting. According to guidance provided in the TEA Financial Accounting Resource Guide, Update 15.0, the District has accounted for the activities of the SSA in the appropriate special revenue funds. Additionally, the SSA is accounted for using Model #2 and #3 in Section 1.3.1.6 of the Accounting and Reporting Treatment Guidance.

Expenditures billed to the SSA members as of August 31, 2012 are summarized below:

	<u>2012</u>
Duncanville ISD	\$ 144,250
Grand Prairie ISD	<u>222,775</u>
	<u>\$ 367,025</u>

NOTE 15. INSTRUCTIONAL MATERIALS ALLOTMENT

In May 2011, Senate Rule 6 repealed the technology allotment used by Texas schools and created an instructional materials allotment (IMA) for the purchase of instructional materials, technology equipment, and technology related services. Under the IMA, instructional materials purchases must be made through TEA's online registration system. Instructional materials purchased from the IMA totaling \$3,307,877 are recorded as revenues and expenditures in the state special revenue fund.

Ownership of textbooks previously purchased by the state and utilized by the District has been transferred to the District. The value of these textbooks transferred to the District is not reflected in these statements.

NOTE 16. NEW ACCOUNTING PRONOUNCEMENTS

The GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities, which will be effective for periods beginning after December 15, 2012. The statement reclassifies certain items that were previously reported as assets and liabilities, as deferred outflows or inflows of resources, and recognizes these items as outflows or inflows of resources. This statement applies to all state and local governmental entities. The District will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

The GASB issued Statement No. 67, Financial Reporting for Pension Plans, which will be effective for periods beginning after June 15, 2013. The objective of this statement is to improve financial reporting of state and local governmental pension plans with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement applies to all state and local governmental entities and amends Statements 25 and 50. The District will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
AUGUST 31, 2012**

NOTE 16. NEW ACCOUNTING PRONOUNCEMENTS, cont'd.

The GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions, which will be effective for periods beginning after June 15, 2014. The objective of this statement is to improve accounting and financial reporting of state and local governmental pension plans. This statement applies to all state and local governmental entities and replaces Statements 27 and 50. The District will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

NOTE 17. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended August 31, 2012, expenditures exceeded appropriations in the Food Services function of the General Fund by \$7,565. These expenditures were offset by less than anticipated expenditures in the other student support services functions. Expenditures exceeded appropriations in the Plant Maintenance and Operations function of the Food Service Fund by \$11,769. These expenditures were offset by less than anticipated expenditures in the Food Services function.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**IRVING INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2012**

EXHIBIT G-1

DATA CONTROL CODES		Original Budget	Final Amended Budget	Fiscal Year Actual	Variance Positive or (Negative)
REVENUES					
5700	Local and Intermediate Sources	\$94,358,454	\$96,458,238	\$96,143,077	\$ (315,161)
5800	State Program Revenues	141,931,637	145,725,187	147,179,869	1,454,682
5900	Federal Program Revenues	7,362,877	3,456,408	3,753,385	296,977
5020	Total Revenues	<u>243,652,968</u>	<u>245,639,833</u>	<u>247,076,331</u>	<u>1,436,498</u>
EXPENDITURES					
Current:					
0010	Instruction and Instructional-Related Services:				
0011	Instruction	154,898,204	148,137,290	146,464,615	1,672,675
0012	Instructional Resources and Media Services	4,501,376	4,565,806	4,469,404	96,402
0013	Curriculum Development & Instructional Staff Development	2,838,979	3,012,913	2,826,646	186,267
	Total Instruction and Instructional-Related Services:	<u>162,238,559</u>	<u>155,716,009</u>	<u>153,760,665</u>	<u>1,955,344</u>
0020	Instructional and School Leadership:				
0021	Instructional Leadership	4,903,365	4,930,179	4,640,327	289,852
0023	School Leadership	16,043,173	16,434,852	16,283,592	151,260
	Total Instructional and School Leadership:	<u>20,946,538</u>	<u>21,365,031</u>	<u>20,923,919</u>	<u>441,112</u>
0030	Support Services - Student (Pupil):				
0031	Guidance, Counseling, and Evaluation Services	11,990,186	12,357,492	12,111,459	246,033
0032	Social Work Services	429,106	428,614	423,082	5,532
0033	Health Services	2,435,292	2,551,640	2,434,386	117,254
0034	Student (Pupil) Transportation	2,244,758	3,376,185	3,367,212	8,973
0035	Food Services	334,421	341,681	349,246	(7,565)
0036	Co-Curricular/Extracurricular Activities	4,791,592	5,354,125	5,232,892	121,233
	Total Support Services - Student (Pupil):	<u>22,225,355</u>	<u>24,409,737</u>	<u>23,918,277</u>	<u>491,460</u>
0040	Administrative Support Services:				
0041	General Administration	7,507,429	7,572,323	7,028,558	543,765
	Total Administrative Support Services:	<u>7,507,429</u>	<u>7,572,323</u>	<u>7,028,558</u>	<u>543,765</u>
0050	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	20,375,891	21,577,335	21,174,705	402,630
0052	Security and Monitoring Services	2,781,330	2,904,303	2,891,112	13,191
0053	Data Processing Services	3,706,829	4,021,249	3,471,855	549,394
	Total Support Services - Nonstudent Based:	<u>26,864,050</u>	<u>28,502,887</u>	<u>27,537,672</u>	<u>965,215</u>
0060	Ancillary Services:				
0061	Community Services	451,497	449,605	371,926	77,679
	Total Ancillary Services:	<u>451,497</u>	<u>449,605</u>	<u>371,926</u>	<u>77,679</u>
0080	Capital Outlay:				
0081	Facilities Acquisition and Construction	3,519	11,214,194	7,981,571	3,232,623
	Total Capital Outlay:	<u>3,519</u>	<u>11,214,194</u>	<u>7,981,571</u>	<u>3,232,623</u>
0090	Intergovernmental Charges:				
0095	Payments to JJAEP	100,000	100,000	86,526	13,474
0097	Payments to TIF	1,142,054	1,742,264	1,742,264	-
0099	Intergovernmental Charges	532,760	519,552	519,552	-
	Total Intergovernmental Charges:	<u>1,774,814</u>	<u>2,361,816</u>	<u>2,348,342</u>	<u>13,474</u>
6030	Total Expenditures	<u>242,011,761</u>	<u>251,591,602</u>	<u>243,870,930</u>	<u>7,720,672</u>
1100	Excess of Revenues Over Expenditures	<u>1,641,207</u>	<u>(5,951,769)</u>	<u>3,205,401</u>	<u>9,157,170</u>
OTHER FINANCING SOURCES (USES)					
7912	Proceeds from Sale of Fixed Assets	30,000	49,685	55,783	6,098
7919	Insurance Recoveries	-	8,000,000	7,268,016	(731,984)
8911	Transfers Out	-	-	(4,479,121)	(4,479,121)
	Total Other Financing Sources (Uses)	<u>30,000</u>	<u>8,049,685</u>	<u>2,844,678</u>	<u>(5,205,007)</u>
1200	Net Change in Fund Balances	1,671,207	2,097,916	6,050,079	3,952,163
0100	Fund Balance - September 1 (Beginning)	79,417,365	79,417,365	79,417,365	-
3000	Fund Balance - August 31 (Ending)	<u>\$81,088,572</u>	<u>\$81,515,281</u>	<u>\$85,467,444</u>	<u>\$ 3,952,163</u>

See Notes to Required Supplementary Information.

**IRVING INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – FOOD SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2012**

EXHIBIT G-2

DATA CONTROL CODES		Original Budget	Final Amended Budget	Fiscal Year Actual	Variance Positive or (Negative)
	REVENUES				
5700	Local and Intermediate Sources	\$ 3,724,526	\$ 3,570,526	\$ 2,977,172	\$ (593,354)
5800	State Program Revenues	112,830	113,287	113,286	(1)
5900	Federal Program Revenues	15,078,000	17,558,530	18,062,634	504,104
5020	Total Revenues	<u>18,915,356</u>	<u>21,242,343</u>	<u>21,153,092</u>	<u>(89,251)</u>
	EXPENDITURES				
	Current:				
0030	Support Services - Student (Pupil):				
0035	Food Services	17,167,123	17,657,535	16,449,158	1,208,377
0036	Co-Curricular/Extracurricular Activities	550,000	647,118	464,930	182,188
	Total Support Services - Student (Pupil):	<u>17,717,123</u>	<u>18,304,653</u>	<u>16,914,088</u>	<u>1,390,565</u>
0050	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	656,057	606,057	617,826	(11,769)
	Total Support Services - Nonstudent Based:	<u>656,057</u>	<u>606,057</u>	<u>617,826</u>	<u>(11,769)</u>
0080	Capital Outlay:				
0081	Facilities Acquisition and Construction	834,837	1,925,418	1,229,331	696,087
	Total Capital Outlay:	<u>834,837</u>	<u>1,925,418</u>	<u>1,229,331</u>	<u>696,087</u>
6030	Total Expenditures	<u>19,208,017</u>	<u>20,836,128</u>	<u>18,761,245</u>	<u>2,074,883</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(292,661)</u>	<u>406,215</u>	<u>2,391,847</u>	<u>1,985,632</u>
1200	Net Change in Fund Balances	(292,661)	406,215	2,391,847	1,985,632
0100	Fund Balance - September 1 (Beginning)	6,710,687	6,710,687	6,710,687	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 6,418,026</u>	<u>\$ 7,116,902</u>	<u>\$ 9,102,534</u>	<u>\$ 1,985,632</u>

See Notes to Required Supplementary Information.

NOTE 1. BUDGETARY LEGAL COMPLIANCE

The Official Budget was prepared for adoption prior to August 20, 2011 for all required Governmental Funds on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles (see Note 1(D) 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 or 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 29, 2012.

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, 2012**

EXHIBIT H-1

DATA CONTROL CODES		FEDERAL SPECIAL REVENUE	STATE SPECIAL REVENUE	LOCAL SPECIAL REVENUE	TOTALS NONMAJOR GOVERNMENTAL FUNDS
	ASSETS				
1110	Cash & Temporary Investment Receivables:	\$ -	\$ 370,673	\$ 127	\$ 370,800
1240	Due from Other Governments	<u>2,070,196</u>	<u>14,416</u>	<u>-</u>	<u>2,084,612</u>
1000	TOTAL ASSETS	<u>\$ 2,070,196</u>	<u>\$ 385,089</u>	<u>\$ 127</u>	<u>\$ 2,455,412</u>
	LIABILITIES				
2110	Accounts Payable	\$ 326,172	\$ 2,700	\$ -	\$ 328,872
2170	Due to Other Funds	1,744,024	11,716	-	1,755,740
2300	Deferred Revenue	<u>-</u>	<u>301,677</u>	<u>-</u>	<u>301,677</u>
2000	TOTAL LIABILITIES	<u>2,070,196</u>	<u>316,093</u>	<u>-</u>	<u>2,386,289</u>
	FUND BALANCE				
	Restricted	<u>-</u>	<u>68,996</u>	<u>127</u>	<u>69,123</u>
3000	TOTAL FUND BALANCE	<u>-</u>	<u>68,996</u>	<u>127</u>	<u>69,123</u>
4000	TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,070,196</u>	<u>\$ 385,089</u>	<u>\$ 127</u>	<u>\$ 2,455,412</u>

**IRVING INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012**

EXHIBIT H-2

DATA CONTROL CODES		FEDERAL SPECIAL REVENUE	STATE SPECIAL REVENUE	LOCAL SPECIAL REVENUE	TOTALS NONMAJOR GOVERNMENTAL FUNDS
	REVENUES				
5700	Local and Intermediate Sources	\$ -	\$ 330,839	\$ 3,660	\$ 334,499
5800	State Program Revenues	-	6,579,969	-	6,579,969
5900	Federal Program Revenues	<u>25,709,722</u>	-	-	<u>25,709,722</u>
5020	Total Revenues	<u>25,709,722</u>	<u>6,910,808</u>	<u>3,660</u>	<u>32,624,190</u>
	EXPENDITURES				
	Current:				
0010	Instruction and Instructional-Related Services:				
0011	Instruction	20,469,100	6,629,087	3,288	27,101,475
0012	Instructional Resources and Media Services	-	20,176	-	20,176
0013	Curriculum Development & Instructional Staff Development	<u>1,867,311</u>	<u>45,421</u>	-	<u>1,912,732</u>
	Total Instruction and Instructional-Related Services:	<u>22,336,411</u>	<u>6,694,684</u>	<u>3,288</u>	<u>29,034,383</u>
0020	Instructional and School Leadership:				
0021	Instructional Leadership	780,062	106,098	245	886,405
0023	School Leadership	<u>3,252</u>	<u>83,473</u>	-	<u>86,725</u>
	Total Instructional and School Leadership:	<u>783,314</u>	<u>189,571</u>	<u>245</u>	<u>973,130</u>
0030	Support Services - Student (Pupil):				
0031	Guidance, Counseling, and Evaluation Services	902,324	77,263	-	979,587
0033	Health Services	84,788	7,934	-	92,722
0034	Student (Pupil) Transportation	<u>691,851</u>	-	-	<u>691,851</u>
	Total Support Services - Student (Pupil):	<u>1,678,963</u>	<u>85,197</u>	<u>-</u>	<u>1,764,160</u>
0040	Administrative Support Services:				
0041	General Administration	<u>48,725</u>	-	-	<u>48,725</u>
	Total Administrative Support Services:	<u>48,725</u>	<u>-</u>	<u>-</u>	<u>48,725</u>
0050	Support Services - Nonstudent Based:				
0053	Data Processing Services	<u>47,931</u>	-	-	<u>47,931</u>
	Total Support Services - Nonstudent Based:	<u>47,931</u>	<u>-</u>	<u>-</u>	<u>47,931</u>
0060	Ancillary Services:				
0061	Community Services	<u>814,378</u>	9,474	-	<u>823,852</u>
	Total Ancillary Services:	<u>814,378</u>	<u>9,474</u>	<u>-</u>	<u>823,852</u>
6030	Total Expenditures	<u>25,709,722</u>	<u>6,978,926</u>	<u>3,533</u>	<u>32,692,181</u>
1100	Excess of Revenues Over Expenditures	<u>-</u>	<u>(68,118)</u>	<u>127</u>	<u>(67,991)</u>
1200	Net Change in Fund Balances	-	(68,118)	127	(67,991)
0100	Fund Balance - September 1 (Beginning)	-	137,114	-	137,114
	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 68,996</u>	<u>\$ 127</u>	<u>\$ 69,123</u>

INTERNAL SERVICE FUNDS

**IRVING INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2012**

DATA CONTROL CODES		WORKERS'		
		HEALTH	COMPENSATION	UNEMPLOYMENT
	ASSETS			
	Current Assets:			
1110	Cash and Temporary Investments	\$ 439,226	\$ 2,891,623	\$ 420,742
1290	Other Receivables	-	-	-
1310	Inventories, at cost	-	-	-
	Total Current Assets	<u>439,226</u>	<u>2,891,623</u>	<u>420,742</u>
	Non-Current Assets:			
1500	Furniture and Equipment, net	\$ -	\$ -	\$ -
	Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>
1000	Total Assets	<u>439,226</u>	<u>2,891,623</u>	<u>420,742</u>
	LIABILITIES			
	Current Liabilities:			
2110	Accounts Payable	\$ -	\$ 6,444	\$ 29,977
	Total Current Liabilities	<u>-</u>	<u>6,444</u>	<u>29,977</u>
	Noncurrent Liabilities:			
2800	Claims due within one year	-	737,595	-
	Claims due in more than one year	-	482,502	-
	Total Long-Term Liabilities	<u>-</u>	<u>1,220,097</u>	<u>-</u>
2000	Total Liabilities	<u>-</u>	<u>1,226,541</u>	<u>29,977</u>
	NET ASSETS			
3800	Invested in Capital Assets, Net of Related Debt	-	-	-
3900	Unrestricted Net Assets	<u>439,226</u>	<u>1,665,082</u>	<u>390,765</u>
3000	TOTAL NET ASSETS	<u>\$ 439,226</u>	<u>\$ 1,665,082</u>	<u>\$ 390,765</u>

EXHIBIT H-3

<u>BENEFITS ADMINISTRATION</u>	<u>SCIENCE KIT REFURBISHMENT</u>	<u>IRVING.NET</u>	<u>PRINT SHOP</u>	<u>TOTALS INTERNAL SERVICE FUNDS</u>
\$ 29,945	\$ 342,827	\$ 23,971	\$ 13,772	\$ 4,162,106
-	87,903	-	-	87,903
-	396,383	-	3,947	400,330
<u>29,945</u>	<u>827,113</u>	<u>23,971</u>	<u>17,719</u>	<u>4,650,339</u>
\$ -	\$ -	\$ -	\$ 604	\$ 604
-	-	-	604	604
<u>29,945</u>	<u>827,113</u>	<u>23,971</u>	<u>18,323</u>	<u>4,650,943</u>
\$ 1,086	\$ -	\$ -	\$ 15,192	52,699
<u>1,086</u>	<u>-</u>	<u>-</u>	<u>15,192</u>	<u>52,699</u>
-	-	-	-	737,595
-	-	-	-	482,502
-	-	-	-	1,220,097
<u>1,086</u>	<u>-</u>	<u>-</u>	<u>15,192</u>	<u>1,272,796</u>
-	-	-	604	604
<u>28,859</u>	<u>827,113</u>	<u>23,971</u>	<u>2,527</u>	<u>3,377,543</u>
<u>\$ 28,859</u>	<u>\$ 827,113</u>	<u>\$ 23,971</u>	<u>\$ 3,131</u>	<u>\$ 3,378,147</u>

**IRVING INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012**

DATA CONTROL CODES	HEALTH	WORKERS' COMPENSATION	UNEMPLOYMENT
OPERATING REVENUES			
5700 Charges for Services	\$ 1,952	\$ 1,064,976	\$ 800,249
5020 Total Operating Revenues	<u>1,952</u>	<u>1,064,976</u>	<u>800,249</u>
OPERATING EXPENSES			
6100 Payroll Costs	-	125,922	13,264
6200 Professional/Contracted Services	-	420	-
6300 Supplies and Materials	-	970	-
6400 Claims, Administration, and Other Expenses	-	809,338	380,257
6030	<u>-</u>	<u>936,650</u>	<u>393,521</u>
Operating Income (Loss)	1,952	128,326	406,728
NON-OPERATING REVENUES			
7955 Interest Income	<u>-</u>	<u>3,113</u>	<u>-</u>
CHANGE IN NET ASSETS			
0100 Total Net Assets (Deficit) - September 1 (Beg.)	1,952	131,439	406,728
	<u>437,274</u>	<u>1,533,643</u>	<u>(15,963)</u>
3000 Total Net Assets - August 31 (Ending)	<u>\$ 439,226</u>	<u>\$ 1,665,082</u>	<u>\$ 390,765</u>

EXHIBIT H-4

BENEFITS ADMINISTRATION	SCIENCE KIT REFURBISHMENT	IRVING.NET	PRINT SHOP	TOTALS INTERNAL SERVICE FUNDS
\$ 52,534	\$ 572,344	\$ 14,383	\$ 99,246	\$ 2,605,684
52,534	572,344	14,383	99,246	2,605,684
-	205,469	8,407	-	353,062
43,697	2,004	360	102,862	149,343
-	281,335	-	43,302	325,607
-	1,146	1,489	1,210	1,193,440
43,697	489,954	10,256	147,374	2,021,452
8,837	82,390	4,127	(48,128)	584,232
-	-	-	-	3,113
8,837	82,390	4,127	(48,128)	587,345
20,022	744,723	19,844	51,259	2,790,802
\$ 28,859	\$ 827,113	\$ 23,971	\$ 3,131	\$ 3,378,147

**IRVING INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012**

	HEALTH	WORKERS COMPENSATION	UNEMPLOYMENT
Cash Flows from Operating Activities:			
Cash Received for Premiums and Services	\$ 1,952	\$ 1,064,976	\$ 800,249
Cash Paid to Employees	-	(125,922)	-
Cash Paid for Claims, Administration, & Other Costs	(1,786,206)	(1,154,872)	(469,156)
Net Cash Provided by (Used in) Operating Activities	(1,784,254)	(215,818)	331,093
Cash Flows from Noncapital Financing Activities:			
Cash Received from Other Funds	845,771	-	-
Net Cash Provided by Noncapital Financing Activities	845,771	-	-
Cash Flows from Investing Activities:			
Interest Received	-	3,113	-
Net Cash Provided by Investing Activities	-	3,113	-
Net Increase (Decrease) in Cash & Cash Equivalents	(938,483)	(212,705)	331,093
Cash and Cash Equivalents at Beginning of the Year	1,377,709	3,104,328	89,649
Cash and Cash Equivalents at End of the Year	\$ 439,226	\$ 2,891,623	\$ 420,742
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	\$ 1,952	\$ 128,326	\$ 406,728
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Depreciation	-	-	-
Change in Current Assets and Liabilities:			
Decrease (Increase) in Other Receivables	4,544	-	-
Decrease in Inventories	-	-	-
Increase (Decrease) in Accounts Payable	(1,790,451)	6,374	(75,635)
Decrease in Accrued Expenses	(299)	-	-
Decrease in Due to Other Funds	-	-	-
Decrease in Long-term Claims Reserve	-	(350,518)	-
Total Adjustments	(1,786,206)	(344,144)	(75,635)
Net Cash Provided by (Used in) Operating Activities	\$ (1,784,254)	\$ (215,818)	\$ 331,093

EXHIBIT H-5

<u>BENEFITS</u> <u>ADMINISTRATION</u>	<u>SCIENCE KIT</u> <u>REFURBISHMENT</u>	<u>IRVING.NET</u>	<u>PRINT SHOP</u>	<u>TOTALS</u> <u>INTERNAL SERVICE</u> <u>FUNDS</u>
\$ 52,534	\$ 572,344	\$ 14,383	\$ 99,246	\$ 2,605,684
-	(205,469)	(8,407)	-	(339,798)
<u>(42,611)</u>	<u>(311,777)</u>	<u>(1,849)</u>	<u>(139,619)</u>	<u>(3,906,090)</u>
9,923	55,098	4,127	(40,373)	(1,640,204)
-	-	-	-	845,771
-	-	-	-	845,771
-	-	-	-	3,113
-	-	-	-	3,113
9,923	55,098	4,127	(40,373)	(791,320)
20,022	287,729	19,844	54,145	4,953,426
<u>\$ 29,945</u>	<u>\$ 342,827</u>	<u>\$ 23,971</u>	<u>\$ 13,772</u>	<u>\$ 4,162,106</u>
\$ 8,837	\$ 82,390	\$ 4,127	\$ (48,128)	\$ 584,232
-	-	-	1,210	1,210
-	(87,903)	-	-	(83,359)
-	149,445	-	2,230	151,675
1,086	(21,353)	-	4,315	(1,875,664)
-	-	-	-	(299)
-	(67,481)	-	-	(67,481)
-	-	-	-	(350,518)
<u>1,086</u>	<u>(27,292)</u>	<u>-</u>	<u>7,755</u>	<u>(2,224,436)</u>
<u>\$ 9,923</u>	<u>\$ 55,098</u>	<u>\$ 4,127</u>	<u>\$ (40,373)</u>	<u>\$ (1,640,204)</u>

FIDUCIARY FUNDS

**IRVING INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 AUGUST 31, 2012**

EXHIBIT H-6

	STUDENT ACTIVITY FUNDS	FLEXIBLE BENEFITS	TOTALS AGENCY FUNDS
ASSETS			
Cash and Temporary Investments	\$ 379,491	\$ 453,214	\$ 832,705
TOTAL ASSETS	\$ 379,491	\$ 453,214	\$ 832,705
LIABILITIES			
Accounts Payable	\$ 10,699	453,214	\$ 463,913
Due to Student Groups	368,792	-	368,792
TOTAL LIABILITIES	\$ 379,491	\$ 453,214	\$ 832,705

**IRVING INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012**

EXHIBIT H-7

	<u>BALANCE</u> <u>9/1/2011</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>8/31/2012</u>
STUDENT ACTIVITIES:				
Assets:				
Cash & Temporary Investments	\$ 329,501	\$ 1,053,481	\$ 1,003,491	\$ 379,491
Total Assets	<u>\$ 329,501</u>	<u>\$ 1,053,481</u>	<u>\$ 1,003,491</u>	<u>\$ 379,491</u>
Liabilities:				
Accounts Payable	\$ 13,168	\$ 950,287	\$ 952,756	\$ 10,699
Due to Student Groups	316,333	1,137,715	1,085,256	368,792
Total Liabilities	<u>\$ 329,501</u>	<u>\$ 2,088,002</u>	<u>\$ 2,038,012</u>	<u>\$ 379,491</u>
FLEXIBLE BENEFITS:				
Assets:				
Cash & Temporary Investments	\$ 478,852	\$ 1,858,641	\$ 1,884,279	\$ 453,214
Total Assets	<u>\$ 478,852</u>	<u>\$ 1,858,641</u>	<u>\$ 1,884,279</u>	<u>\$ 453,214</u>
Liabilities:				
Accounts Payable	\$ 478,852	\$ 3,732,772	\$ 3,758,410	\$ 453,214
Total Liabilities	<u>\$ 478,852</u>	<u>\$ 3,732,772</u>	<u>\$ 3,758,410</u>	<u>\$ 453,214</u>
TOTAL AGENCY FUNDS:				
Assets:				
Cash & Temporary Investments	\$ 808,353	\$ 2,912,122	\$ 2,887,770	\$ 832,705
Total Assets	<u>\$ 808,353</u>	<u>\$ 2,912,122</u>	<u>\$ 2,887,770</u>	<u>\$ 832,705</u>
Liabilities:				
Accounts Payable	\$ 492,020	\$ 4,683,059	\$ 4,711,166	\$ 463,913
Due to Student Groups	316,333	1,137,715	1,085,256	368,792
Total Liabilities	<u>\$ 808,353</u>	<u>\$ 5,820,774</u>	<u>\$ 5,796,422</u>	<u>\$ 832,705</u>

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

**IRVING INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2012**

Last Ten Years Tax Roll Fiscal Year Ending August 31	Operations	Maintenance Debt	Total	Interest & Sinking	3 Assessed/ Appraised Value for School Tax
2003 & Prior Years	Various	Various	Various	Various	Various
2004	1.5000	--	1.5000	0.3150	\$ 7,554,198,014
2005	1.5000	--	1.5000	0.3370	7,860,220,752
2006	1.5000	--	1.5000	0.3140	8,239,493,587
2007	1.3300	--	1.3300	0.3140	8,831,620,036
2008	1.0000	--	1.0000	0.3485	9,582,309,159
2009	1.0200	--	1.0200	0.3710	9,985,889,156
2010	1.0200	--	1.0200	0.4050	9,485,866,005
2011	1.0400	--	1.0400	0.4250	9,045,693,812
2012	1.0400	--	1.0400	0.4250	8,914,841,212 *
1000 Totals					

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

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

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

Column 20 - Current Year's Tax Levy:

This amount is calculated by multiplying the total tax rate times per \$100 of Assessed/Appraised value, then deducting the levy lost due to the over 65 tax freeze exemption and proration of taxes of \$3,689,922.

* Source: 2011 School District Report of Property Value
(Includes all Supplements and Litigated Accounts).

10 Beginning Balance 9/1/2011	20 Current Year's Total Levy	30 Maintenance Total Collections	30a Debt Service Total Collections	40 Fiscal Year's Adjustment	50 Ending Balance 8/31/2012
\$ 954,093	\$ -	\$ 4,693	\$ 802	\$ (441)	\$ 948,157
200,576	-	3,141	660	-	196,775
388,850	-	7,662	1,721	-	379,467
439,471	-	13,418	2,809	-	423,244
425,779	-	22,825	5,389	(1,333)	396,232
433,934	-	30,078	10,482	(149)	393,225
685,424	-	71,656	26,063	(17,219)	570,486
1,294,115	-	230,568	91,550	(26,778)	945,219
2,106,648	-	470,308	192,194	(324,972)	1,119,174
-	126,932,410	88,853,872	36,310,455	-	1,768,083
<u>\$ 6,928,890</u>	<u>\$ 126,932,410</u>	<u>\$ 89,708,221</u>	<u>\$ 36,642,125</u>	<u>\$ (370,892)</u>	<u>\$ 7,140,062</u>
		\$ 1,742,264			

Column 30 - Fiscal Year Collections:

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

Column 40 - Fiscal Year's Adjustments:

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

Column 50 - Ending balance 8/31/12:

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

**IRVING INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS
OF INDIRECT COST FOR 2011-2012
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012**

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	\$ -	\$ 237,523	\$ 724,511	\$ 4,627,366	\$ 110,953	\$ -	\$ 5,700,353
6211	601,015	-	-	-	15,474	-	616,489
6212	-	-	-	80,000	-	-	80,000
6213	-	519,522	-	-	-	-	519,522
621X	-	-	-	-	-	-	-
6230	-	-	-	47,866	-	-	47,866
6240	-	-	-	-	540,459	-	540,459
6250	-	-	-	-	146,335	-	146,335
6260	-	1,568	131,333	44,209	-	-	177,110
6290	992	11,893	18,155	518,295	-	-	549,335
6320	325	72	1,098	2,597	-	-	4,092
63XX	2,108	19,709	56,428	339,928	10,187	-	428,360
6410	13,180	4,335	20,616	67,627	964	-	106,722
6420	32,593	235	142	92,525	-	-	125,495
6430	49,001	-	-	-	-	-	49,001
6490	25,637	2,072	22,459	395,088	-	-	445,256
6600	-	-	-	-	-	158,639	158,639
Total	\$ 724,851	\$ 796,929	\$ 974,742	\$ 6,215,501	\$ 824,372	\$ 158,639	\$ 9,695,034

Total Expenditures for General and Special Revenue Funds (Schedule C-2) (8) \$ 295,324,356

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)

\$ 11,449,725

Total Debt & Lease (6500)

-

Plant Maintenance (Function 51, 6100-6400)

21,558,473

Food (Function 35, 6341 and 6499)

6,443,934

Stipends (6413)

-

Column 4 (above) - Total Indirect Cost

6,215,501

Subtotal:

45,667,633

Net Allowed Direct Cost

\$ 249,656,723

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)

\$ 636,527,356

Historical Cost of Buildings over 50 years old

38,102,538

Amount of Federal Money in Building Cost (Net of Above)

-

Total Cost of Furniture & Equipment before Depreciation (1530)

110,105,333

Historical Cost of Furniture & Equipment over 16 years old

1,019,749

Amount of Federal Money in Furniture & Equipment (Net of Above)

3,109,100

Note: \$1,516,746 in Function 53 expenditures are included in this report on administrative costs.

\$519,552 of Capital Projects in Function 41 expenditures are excluded from this report on administrative costs.

IRVING INDEPENDENT SCHOOL DISTRICT **EXHIBIT J-3**
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Original Budget	Final Amended Budget	Fiscal Year Actual	Variance Positive or (Negative)	
REVENUES					
5700	Local and Intermediate Sources	\$ 36,028,731	\$ 36,381,636	\$ 36,405,272	\$ 23,636
5800	State Program Revenues	9,260,602	10,610,150	10,610,150	-
5020	Total Revenues	<u>45,289,333</u>	<u>46,991,786</u>	<u>47,015,422</u>	<u>23,636</u>
EXPENDITURES					
0070	Debt Service:				
0071	Principal	16,383,540	17,123,540	17,123,540	-
0072	Interest and Charges on Long-Term Debt	29,052,838	29,052,838	29,033,988	18,850
0073	Bond Issue Costs and Fees	275,000	275,000	180,785	94,215
	Total Debt Services	<u>45,711,378</u>	<u>46,451,378</u>	<u>46,338,313</u>	<u>113,065</u>
6030	Total Expenditures	<u>45,711,378</u>	<u>46,451,378</u>	<u>46,338,313</u>	<u>113,065</u>
1100	Excess (Deficiency) of Revenues Over (under) Expenditures	<u>(422,045)</u>	<u>540,408</u>	<u>677,109</u>	<u>136,701</u>
OTHER FINANCING SOURCES (USES)					
7916	Premium on Issuance of Debt	-	-	159,190	(159,190)
	Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>159,190</u>	<u>(159,190)</u>
1200	Net Change in Fund Balances	(422,045)	540,408	836,299	295,891
0100	Fund Balance - September 1 (Beginning)	13,614,669	13,614,669	13,614,669	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 13,192,624</u>	<u>\$ 14,155,077</u>	<u>\$ 14,450,968</u>	<u>\$ 295,891</u>



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

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

Contents	Page
Financial Trends Information These schedules contain trend information intended to help the reader understand how the district's financial position has changed over time.	76
Revenue Capacity Information These schedules contain information intended to help the reader assess the district's most significant revenue source, state tax collections.	90
Debt Capacity information These schedules contain information intended to assist users in understanding and assessing the district's current levels of outstanding debt and the ability to issue additional debt.	96
Demographic and Economic information These schedules provide demographic and economic indicators intended to help the reader understand the socioeconomic environment within which the district's financial activities take place.	98
Operating Information These schedules provide contextual information about the district's operations and resources intended to assist readers in using financial statement information to understand and assess the district's economic condition.	102

**IRVING INDEPENDENT SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities			As Restated	
Invested in capital assets, net of related debt	\$ 31,468,629	\$ 53,188,552	\$ 20,925,351	\$ 15,482,850
Restricted				
Food Service	1,713,224	2,486,215	3,379,086	4,910,165
Debt Service	7,767,463	5,854,438	(320,233)	3,546,649
Unrestricted	<u>(10,721,894)</u>	<u>(41,061,425)</u>	<u>(4,516,715)</u>	<u>6,134,559</u>
Total primary government net assets	<u><u>\$ 30,227,422</u></u>	<u><u>\$ 20,467,780</u></u>	<u><u>\$ 19,467,489</u></u>	<u><u>\$ 30,074,223</u></u>

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

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 17,326,732	\$ 12,678,217	\$ 235,946	\$ 3,431,449	\$ 4,933,936	\$ 30,022,606
5,829,135	6,482,598	7,121,811	7,398,104	6,710,687	9,102,534
483,099	3,866,540	6,948,487	3,899,725	4,549,566	12,602,461
22,854,621	31,999,108	44,389,864	36,876,813	35,907,568	15,693,677
<u>\$ 46,493,587</u>	<u>\$ 55,026,463</u>	<u>\$ 58,696,108</u>	<u>\$ 51,606,091</u>	<u>\$ 52,101,757</u>	<u>\$ 67,421,278</u>

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses				
Governmental activities				
Instruction	\$ 141,378,290	\$ 140,482,414	\$ 146,901,790	\$ 151,485,746
Instructional resources and media services	4,125,063	4,086,837	4,226,810	4,305,056
Curriculum and staff development services	2,922,273	2,796,047	3,045,050	3,113,527
Instructional leadership	4,124,716	4,520,665	4,290,512	4,285,657
School leadership	13,656,367	14,133,219	14,355,641	15,372,131
Guidance, counseling, & evaluation services	9,070,236	9,428,195	9,556,167	9,622,840
Social work services	313,467	338,892	334,891	386,673
Health services	1,830,314	1,847,329	1,891,844	1,911,962
Student transportation	1,780,177	2,082,926	2,407,130	2,818,312
Food Service	10,271,774	10,992,177	11,327,917	11,868,793
Extracurricular activities	3,566,372	3,601,010	3,640,268	3,819,855
General administration	5,582,107	6,271,739	6,253,171	6,533,431
Plant maintenance and operations	16,627,084	16,583,792	17,454,062	19,046,590
Security and monitoring services	1,460,917	1,486,013	1,486,523	1,557,058
Data processing services	2,447,109	2,564,905	3,627,658	3,050,837
Community services	709,301	1,031,252	801,428	738,404
Interest on long-term debt	20,209,588	24,143,929	21,928,409	20,163,981
Facilities acquisition/construction	1,792	3,458	-	-
Intergovernmental charges	601,929	112,540	98,414	162,003
Payments to TIF	-	-	-	-
Other Intergovernmental Charges	-	-	-	-
Total primary government program expenses	<u>240,678,876</u>	<u>246,507,339</u>	<u>253,627,685</u>	<u>260,242,856</u>
Prior Period Adjustment	-	-	-	948,669
As restated	<u>\$ 240,678,876</u>	<u>\$ 246,507,339</u>	<u>\$ 253,627,685</u>	<u>\$ 261,191,525</u>
Program Revenues				
Governmental activities				
Charges for services				
Instruction	1,063,806	1,658,110	1,703,997	1,703,590
Instructional leadership	35,555	370,890	-	-
Guidance, counseling, & evaluation services	-	-	-	-
Food service	3,023,447	2,854,792	3,025,401	3,063,206
Extracurricular activities	1,333,805	1,428,587	1,303,344	1,333,011
Plant maintenance and operations	137,990	168,366	192,941	178,949
Operating grants and contributions	26,434,666	25,974,739	30,492,545	33,430,779
Capital Grants and Contributions	-	-	-	-
Total primary government program revenues	<u>\$ 32,029,269</u>	<u>\$ 32,455,484</u>	<u>\$ 36,718,228</u>	<u>\$ 39,709,535</u>
Net (Expense)/Revenue				
Total primary government expenses	<u>\$ (208,649,607)</u>	<u>\$ (214,051,855)</u>	<u>\$ (216,909,457)</u>	<u>\$ (221,481,990)</u>

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

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 156,793,863	\$ 168,804,073	\$ 180,232,180	\$ 202,902,605	\$ 202,027,719	\$ 190,308,817
4,427,356	4,710,352	4,975,486	5,268,387	5,395,741	5,448,807
3,295,719	3,923,766	3,558,753	5,052,148	5,230,001	4,751,709
4,932,500	5,225,582	5,155,792	5,767,304	5,302,420	5,624,822
16,069,867	17,269,721	18,327,617	19,227,696	19,274,337	17,229,739
10,134,028	11,014,134	13,188,546	14,526,771	14,456,133	13,715,505
391,517	451,833	454,045	421,492	452,483	422,845
2,070,801	2,352,144	2,546,835	2,668,537	2,677,435	2,652,074
3,141,164	3,294,523	3,498,826	3,894,410	4,462,792	4,086,234
12,864,427	13,916,614	15,973,273	16,353,277	17,047,841	17,531,841
4,291,034	4,905,015	4,968,072	5,244,068	6,243,463	6,270,809
6,831,531	7,024,356	7,214,596	7,239,959	7,248,095	7,199,150
18,259,089	18,582,655	20,296,508	22,197,037	21,587,242	22,012,072
1,671,357	2,221,348	2,615,072	2,835,972	2,849,399	2,905,808
3,978,718	3,704,739	3,574,010	3,369,105	3,549,859	3,893,178
858,752	1,088,711	1,177,345	1,336,533	1,246,312	1,195,296
21,739,963	22,865,771	24,205,191	27,919,340	28,495,578	28,718,685
-	-	3,469	3,450	-	3,974
121,135	166,095	176,431	91,036	64,752	86,526
-	498,713	2,347,460	1,414,723	1,010,907	1,742,264
-	-	505,598	535,803	531,534	519,552
<u>271,872,821</u>	<u>292,020,145</u>	<u>314,995,105</u>	<u>348,269,653</u>	<u>349,154,043</u>	<u>336,319,707</u>
<u>\$ 271,872,821</u>	<u>\$ 292,020,145</u>	<u>\$ 314,995,105</u>	<u>\$ 348,269,653</u>	<u>\$ 349,154,043</u>	<u>\$ 336,319,707</u>
1,428,425	827,006	675,741	592,479	543,735	516,091
344,144	-	-	-	-	-
177,332	-	-	-	-	-
2,985,422	2,996,746	3,048,365	2,751,056	2,508,940	2,971,813
1,487,930	1,262,648	1,380,358	1,422,835	1,413,786	1,427,241
163,346	132,445	149,044	212,710	177,518	731,666
32,270,600	38,828,216	45,849,732	72,112,849	74,113,382	57,192,756
-	-	75,000	-	-	-
<u>\$ 38,857,199</u>	<u>\$ 44,047,061</u>	<u>\$ 51,178,240</u>	<u>\$ 77,091,929</u>	<u>\$ 78,757,361</u>	<u>\$ 62,839,567</u>
<u>\$ (233,015,622)</u>	<u>\$ (247,973,084)</u>	<u>\$ (263,816,865)</u>	<u>\$ (271,177,724)</u>	<u>\$ (270,396,682)</u>	<u>\$ (273,480,140)</u>

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net (Expense)/Revenue				
Total primary government expenses	<u>\$ (208,649,607)</u>	<u>\$ (214,051,855)</u>	<u>\$ (216,909,457)</u>	<u>\$ (221,481,990)</u>
General Revenues				
Governmental activities				
Taxes				
Property taxes levied for general purposes	\$ 112,163,035	\$ 110,325,929	\$ 114,765,808	\$ 118,995,866
Property taxes levied for debt service	20,041,515	23,214,927	25,730,326	24,870,366
State Aid Formula Grants	61,600,073	67,793,701	72,033,002	80,428,670
Investment earnings	2,386,301	1,847,751	3,358,191	5,407,773
Miscellaneous	<u>1,447,189</u>	<u>1,109,905</u>	<u>970,508</u>	<u>1,177,260</u>
Total primary government	<u>197,638,113</u>	<u>204,292,213</u>	<u>216,857,835</u>	<u>230,879,935</u>
Change in Net Assets				
Total primary government	<u>\$ (11,011,494)</u>	<u>\$ (9,759,642)</u>	<u>\$ (51,622)</u>	<u>\$ 9,397,945</u>

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

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>\$ (233,015,622)</u>	<u>\$ (247,973,084)</u>	<u>\$ (263,816,865)</u>	<u>\$ (271,177,724)</u>	<u>\$ (270,396,682)</u>	<u>\$ (273,480,140)</u>
\$ 114,148,984	\$ 91,437,264	\$ 97,024,305	\$ 93,248,521	\$ 90,847,221	\$ 89,463,642
26,892,668	32,112,354	34,961,198	37,025,527	37,126,703	36,363,206
99,077,027	123,663,032	127,466,060	129,868,903	139,197,880	157,790,019
7,551,678	7,590,752	4,993,990	1,870,376	871,377	692,064
<u>1,764,629</u>	<u>1,702,558</u>	<u>3,040,957</u>	<u>2,074,380</u>	<u>2,849,167</u>	<u>4,490,730</u>
<u>249,434,986</u>	<u>256,505,960</u>	<u>267,486,510</u>	<u>264,087,707</u>	<u>270,892,348</u>	<u>288,799,661</u>
<u>\$ 16,419,364</u>	<u>\$ 8,532,876</u>	<u>\$ 3,669,645</u>	<u>\$ (7,090,017)</u>	<u>\$ 495,666</u>	<u>\$ 15,319,521</u>

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u> As Restated	<u>2006</u>
General Fund				
Reserved and designated	\$ 8,774,971	\$ 7,829,443	\$ 7,783,690	\$ 6,658,936
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved	21,389,155	25,229,172	30,251,545	46,797,121
Total general fund	<u>\$ 30,164,126</u>	<u>\$ 33,058,615</u>	<u>\$ 38,035,235</u>	<u>\$ 53,456,057</u>
All Other Governmental Funds				
Reserved				
Special revenue funds	1,713,224	2,486,215	3,379,086	5,170,285
Debt service fund	9,260,702	9,540,108	10,454,626	12,084,774
Capital projects fund	74,463,098	70,965,056	41,325,555	19,109,623
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 85,437,024</u>	<u>\$ 82,991,379</u>	<u>\$ 55,159,267</u>	<u>\$ 36,364,682</u>

Note: In fiscal year 2011, the District implemented GASB 54 which changed the fund balance classifications to nonspendable, committed, restricted, assigned and unassigned.

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

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 5,178,967	\$ 4,950,861	\$ 5,498,527	\$ 8,703,587	\$ -	\$ -
-	-	-	-	1,058,731	772,985
-	-	-	-	7,744,340	3,374,022
-	-	-	-	70,614,294	81,320,437
62,600,749	70,672,111	75,006,001	68,382,436	-	-
<u>\$ 67,779,716</u>	<u>\$ 75,622,972</u>	<u>\$ 80,504,528</u>	<u>\$ 77,086,023</u>	<u>\$ 79,417,365</u>	<u>\$ 85,467,444</u>
6,977,423	7,264,922	4,922,770	7,424,091	-	-
13,439,971	12,331,569	18,518,712	14,620,052	-	-
32,858,019	104,020,753	115,773,018	112,060,012	-	-
-	-	-	-	193,802	262,320
-	-	-	-	86,014,879	82,214,192
-	-	-	-	-	-
<u>\$ 53,275,413</u>	<u>\$ 123,617,244</u>	<u>\$ 139,214,500</u>	<u>\$ 134,104,155</u>	<u>\$ 86,208,681</u>	<u>\$ 82,476,512</u>

**IRVING INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES¹
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u> As Restated	<u>2006</u>
Federal sources:				
Federal grants	\$ 11,296,230	\$ 14,241,524	\$ 17,290,408	\$ 18,513,271
Food service	7,505,425	8,062,369	8,833,357	9,837,963
Capital projects	-	-	-	-
Total federal sources	<u>\$ 18,801,655</u>	<u>\$ 22,303,893</u>	<u>\$ 26,123,765</u>	<u>\$ 28,351,234</u>
State sources:				
State grants and other	65,041,434	65,901,252	69,877,065	77,597,077
Food service	109,717	105,897	101,329	104,521
Debt service	4,798,323	5,931,418	6,777,084	8,426,457
Total state sources	<u>\$ 69,949,474</u>	<u>\$ 71,938,567</u>	<u>\$ 76,755,478</u>	<u>\$ 86,128,055</u>
Local sources:				
Local & intermediate sources	115,689,544	115,104,227	119,114,539	125,880,509
Food service	3,023,447	2,868,595	3,088,575	3,223,491
Debt service	20,286,203	23,294,950	25,915,188	25,414,527
Capital projects	1,137,469	839,266	1,251,009	1,200,876
Total local sources	<u>\$ 140,136,663</u>	<u>\$ 142,107,038</u>	<u>\$ 149,369,311</u>	<u>\$ 155,719,403</u>
Total revenues	<u>\$ 228,887,792</u>	<u>\$ 236,349,498</u>	<u>\$ 252,248,554</u>	<u>\$ 270,198,692</u>

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

Note:

¹ Includes General, Food Service, Debt Service, Capital Projects, and Special Revenue Funds.

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 15,366,903	\$ 19,536,650	\$ 21,859,060	\$ 47,734,756	\$ 49,796,037	\$ 29,463,107
11,305,672	11,756,508	13,802,030	15,454,652	15,802,248	18,062,634
-	-	-	-	753,747	786,518
<u>\$ 26,672,575</u>	<u>\$ 31,293,158</u>	<u>\$ 35,661,090</u>	<u>\$ 63,189,408</u>	<u>\$ 66,352,032</u>	<u>\$ 48,312,259</u>
97,207,159	123,615,224	130,353,672	130,813,857	137,449,208	153,759,838
105,045	111,329	111,223	112,830	110,412	113,286
7,863,269	6,635,812	4,551,934	5,903,142	7,755,173	10,610,150
<u>\$ 105,175,473</u>	<u>\$ 130,362,365</u>	<u>\$ 135,016,829</u>	<u>\$ 136,829,829</u>	<u>\$ 145,314,793</u>	<u>\$ 164,483,274</u>
124,237,728	102,058,885	106,888,411	99,594,423	97,155,289	96,477,576
3,210,101	3,162,463	3,096,672	2,760,323	2,515,749	2,977,172
27,994,311	32,834,524	35,331,200	37,001,854	37,324,470	36,405,272
1,109,368	2,338,211	1,994,383	868,130	1,093,328	648,793
<u>\$ 156,551,508</u>	<u>\$ 140,394,083</u>	<u>\$ 147,310,666</u>	<u>\$ 140,224,730</u>	<u>\$ 138,088,836</u>	<u>\$ 136,508,813</u>
<u><u>\$ 288,399,556</u></u>	<u><u>\$ 302,049,606</u></u>	<u><u>\$ 317,988,585</u></u>	<u><u>\$ 340,243,967</u></u>	<u><u>\$ 349,755,661</u></u>	<u><u>\$ 349,304,346</u></u>

**IRVING INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO¹
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenditures				
Governmental activities				
11 Instruction	\$ 151,720,835	\$ 133,489,497	\$ 137,871,663	\$ 140,965,033
12 Instructional resources & media services	4,651,601	4,262,714	4,438,065	4,196,788
13 Curriculum & staff development services	2,905,061	2,768,619	3,041,593	3,108,679
Total function 10	<u>133,692,821</u>	<u>140,520,830</u>	<u>145,351,321</u>	<u>148,270,500</u>
21 Instructional leadership	4,091,776	4,181,626	3,927,769	4,044,615
23 School leadership	13,160,646	13,445,689	13,934,237	14,771,684
Total function 20	<u>15,914,685</u>	<u>17,627,315</u>	<u>17,862,006</u>	<u>18,816,299</u>
31 Guidance, counseling, & evaluation services	8,751,742	8,976,635	9,197,470	9,218,760
32 Social work services	312,915	337,185	338,207	388,421
33 Health services	1,762,015	1,789,906	1,853,302	1,803,601
34 Student transportation	1,753,028	2,055,755	2,379,959	2,791,141
35 Food service	9,720,315	10,336,431	10,970,668	11,576,056
36 Extracurricular activities	3,318,132	3,293,191	3,390,310	3,508,333
Total function 30	<u>22,966,703</u>	<u>26,789,103</u>	<u>28,129,916</u>	<u>29,286,312</u>
41 General administration	6,726,117	5,880,996	5,816,669	5,900,645
Total function 40	<u>5,522,034</u>	<u>5,880,996</u>	<u>5,816,669</u>	<u>5,900,645</u>
51 Plant maintenance and operations	16,557,826	16,461,637	17,238,257	18,943,773
52 Security and monitoring services	1,482,338	1,501,233	1,483,529	1,563,207
53 Data processing services	2,347,326	2,473,285	4,516,994	3,827,566
Total function 50	<u>19,400,321</u>	<u>20,436,155</u>	<u>23,238,780</u>	<u>24,334,546</u>
61 Community services	708,822	1,008,516	800,270	735,436
Total function 60	<u>306,114</u>	<u>1,008,516</u>	<u>800,270</u>	<u>735,436</u>
71 Debt service ³				
Principal on long-term debt	11,521,344	12,100,437	13,444,789	13,460,943
Interest on long-term debt ³	15,004,129	17,212,417	18,386,035	18,698,016
Bond issuance costs and fees	-	-	-	810,321
Total function 70	<u>26,525,473</u>	<u>29,312,854</u>	<u>31,830,824</u>	<u>32,969,280</u>
81 Facilities acquisition/construction	54,932,374	34,406,064	21,088,401	24,801,952
Total function 80	<u>45,779,339</u>	<u>34,406,064</u>	<u>21,088,401</u>	<u>24,801,952</u>
95 Payments to JJAEP	66,504	112,540	98,414	162,003
97 Payments to TIF	535,425	-	-	-
99 Intergovernmental Charges	-	-	-	-
Total function 90	<u>818,673</u>	<u>112,540</u>	<u>98,414</u>	<u>162,003</u>
Total expenditures	<u>270,926,163</u>	<u>276,094,373</u>	<u>274,216,601</u>	<u>285,276,973</u>
Prior Period Adjustment	-	-	948,669	-
As restated	<u>\$ 270,926,163</u>	<u>\$ 276,094,373</u>	<u>\$ 275,165,270</u>	<u>\$ 285,276,973</u>
Debt service as a percentage of noncapital expenditures	11.8%	12.1%	12.5%	12.7%

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 Bond issuance costs and fees were not split until 2006.

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 148,395,516	\$ 162,448,414	\$ 173,574,607	\$ 189,864,948	\$ 191,968,597	177,857,532
4,229,238	4,697,079	5,677,661	5,024,943	5,436,238	5,245,765
3,307,335	3,911,629	3,531,491	5,021,634	5,217,049	4,739,378
<u>155,932,089</u>	<u>171,057,122</u>	<u>182,783,759</u>	<u>199,911,525</u>	<u>202,621,884</u>	<u>187,842,675</u>
4,448,576	5,171,093	5,045,162	5,816,865	5,206,067	5,539,881
15,638,048	16,627,903	17,462,729	18,574,959	18,701,894	16,381,301
<u>20,086,624</u>	<u>21,798,996</u>	<u>22,507,891</u>	<u>24,391,824</u>	<u>23,907,961</u>	<u>21,921,182</u>
9,805,805	10,584,700	12,615,102	13,941,149	13,956,223	13,123,326
399,004	452,623	446,818	421,492	454,168	423,082
1,982,160	2,253,193	2,421,931	2,541,463	2,575,673	2,530,773
3,113,993	3,267,352	3,471,655	4,649,537	4,486,050	4,059,063
12,734,631	13,469,056	15,589,155	17,820,690	16,983,540	16,798,404
3,960,786	4,618,842	4,632,454	4,786,651	5,912,532	5,807,666
<u>31,996,379</u>	<u>34,645,766</u>	<u>39,177,115</u>	<u>44,160,982</u>	<u>44,368,186</u>	<u>42,742,314</u>
6,196,903	7,077,655	6,867,346	7,097,909	7,175,333	7,167,319
6,196,903	7,077,655	6,867,346	7,097,909	7,175,333	7,167,319
18,297,271	18,594,964	20,084,490	22,285,279	21,522,498	21,955,636
1,707,830	2,243,275	2,587,258	2,864,230	2,852,070	3,131,576
3,362,101	2,944,091	4,868,180	4,370,952	4,186,950	3,751,686
<u>23,367,202</u>	<u>23,782,330</u>	<u>27,539,928</u>	<u>29,520,461</u>	<u>28,561,518</u>	<u>28,838,898</u>
849,700	1,089,717	1,166,059	1,350,371	1,249,055	1,195,778
849,700	1,089,717	1,166,059	1,350,371	1,249,055	1,195,778
16,464,750	15,542,222	16,784,392	17,471,407	14,720,670	17,123,540
18,054,594	24,943,371	22,114,075	26,328,594	31,130,392	29,033,988
919,403	813,384	837,801	663,861	233,964	180,785
<u>35,438,747</u>	<u>41,298,977</u>	<u>39,736,268</u>	<u>44,463,862</u>	<u>46,085,026</u>	<u>46,338,313</u>
2,030,735	11,283,423	43,234,688	56,093,964	61,558,174	33,014,692
2,030,735	11,283,423	43,234,688	56,093,964	61,558,174	33,014,692
121,135	166,095	176,431	91,036	64,752	86,526
-	498,713	2,347,460	1,414,723	1,010,907	1,742,264
-	-	505,598	535,803	531,534	519,552
121,135	664,808	3,029,489	2,041,562	1,607,193	2,348,342
<u>276,019,514</u>	<u>312,698,794</u>	<u>366,042,543</u>	<u>409,032,460</u>	<u>417,134,330</u>	<u>371,409,513</u>
-	-	-	-	-	-
<u>\$ 276,019,514</u>	<u>\$ 312,698,794</u>	<u>\$ 366,042,543</u>	<u>\$ 409,032,460</u>	<u>\$ 417,134,330</u>	<u>\$ 371,409,513</u>
12.9%	13.7%	12.3%	12.8%	13.3%	13.6%

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Excess of revenues over (under) expenditures	\$ (42,038,371)	\$ (39,744,875)	\$ (21,968,047)	\$ (15,078,281)
Other Financing Sources (Uses)				
Proceeds from sale of bonds	49,500,000	40,000,000	92,425,000	10,000,000
Premium or (discount) on bonds issued	-	187,400	6,573,811	(83,842)
Proceeds from sale of refunding bonds	4,875,256	-	-	56,292,787
Sale of real or personal property	13,353	6,319	41,427	946,074
Transfers in	252,156	381,751	616,229	-
Transfers out	(1,789,424)	(381,751)	(649,502)	-
Insurance recoveries	-	-	-	-
Payments to escrow agents	(4,431,938)	-	(98,945,741)	(55,450,501)
Total other financing sources (uses)	<u>\$ 48,419,403</u>	<u>\$ 40,193,719</u>	<u>\$ 61,224</u>	<u>\$ 11,704,518</u>
Net change in fund balances	<u>\$ 6,381,032</u>	<u>\$ 448,844</u>	<u>\$ (21,906,823)</u>	<u>\$ (3,373,763)</u>

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

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 12,380,042	\$ (10,649,188)	\$ (48,053,958)	\$ (68,788,493)	\$ (67,378,669)	\$ (22,105,167)
20,000,000	87,020,000	65,000,000	58,485,000	21,640,000	13,985,000
3,335,506	1,700,239	3,498,056	1,717,427	-	1,509,190
109,045,000	-	-	-	-	-
5,576	114,036	34,714	57,216	174,537	1,660,871
-	-	-	-	-	4,479,121
(2,046,167)	-	-	-	-	(4,479,121)
-	-	-	-	-	7,268,016
(111,485,567)	-	-	-	-	-
<u>\$ 18,854,348</u>	<u>\$ 88,834,275</u>	<u>\$ 68,532,770</u>	<u>\$ 60,259,643</u>	<u>\$ 21,814,537</u>	<u>\$ 24,423,077</u>
<u>\$ 31,234,390</u>	<u>\$ 78,185,087</u>	<u>\$ 20,478,812</u>	<u>\$ (8,528,850)</u>	<u>\$ (45,564,132)</u>	<u>\$ 2,317,910</u>

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

EXHIBIT S-8

Fiscal Year	APPRAISED VALUE ¹			Total Estimated Taxable Value	Total Direct Rate ²
	Residential or Real Property	Personal Property	Less: Exemptions		
2003	7,047,315,280	1,674,555,340	1,095,288,060	7,626,582,560	1.771
2004	6,976,135,611	1,530,328,860	952,266,457	7,554,198,014	1.815
2005	6,958,121,200	1,537,889,415	635,789,863	7,860,220,752	1.837
2006	7,174,877,690	1,526,364,000	461,748,103	8,239,493,587	1.814
2007	7,670,724,880	1,651,921,440	491,026,284	8,831,620,036	1.644
2008	8,315,691,790	1,743,828,360	477,210,991	9,582,309,159	1.349
2009	8,668,807,690	1,780,763,340	463,681,874	9,985,889,156	1.391
2010	8,181,587,045	1,762,119,040	457,840,080	9,485,866,005	1.425
2011	6,893,622,743	1,694,159,892	457,911,177	9,045,693,812	1.465
2012	6,762,638,140	1,704,481,030	447,722,042	8,914,841,212	1.465

Source: Dallas Central Appraisal District

Notes:

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

² 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
2003	1.500	0.271	1.771	0.498	0.263
2004	1.500	0.315	1.815	0.533	0.200
2005	1.500	0.337	1.837	0.548	0.200
2006	1.500	0.314	1.814	0.548	0.225
2007	1.330	0.314	1.644	0.548	0.271
2008	1.000	0.349	1.349	0.548	0.242
2009	1.020	0.371	1.391	0.541	0.291
2010	1.020	0.405	1.425	0.576	0.355
2011	1.040	0.425	1.465	0.599	0.430
2012	1.040	0.425	1.465	0.599	0.465

Source: Appropriate government entities' tax departments

Note:

¹ Includes levies for operating and debt service costs.

Overlapping Rates ¹

City of Grand Prairie	City of Dallas	Dallas County	Dallas County Community College	Dallas County Hospital	Dallas County Flood Control	Dallas County Utility and Reclamation
0.670	0.670	0.196	0.078	0.254	2.080	1.868
0.670	0.670	0.204	0.080	0.254	2.080	2.322
0.670	0.720	0.204	0.082	0.254	2.780	2.360
0.670	0.742	0.214	0.081	0.254	2.836	2.097
0.670	0.729	0.228	0.080	0.254	2.836	1.628
0.670	0.748	0.228	0.089	0.254	2.836	1.626
0.670	0.748	0.228	0.095	0.254	2.836	1.763
0.670	0.797	0.228	0.099	0.274	2.836	2.050
0.670	0.797	0.243	0.100	0.271	2.900	2.122
0.670	0.797	0.243	0.119	0.271	3.050	1.840

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

EXHIBIT S-10

	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ¹	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ²
Verizon	\$ 218,969,880	1	2.5%	\$ 326,818,210	1	4.3%
TIAA	130,750,370	2	1.5%	151,905,305	2	2.0%
Texas Utilities	83,692,830	3	0.9%	70,940,860	7	0.9%
Dr Pepper Bottling Co	73,708,910	4	0.8%	-	-	0.0%
SP Millennium	68,000,000	5	0.8%	86,687,400	4	1.1%
4150 North MacArthur	61,192,950	6	0.7%	-	-	0.0%
Frito Lay Inc.	47,892,280	7	0.5%	-	-	0.0%
San Mar Corporation	47,156,080	8	0.5%	-	-	0.0%
LPC Northwest PH1 LP	44,000,000	9	0.5%	-	-	0.0%
Exxon Mobil	43,222,170	10	0.5%	-	-	0.0%
Crescent Real Estate	-	-	0.0%	93,269,320	3	1.2%
EOP 545 E. John Carpenter	-	-	0.0%	73,639,080	5	1.0%
MPA Las Colinas LTD PS	-	-	0.0%	72,042,820	6	0.9%
W9 CGN Real Estate LP	-	-	0.0%	64,173,230	8	0.8%
Simon Property Group	-	-	0.0%	54,847,280	9	0.7%
Las Colinas USAA LTD	-	-	0.0%	54,749,560	10	0.7%
	<u>\$ 818,585,470</u>		<u>9.2%</u>	<u>\$ 1,049,073,065</u>		<u>13.7%</u>

Source: Dallas Central Appraisal District

Note:

¹ Total appraised taxable value for 2011 = \$8,914,841,212

² Total appraised taxable value for 2002 = \$7,626,582,560



**IRVING INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS¹
LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year Ending	Taxes Levied for the Fiscal Year ²	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2003	132,100,388	127,127,214	96.24%
2004	133,004,134	129,067,147	97.04%
2005	138,674,876	134,072,938	96.68%
2006	142,940,929	138,651,124	97.00%
2007	140,160,896	135,464,767	96.65%
2008	124,619,570	120,877,498	97.00%
2009	134,156,998	131,036,207	97.67%
2010	131,200,729	127,266,070	97.00%
2011	128,508,240	124,473,002	96.86%
2012	126,932,410	125,164,250	98.61%

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.
- ³ Total cash collections is total cash, net of interest and penalties and other judgments, as a result collections as a percentage of initial levy may exceed 100%.

Collections other than Current Year		Total Collections to Date ³	
Delinquent Taxes	Penalty and Interest	Amount	Percentage of Total Collections to Tax Levy
1,490,073	1,079,133	128,617,287	97.36%
1,902,788	907,035	130,969,935	98.47%
2,228,831	1,149,148	136,301,769	98.29%
1,537,958	1,359,651	140,189,082	98.07%
2,469,351	1,565,168	137,934,118	98.41%
1,952,621	1,239,561	122,830,119	98.56%
687,293	1,259,864	131,723,500	98.19%
883,375	1,203,003	128,149,445	97.67%
1,928,590	1,227,963	126,401,592	98.36%
1,186,096	1,036,140	126,350,346	99.54%

**IRVING INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE¹
LAST TEN FISCAL YEARS (UNAUDITED)**

EXHIBIT S-12

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income ²	Per Capita ²
	General Obligation Bonds	Contractual Obligations			
2003	424,303,006	-	424,303,006	9.16%	2,145
2004	456,726,320	-	456,726,320	9.91%	2,321
2005	444,002,433	-	444,002,433	9.51%	2,249
2006	446,066,092	-	446,066,092	9.39%	2,209
2007	457,137,621	-	457,137,621	9.76%	2,223
2008	526,670,907	-	526,670,907	11.00%	2,506
2009	577,803,295	-	577,803,295	10.48%	2,722
2010	619,719,179	-	619,719,179	11.17%	2,900
2011	624,900,837	-	624,900,837	11.37%	2,880
2012	621,492,017	-	621,492,017	10.92%	2,840

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.

**IRVING INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF AUGUST 31, 2012 (UNAUDITED)**

EXHIBIT S-13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Direct and Overlapping Debt
City of Irving	\$ 181,630,000	71.25%	\$ 129,411,375
Irving Flood Control District Section I	7,806,332	100.00%	7,806,332
City of Grand Prairie	142,260,000	0.77%	1,095,402
City of Dallas	1,666,007,336	0.24%	3,998,418
Dallas County	121,605,000	6.91%	8,402,906
Dallas County Community College	539,395,916	6.91%	37,272,258
Dallas County Hospital	695,581,924	6.91%	48,064,711
Dallas County Flood Control	30,035,000	97.70%	29,344,195
Dallas County Utility and Reclamation	288,731,777	90.63%	261,677,609
Subtotal, overlapping bonded debt			<u>527,073,205</u>
Irving Independent School District direct debt	\$ 621,492,017	100.00%	\$ 621,492,017
Total direct and overlapping debt			<u><u>\$ 1,148,565,222</u></u>
Ratio of (net) general bonded debt to the estimated actual property value			<u><u>6.97%</u></u>

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

EXHIBIT S-14

Period Ending	Population ¹	Personal Income (thousands of dollars)	Per Capita Personal Income (dollars)	Unemployment Rate
2003	197,836	4,633,121	23,419	5.70%
2004	196,774	4,608,250	23,419	5.80%
2005	197,400	4,669,497	23,655	5.30%
2006	201,927	4,748,717	23,517	4.50%
2007	205,600	4,685,007	22,787	4.30%
2008	210,150	4,788,688	22,787	5.10%
2009	212,250	5,510,859	25,964	6.45%
2010	213,700	5,548,507	25,964	7.98%
2011	216,970	5,494,548	25,324	7.86%
2012	218,850	5,693,602	26,016	6.58%

Sources:

¹ North Central Texas Council of Governments.

**IRVING INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND FIVE YEARS AGO (UNAUDITED)**

EXHIBIT S-15

<u>Employer</u>	<u>2012</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Citigroup	7,500	1	3.61%	8,800	1	15.81%
Irving Independent School District	4,220	2	2.03%	3,856	2	6.93%
Verizon Communications Inc	3,260	3	1.57%	3,260	4	5.86%
Irving Mall	2,100	4	1.01%	2,100	6	3.77%
Nokia	1,700	5	0.82%	2,500	5	4.49%
Allstate Insurance	1,650	6	0.79%			
NEC Corp of America	1,515	7	0.73%			
Microsoft Corporation	1,351	8	0.65%	2,000	8	3.59%
Neiman Marcus Direct	1,339	9	0.64%			
HMS	1,299	10	0.62%			
Sprint-Nextel Corp.				3,850	3	6.92%
Central Freight Lines, Inc.				2,000	7	3.59%
Sprint				2,000	9	3.59%
Nexstar Broadcasting Group Inc.				1,889	10	3.39%
Total	<u>25,934</u>		<u>12.47%</u>	<u>32,255</u>		<u>57.94%</u>

Source: North Central Texas Council of Governments

**IRVING INDEPENDENT SCHOOL DISTRICT
 FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY TYPE
 LAST TEN FISCAL YEARS (UNAUDITED)**

	Full-time-Equivalent Employees			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Teachers	2,209.6	2,092.9	2,093.6	2,155.4
Professional Support				
Associate School Psychologist	4.7	3.7	3.4	3.7
Counselor	83.0	78.3	75.0	80.7
Educational Diagnostician	24.0	27.0	27.5	27.5
Librarian	34.1	35.4	34.2	32.2
Occupational Therapist	5.0	5.3	4.8	5.3
Physical Therapist	1.0	1.0	0.0	2.0
School Nurse	34.0	34.0	33.8	33.9
Speech Therapist/Speech- Language Pathologist	24.6	22.1	25.0	23.1
Teacher Facilitator	41.6	42.1	40.4	39.3
Campus Professional Personnel	2.0	2.0	2.0	1.1
Non-Campus Professional Personnel	26.6	27.1	33.0	53.2
Total Professional Support	<u>266.5</u>	<u>278.0</u>	<u>279.1</u>	<u>302.0</u>
Campus Administration				
Assistant Principal	73.5	75.0	76.8	75.6
Instructional Officer	12.0	12.0	10.0	9.0
Principal	34.8	33.0	36.0	36.0
Teacher Supervisor	35.4	31.2	29.6	31.8
Athletic Director	2.0	2.0	2.0	2.0
Total Campus Administration	<u>148.5</u>	<u>153.2</u>	<u>154.4</u>	<u>154.4</u>
Central Administration				
Assistant/Assoc/Deputy Superintendent	3.0	3.0	3.0	3.0
Superintendent	1.0	1.0	1.0	1.0
Instructional Program Director or Exec Director	4.0	3.7	3.2	2.2
Business Manager	1.0	1.0	1.0	1.0
Tax Assessor &/or Collector	1.0	1.0	1.0	1.0
Director of Personnel/HR	1.0	1.0	1.0	1.0
Total Central Administration	<u>5.9</u>	<u>10.7</u>	<u>10.2</u>	<u>9.2</u>
Educational Aides				
Educational Aides	394.5	411.7	422.0	437.4
Interpreter	2.8	1.0	4.0	1.8
Total Educational Aides	<u>397.3</u>	<u>412.7</u>	<u>426.0</u>	<u>439.2</u>
Auxiliary Staff	<u>778.8</u>	<u>793.6</u>	<u>816.7</u>	<u>803.0</u>
Total All Full-Time Equivalent Employees	<u><u>3,806.6</u></u>	<u><u>3,741.1</u></u>	<u><u>3,780.0</u></u>	<u><u>3,863.2</u></u>

Source: District records from the Fall PEIMS submission

Full-time-Equivalent Employees					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
2,213.0	2,270.2	2,329.6	2,428.4	2,421.0	2,280.8
3.7	6.2	6.9	8.2	8.8	8.8
79.9	81.0	79.0	78.0	79.0	79.5
27.0	28.9	26.5	35.5	33.5	29.5
32.0	32.0	28.0	30.0	29.0	27.0
4.8	4.9	4.8	5.0	6.0	6.0
2.0	2.0	2.0	2.0	2.0	2.0
33.4	35.5	35.0	36.0	36.0	35.0
25.5	20.4	24.8	29.3	28.0	26.6
3.0	3.0	4.0	6.0	7.0	5.0
14.0	9.0	3.5	12.3	56.8	37.0
59.9	67.8	73.0	81.0	81.0	76.0
<u>285.2</u>	<u>290.7</u>	<u>287.5</u>	<u>323.3</u>	<u>367.1</u>	<u>332.4</u>
75.0	76.0	80.0	83.0	81.0	69.0
11.0	13.0	12.4	13.0	0.0	0.0
35.7	35.7	36.0	37.0	38.0	38.0
3.0	4.0	2.0	1.0	38.0	32.0
1.0	1.0	1.0	1.0	1.0	1.0
<u>125.7</u>	<u>129.7</u>	<u>131.4</u>	<u>135.0</u>	<u>158.0</u>	<u>140.0</u>
4.0	4.0	4.0	4.0	4.0	6.0
1.0	1.0	1.0	1.0	1.0	1.0
28.0	28.5	29.0	35.0	13.0	13.0
1.0	1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0	1.0
<u>36.0</u>	<u>36.5</u>	<u>37.0</u>	<u>43.0</u>	<u>21.0</u>	<u>23.0</u>
430.9	420.8	425.8	448.4	431.8	381.0
2.0	1.9	4.0	0.0	4.0	0.0
<u>432.9</u>	<u>422.7</u>	<u>429.8</u>	<u>448.4</u>	<u>435.8</u>	<u>381.0</u>
816.9	840.4	900.4	923.9	999.3	707.0
<u>3,909.7</u>	<u>3,990.2</u>	<u>4,115.7</u>	<u>4,302.0</u>	<u>4,402.2</u>	<u>3,864.2</u>

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

EXHIBIT S-17

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2003	30,853	179,762,746	5,826	2.56 %	2,004.0	15.4	59.3%
2004	31,215	174,851,490	5,602	(3.86)%	2,005.0	15.6	61.3%
2005	31,879	179,111,618	5,618	0.30 %	2,006.0	15.9	65.7%
2006	32,620	183,767,694	5,634	0.27 %	2,007.0	16.3	68.7%
2007	32,951	199,587,657	6,057	7.52 %	2,008.0	16.4	72.0%
2008	33,189	212,397,290	6,400	5.65 %	2,009.0	16.5	72.5%
2009	33,223	226,761,389	6,825	6.65 %	2,010.0	16.5	74.1%
2010	33,798	229,344,297	6,786	(0.58)%	2,011.0	16.8	78.1%
2011	34,289	229,927,733	6,706	(1.18)%	2,012.0	17.0	80.5%
2012	34,851	243,870,930	6,998	4.35 %	2,280.8	15.3	81.5%

Source: District records

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

EXHIBIT S-18

<u>School</u>	<u>2012</u>	<u>2003</u>
Elementary		
Buildings	24	23
Square feet	2,024,334	1,854,979
Maximum Capacity	20,000	19,100
Enrollment	18,120	16,183
Middle		
Buildings	8	7
Square feet	1,326,868	1,149,983
Maximum Capacity	8,000	7,000
Enrollment	7,310	6,948
High		
Buildings	7	7
Square feet	1,546,281	1,284,650
Maximum Capacity	9,800	9,400
Enrollment	9,359	7,779
Administrative		
Buildings	9	10
Square feet	247,992	163,750
Transportation		
Buses (quantity)	0 ¹	48 ¹
Athletics		
Football fields (quantity)	15	14
Soccer fields (quantity)	11	9
Running tracks (quantity)	11	9
Baseball/softball (quantity)	6	6
Playgrounds (quantity)	24	23

Source: District records

Note:

¹ Buses were titled under Dallas County Schools. Buses were sold to Dallas County Schools in 2012.



SINGLE AUDIT REPORTS



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS 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, 2012 and have issued our report thereon dated January 23, 2013. 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

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

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

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

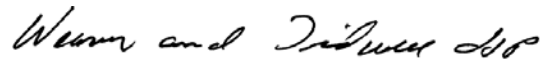
Compliance and Other Matters

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

Irving Independent School District
January 23, 2013

Page 2

This report is intended solely for the information and use of the management, District Trustees, 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.

A handwritten signature in cursive script that reads "Weaver and Tidwell LLP".

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 23, 2013



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

Board of Trustees
Irving Independent School District

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we 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 could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.

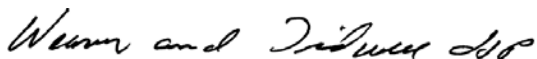
Internal Control Over Compliance

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

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

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

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the District's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the District's compliance but not to provide an opinion on the effectiveness of the District's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.



WEAVER AND TIDWELL, L.L.P

Dallas, Texas
January 23, 2013



**IRVING INDEPENDENT SCHOOL DISTRICT
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012**

EXHIBIT K-1

Pass-Through Grantor Program Title	Pass-Through Federal Grantor/ Grantor's Number	Federal CFDA Number	Direct Expenditures	Indirect Charges	Total Expenditures
Passed Through State Department of Education:					
Title IV Safe & Drug Free Schools	11691001057912	84.186A	\$ 1,750	\$ 33	\$ 1,783
McKinney-Vento Homeless Education	99029	84.196	119,645	2,278	121,923
Title I Part A Improving Basic Programs	12610101057912	84.010A	8,852,052	169,486	9,021,538
Title I Part A Improving Basic Programs	13610101057912	84.010A	63,418	1,214	64,632
Title I Part C Migrant Region X	12615001057912	84.011A	81,875	1,609	83,484
Title I Part C Migrant Region X	13615001057912	84.011A	2,207	42	2,249
Adult Ed English Literacy & Civics Education Sec. 231	124100087110326	84.002A	128,991	2,460	131,451
Adult Ed English Literacy & Civics Awareness	134100087110394	84.002A	532	10	542
IDEA-B Formula	126600010579126600	84.027A	5,050,986	95,087	5,146,073
IDEA-B Formula	136600010579126600	84.027A	20,168	386	20,554
IDEA-B Preschool	126610010579126610	84.173A	179,648	3,420	183,068
IDEA-B Preschool	136610010579126610	84.173A	1,024	20	1,044
IDEA-B Discretionary Deaf	126610010579126610	84.173A	70,381	-	70,381
IDEA-B Formula Deaf	126610010579126610	84.173A	3,786	72	3,858
IDEA-B Formula Deaf	126600020579126673	84.027A	29,819	567	30,386
IDEA-B Preschool Deaf	136600010579126601	84.027A	1,218	23	1,241
Carl D Perkins Basic Grant for Career & Technology	12420006057912	84.048A	212,837	4,361	217,198
Carl D Perkins Basic Grant for Career & Technology	13420006057912	84.048A	349,392	1,537	350,929
IDEA-C Early Intervention	123911010579123911	84.181A	415	-	415
Title II Part A Teacher & Principal Training & Recruiting	12694501057912	84.367A	1,087,345	21,859	1,109,204
Title II Part A Teacher & Principal Training & Recruiting	13694501057912	84.367A	55,352	1,060	56,412
Title III Part A Limited English Proficiency	11671001057912	84.365A	1,649	31	1,680
Title III Part A Limited English Proficiency	12671001057912	84.365A	1,478,540	28,346	1,506,886
Title III Part A Limited English Proficiency	13671001057912	84.365A	10,719	205	10,924
21st Century Community Learning Centers	126950137110035	84.287C	1,763,754	34,352	1,798,106
21st Century Community Learning Centers	126950117110021	84.287C	39,124	749	39,873
ARRA Title II D Discretionary	105530027110020	84.386A	7,314	-	7,314
Summer School Limited English Proficiency	69550702	84.369A	49,941	-	49,941
ARRA Education Jobs Grant	11550101057912	84.410A	5,961,052	-	5,961,052
TOTAL DEPARTMENT OF EDUCATION			25,624,934	369,207	25,994,141
Passed through Texas Department of Health and Human Services:					
Medicaid	00057912	93.778	84,788	-	84,788
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			84,788	-	84,788
Passed through State Department of Education:					
USDA Donated Commodities*	00057912	10.555	1,112,513	-	1,112,513
National School Lunch*	00057912	10.555	12,048,564	-	12,048,564
School Breakfast Program*	00057912	10.553	4,901,557	-	4,901,557
TOTAL DEPARTMENT OF AGRICULTURE			18,062,634	-	18,062,634
Reserve Officer Training Corps	00057912	12.000	286,280	-	286,280
TOTAL DEPARTMENT OF DEFENSE			286,280	-	286,280
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 44,058,636	\$ 369,207	\$ 44,427,843

* Child Nutrition Cluster

**IRVING INDEPENDENT SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012**

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 (revenues and other sources) and decreases (expenditures and other 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 (\$3,097,898) and a Build America Bond interest subsidy (\$786,518). However, such reimbursements 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, 2012**

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? 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? Yes None Reported

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

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

g. Identification of major programs:

84.365A	Title III, Limited English Proficiency
84.410A	ARRA- Education Jobs Fund
10.555, 10.553	Child Nutrition Cluster

h. The dollar threshold used to distinguish between Type A and Type B programs. \$1,332,835

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, 2012**

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FINDING AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

SECTION IV – SUMMARY OF PRIOR YEAR FINDINGS

NONE