



2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ending August 31, 2018

Magda Hernandez, Superintendent of Schools





**Comprehensive
Annual Financial
Report**



Irving, Texas

**For the
Fiscal Year Ended
August 31, 2018**

Magda Hernandez
Superintendent of Schools

**Prepared by
Irving ISD Business Office**

Gary Micinski, CPA
Chief Financial Officer

Steve Franks, CPA, CIA
Director of Business Operations

IRVING
Books • Music • School Supplies

Irving Independent School District
 Comprehensive Annual Financial Report
 For The Fiscal Year Ended August 31, 2018
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Introductory Section

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, 2018 at a meeting of the board of school trustees of such school district on the 22nd day of January, 2019.

Board President
Randy Randle

Board Secretary
Nuzhat Hye

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



GARY MICINSKI, CPA
Chief Financial Officer
Business Services

MAGDA HERNANDEZ
Superintendent of Schools

January 22, 2019

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, 2018 is submitted herewith. The District's Business Office has prepared this CAFR, assuming full responsibility for the accuracy and completeness of the information contained therein, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

We believe the data 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, 2018, is prepared in accordance with generally accepted accounting principles (GAAP) and is in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Weaver and Tidwell, L.L.P. has issued an unmodified ("clean") opinion on the Irving Independent School District's financial statements for the year ended August 31, 2018. The independent auditor's report is located at the front of the Financial Section.

The MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

This report provides valuable information for management as well as other users of the financial statements. The CAFR will be distributed to the Texas Education Agency, financial rating services, and other interested parties. An electronic copy of the CAFR is available on the District's website www.irvingisd.net.

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 | gmicinski@irvingisd.net

Profile of the District

Irving Independent School District is a political subdivision of the State of Texas located in Dallas County. The District, founded in 1909, is located in Irving, the 3rd largest city in Dallas County. It currently occupies 45.7 square miles and serves approximately 34,000 students. The District is one of 1,266 school districts and charter schools in the State of Texas. The District's mission is, "To ensure each student attains intellectual and personal excellence."

The District's 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, significantly influence operations, appoint administrators and managers, 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 provides a comprehensive curriculum of educational services appropriate for students enrolled in pre-kindergarten through Grade 12. 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, athletics and Junior Reserve Officers' Training Corps (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.

Peak enrollment for the 2016-2017 school year was 34,860 students. For fiscal year 2017-2018, peak enrollment decreased by 779 students or a decline of 2.2% to 34,081 students.

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), a newcomer center, and an outdoor 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 facilities service center, a safety and security department, a food and nutrition center, a career development center, and an athletic stadium. The age of the District's campuses range from 69 years (Britain Elementary and Bowie Middle Schools) to 7 years (Lady Bird Johnson Middle School).

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.

The Board is required to adopt a final budget not later than the close of the fiscal year. This annual budget serves as the foundation of the District's financial planning and control. The budget is prepared by fund and function for expenditures, and by fund and object for revenues. If any change in the approved budget is required, requests are presented to the Board for consideration.

Economic Condition and Outlook

Local Economy

The City of Irving, Texas, is conveniently located between Dallas and Fort Worth and just minutes away from the Dallas/Fort Worth (DFW) International Airport – the country's fourth busiest airport. Irving's commitment to providing diverse, business-friendly, economic opportunities has made it the destination for the global headquarters for four Fortune 500 and nine Fortune 1000 companies and the site of more than 140 international companies currently operating throughout the city.

The state's strong economy, combined with Irving's numerous economic strengths, are the economic drivers to attract national and international companies, and commercial and retail development. This has led to several high profile projects in various stages of completion including Water Street, a mixed-use complex bringing more than 60,000 square feet of shops and restaurants and hundreds of apartments to a lakeside site in the Las Colinas Urban Center, and Toyota Music Factory, a state-of-the-art, destination venue that converts from a 2,500 intimate theater, to a 4,000 capacity indoor theater.

Irving offers a vibrant urban community for new economic development and high-wage jobs and a stable economic setting for some of the most respected and recognized companies in the world including ExxonMobil, Fluor, and Kimberly-Clark.

Long-term Financial Planning

The District's unassigned fund balance for the General Fund is approximately 30% of the operating expenditures, or about four months of expenditures. The Board adopted financial policy CE(LOCAL)-X to strive to maintain a minimum general operating fund balance equal to at least the sum of at least three months (i.e., 25 percent) of total budgeted general fund operating expenditures. For the last twelve years, the fund balance for the General Fund has consistently been above the 25% goal of Fund Balance to Actual Expenditures.

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 begins the budget development planning cycle with the release of the projected student enrollment for the following fall in December. Staffing charts are updated, and campus staff is adjusted by Human Resources to accommodate the changes in student enrollment. 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 Administration and provided to and discussed with the Finance Committee which is made up of three members of the Board of Trustees, the Superintendent, and the Chief Financial Officer. Financial calculations such as taxable assessed value growth, optional homestead exemption, employee raises, fund balance levels, and state funding assumptions are determined early in the budget cycle in preparation for accurate budget estimates necessary for budget compilation. 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 by August 31st each year.

Financial Policies

The Comprehensive Annual Report for the year ended August 31, 2018 is prepared in accordance with GAAP and in conformance with standards of financial reporting established by GASB using guidelines recommended by the GFOA. This report covers all funds of the District. 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
- Enterprise Fund

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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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, 2018 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 auditor's 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 awarded the Certificate of Excellence in Financial Reporting, and the Government Finance Officers Association awarded the Certificate of Achievement for Excellence in Financial Reporting, to the District for its comprehensive annual financial report for the fiscal year ended August 31, 2017. 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-eighth 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 2018 certificates.

The District received a Superior rating for the 2018 School's Financial Integrity Rating System of Texas (FIRST). For the previous fifteen years, the District earned a Superior Achievement (or Perfect) rating from the School's FIRST. The superior and perfect ratings confirm the District's 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 Services 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 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,

Magda Hernandez
Superintendent

Gary Micinski, CPA
Chief Financial Officer

LIST OF PRINCIPAL OFFICIALS

BOARD OF TRUSTEES

<u>Name</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Randy Randle, President	6 years	2019	Business Owner
Dr. Steven Jones, Vice President	8 years	2020	Producer
Nuzhat Hye, Secretary	1 year	2021	Educator
Pamela Campbell	1 year	2019	Educator
Nell Anne Hunt, Member	5 years	2020	Realtor
Randy Necessary, Member	5 years	2019	Business Owner
A.D. Jenkins, Member	3 years	2019	Software Engineer

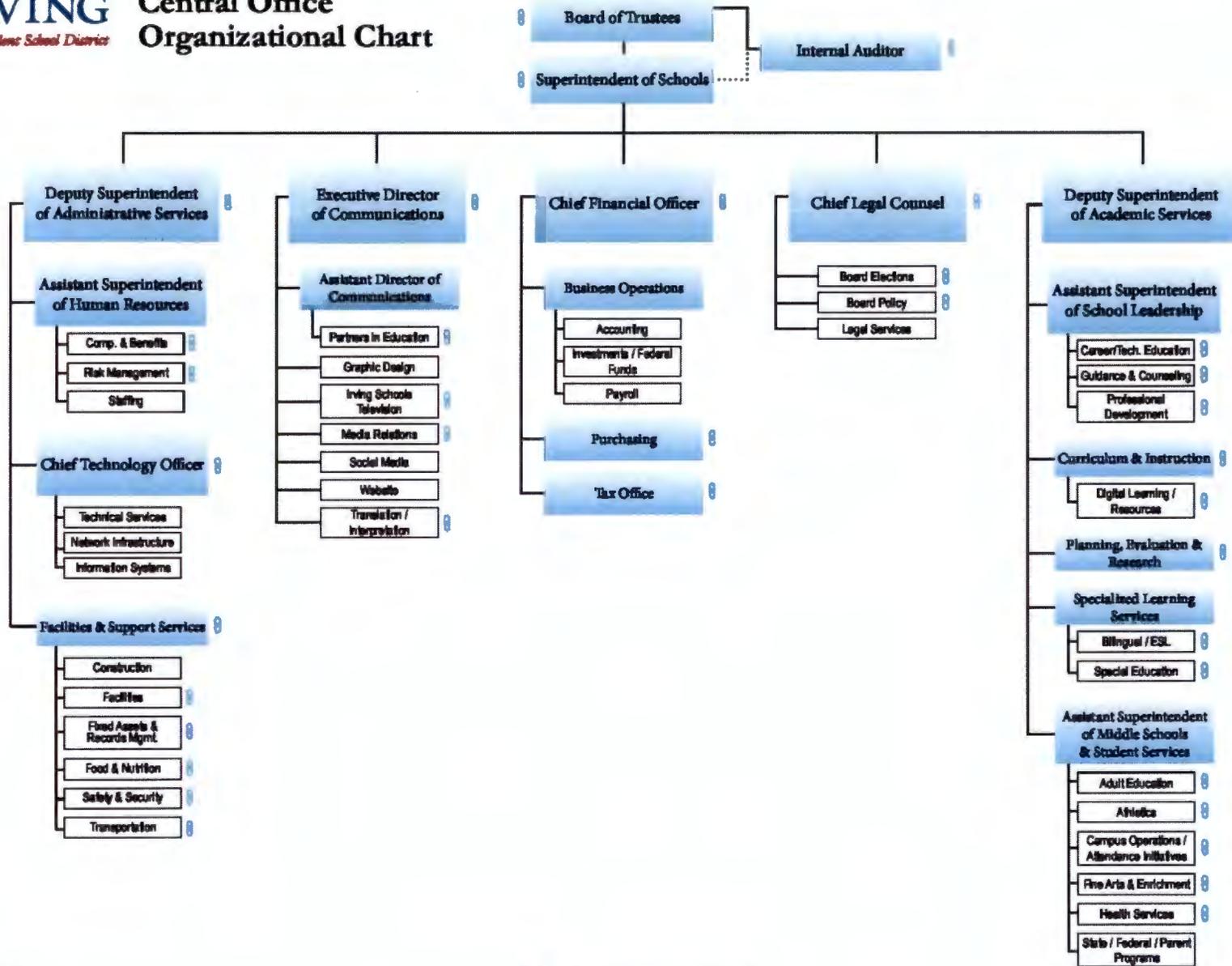
ADMINISTRATIVE OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>
Magda Hernandez	Superintendent	Less than 1 year
Gary Micinski, CPA	Chief Financial Officer	4 years
Juan Carlos Martinez, Ed.D	Assistant Superintendent of Human Resources	2 years
Sarah S. Flournoy, J.D., Ed.D.	Chief Legal Counsel	2 years

CONSULTANTS AND ADVISORS

Weaver and Tidwell, L.L.P. Dallas, Texas	Independent Auditors
Bracewell & Guiliani, L.L.P. Dallas, Texas	Bond Counsel
RBC Capital Markets Dallas, Texas	Financial Advisor
Brackett & Ellis, P.C. Irving, Texas	Board Legal Counsel
Frost Bank – Irving Irving, Texas	Official Depository

**Central Office
Organizational Chart**



XIX



Government Finance Officers Association

**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, 2017

Christopher P. Morill

Executive Director/CEO



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

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

Irving Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended August 31, 2017.**

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



A handwritten signature in black ink that reads 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink that reads 'John D. Musso'.

John D. Musso, CAE
Executive Director

Financial Section



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Irving Independent School District (the District), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1.C. and Note 17 to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Beginning net position has been restated to reflect the change in accounting principle resulting from this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The other supplementary information and the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

Members of the Board of Trustees
Irving Independent School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 18, 2019



Management's Discussion And Analysis

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, 2018. 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 and special items accounted for \$354,959,450, or 97%, of all fiscal year 2018 revenues. Program-specific revenues in the form of charges for services and grants and contributions accounted for \$12,508,876, or 3%, of total fiscal year 2018 revenues.
- The District had \$299,382,828 in expenses related to governmental activities, of which \$12,508,876 was offset by program-specific charges for services or grants and contributions. General revenues and special items of \$354,959,450 were adequate to provide for the remaining costs of these programs, resulting in a \$68,085,498 increase in net position.
- Among major funds, the General Fund had \$336,397,881 in revenues, which primarily consisted of state aid and property taxes, and \$308,520,704 in expenditures. The General Fund's fund balance decreased \$9,077,472, from \$113,878,595 as of August 31, 2017 to \$104,801,123 as of August 31, 2018.

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 position 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 position presents information on all of the District's assets, deferred inflows/outflows of resources, liabilities and net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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) and the functions of the District that operate like a business (business-type activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, and operation of non-instructional services. The business-type activities include the District's vending machine operations.

In fiscal year 2018, the District adopted the Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – which superseded GASB Statement No. 45.

Statement No. 75 establishes financial reporting standards and/or accounting standards for state and local government defined benefit OPEB plans and defined contribution OPEB plans. Statement No. 75 requires that, at transition, a government recognizes a beginning deferred outflow of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The effects of the adoption of this statement has no impact on the District's governmental fund financial statements. However, adoption has resulted in certain changes to the presentation of the financial statements of the District's government-wide financial statements. More information on the adoption of this statement and the District's OPEB plan is available in Note 1.C. and Note 7, respectively.

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 position may serve over time as a useful indicator of a government's financial position. In the case of the District, the District's overall assets and deferred outflows of resources were below the liabilities and deferred inflows of resources by \$46,231,575 as of August 31, 2018. Before the prior period adjustment discussed in Note I.C. and Note 17 (due to GASB No. 75 implementation), there was an overall positive net position. After the adjustment, the overall deficit in net position was \$46,231,575.

A portion of the District's net position represents resources subject to external restrictions on how they may be used. As of August 31, 2018, the District's restricted net position for food service was \$6,687,877 and restricted net position for future debt service payments was \$4,792,224. Unrestricted net position 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, 2018, unrestricted net position showed a \$134,410,284 deficit at the end of the year.

Net investment in capital assets was \$76,698,608. 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 position for the fiscal years ended August 31, 2018 and 2017.

Table I
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 167,118,651	\$ 162,872,852	\$ (182,385)	\$ (48,611)	\$ 166,936,266	\$ 162,824,241
Capital assets (net)	500,373,451	511,375,874	-	-	500,373,451	511,375,874
Total assets	667,492,102	674,248,726	(182,385)	(48,611)	667,309,717	674,200,115
Deferred outflows	50,994,501	58,163,772	-	-	50,994,501	58,163,772
Current liabilities	44,986,990	45,722,535	-	110	44,986,990	45,722,645
Long-term liabilities	656,813,302	585,784,983	-	-	656,813,302	585,784,983
Total liabilities	701,800,292	631,507,518	-	110	701,800,292	631,507,628
Deferred inflows	62,735,501	6,866,897	-	-	62,735,501	6,866,897
Net investment in capital assets	76,698,608	49,947,282	-	-	76,698,608	49,947,282
Restricted	11,480,101	11,165,056	-	-	11,480,101	11,165,056
Unrestricted	(134,227,899)	32,925,745	(182,385)	(48,721)	(134,410,284)	32,877,024
Total net position	\$ (46,049,190)	\$ 94,038,083	\$ (182,385)	\$ (48,721)	\$ (46,231,575)	\$ 93,959,362

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

- Current and other assets increased by \$4.1 million, or 2.5%, due to an increase in cash & cash equivalents and investments by \$11.6 million and a decrease in due from other governments by \$4.9 million during the 2018 fiscal year.
- Deferred outflows decreased by \$7.2 million, or 12.0%, due to a change in deferred outflow of resources for pensions of \$7.1 million and the addition of deferred outflows for OPEB of \$1.9 million.
- Deferred inflows of resources were also impacted by the recognition of the net OPEB liability, resulting in a decrease of \$6.1 million for pensions and an increase of \$49.8 million for OPEB.
- Long-term liabilities increased \$71.0 million. This was due to the recognition of the net OPEB liability, as well as a decrease of bonds payable, and payments of accreted interest on capital appreciation bonds.

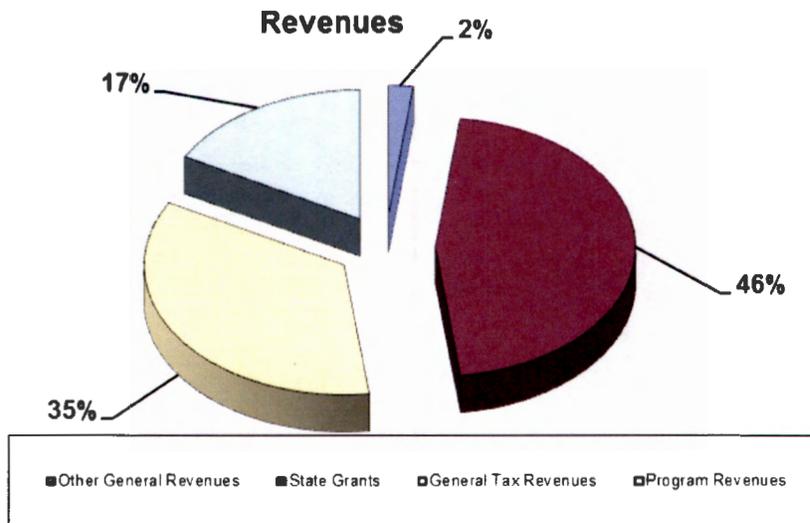
The District's total revenues for the fiscal year ended August 31, 2018 were \$367,788,620. The total cost of all programs and services was \$296,954,620. The following table presents a summary of the changes in net position for the fiscal years ended August 31, 2018 and 2017.

Table II
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 5,456,251	\$ 5,570,714	\$ 320,294	\$ 321,361.00	\$ 5,776,545	\$ 5,892,075
Operating grants and contributions	7,052,625	75,499,383	-	-	7,052,625	75,499,383
General revenues:						
Maintenance and operations taxes	127,929,303	122,229,287	-	-	127,929,303	122,229,287
Debt service taxes	28,367,128	28,770,790	-	-	28,367,128	28,770,790
State grants	175,530,606	187,453,054	-	-	175,530,606	187,453,054
Investment earnings	3,016,736	1,612,463	-	-	3,016,736	1,612,463
Miscellaneous	13,846,942	9,570,786	-	-	13,846,942	9,570,786
Special item	6,268,735	-	-	-	6,268,735	-
Total revenues	<u>367,468,326</u>	<u>430,706,477</u>	<u>320,294</u>	<u>321,361</u>	<u>367,788,620</u>	<u>431,027,838</u>
Expenses:						
Instruction, curriculum, and media services	169,821,673	240,343,024	-	-	169,821,673	240,343,024
Instructional and school leadership	18,244,712	28,048,200	-	-	18,244,712	28,048,200
Student support services, child nutrition and co-curricular activities	46,320,494	58,637,059	-	-	46,320,494	58,637,059
General administration	5,431,463	7,939,216	-	-	5,431,463	7,939,216
Plant maintenance, security, and data processing	30,645,677	33,532,438	-	-	30,645,677	33,532,438
Community services	1,411,289	2,144,097	-	-	1,411,289	2,144,097
Interest and fiscal charges	13,029,722	16,096,943	-	-	13,029,722	16,096,943
Other facility costs	475,180	122,425	-	-	475,180	122,425
Intergovernmental charges	620,479	626,398	-	-	620,479	626,398
Payments to TIF	13,382,139	11,010,364	-	-	13,382,139	11,010,364
Vending	-	-	453,958	476,486	453,958	476,486
Total expenses	<u>299,382,828</u>	<u>398,500,164</u>	<u>453,958</u>	<u>476,486</u>	<u>299,836,786</u>	<u>398,976,650</u>
Increase (decrease) in net position	68,085,498	32,206,313	(133,664)	(155,125)	67,951,834	32,051,188
Transfers	-	(106,404)	-	106,404	-	-
Change in net position	68,085,498	32,099,909	(133,664)	(48,721)	67,951,834	32,051,188
Net position - beginning	94,038,083	61,938,174	(48,721)	-	93,989,362	61,938,174
Prior period adjustment (Note 17)	(208,172,771)	-	-	-	(208,172,771)	-
Net position - beginning, as restated	(114,134,688)	61,938,174	(48,721)	-	(114,183,409)	61,938,174
Ending net position	\$ (46,049,190)	\$ 94,038,083	\$ (182,385)	\$ (48,721)	\$ (46,231,575)	\$ 93,989,362

Net position of the District's business-type activities decreased from a deficit of \$48,721 to a deficit of \$182,385, as the fund was in its second year of operations.

The District's reliance upon tax revenues is demonstrated by the graph below, which indicates that 35% of total revenues for governmental activities come from local taxes.



The District's total revenue this year was \$367,788,620, down \$63,239,218 from the prior year. General revenues increased due to an increase in tax collections as a result of rising property values and increased Tax Increment Financing (TIF) collections, increased investment earnings from rising interest rates, as well as a special item of buses received from Dallas County Schools. Operating grants and contributions decreased, due to the implementation of GASB 75. During the 2017-2018 fiscal year, changes to the District's proportionate share of the State's Net OPEB Liability resulted in a decrease of expenses of \$99,739,533 from the prior year and a decrease of revenues of \$58,392,832. Without the newly required accounting for other postemployment benefits, expenses would have remained consistent with the prior year.

The cost of all governmental activities this year was \$299,382,828. However, as shown in the statement of activities, the amount that our taxpayers ultimately financed for these activities through district taxes was \$93,435,321 because some of the costs were paid by those who directly benefited from the programs (\$5,456,251), by other governments and organizations that subsidized certain programs with grants and contributions (\$7,052,625), or by state aid (\$175,530,606), investment income (\$3,016,736), and other miscellaneous income (\$13,846,942).

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	\$ 169,821,673	\$ 181,473,135
Instructional and school leadership	18,244,712	21,548,369
Student support services, child nutrition and co-curricular activities	46,320,494	25,619,394
General administration	5,431,463	6,484,663
Plant maintenance, security, and data processing	31,120,857	22,491,301
Community services	1,411,289	95,064
Interest and fiscal charges	13,029,722	13,029,722
Intergovernmental charges	620,479	714,849
Payments to TIF	13,382,139	15,417,455
Total expenses	<u>\$ 299,382,828</u>	<u>\$ 286,873,952</u>

The District's Funds

As the District completed the year, its governmental funds reported a combined fund balance of \$138,419,937, which is an increase of \$5,615,610 from the prior year.

The schedule below indicates the fund balance by fund type as of August 31, 2018 and August 31, 2017.

	<u>Fund Balance August 31, 2018</u>	<u>Fund Balance August 31, 2017</u>	<u>Change in Fund Balance</u>
General Fund	\$ 104,801,123	\$ 113,878,595	\$ (9,077,472)
Food Service	6,652,000	6,889,141	(237,141)
Debt Service	5,751,972	6,909,698	(1,157,726)
Capital Projects	21,148,829	5,055,206	16,093,623
Nonmajor Funds	66,013	71,687	(5,674)
Total	<u>\$ 138,419,937</u>	<u>\$ 132,804,327</u>	<u>\$ 5,615,610</u>

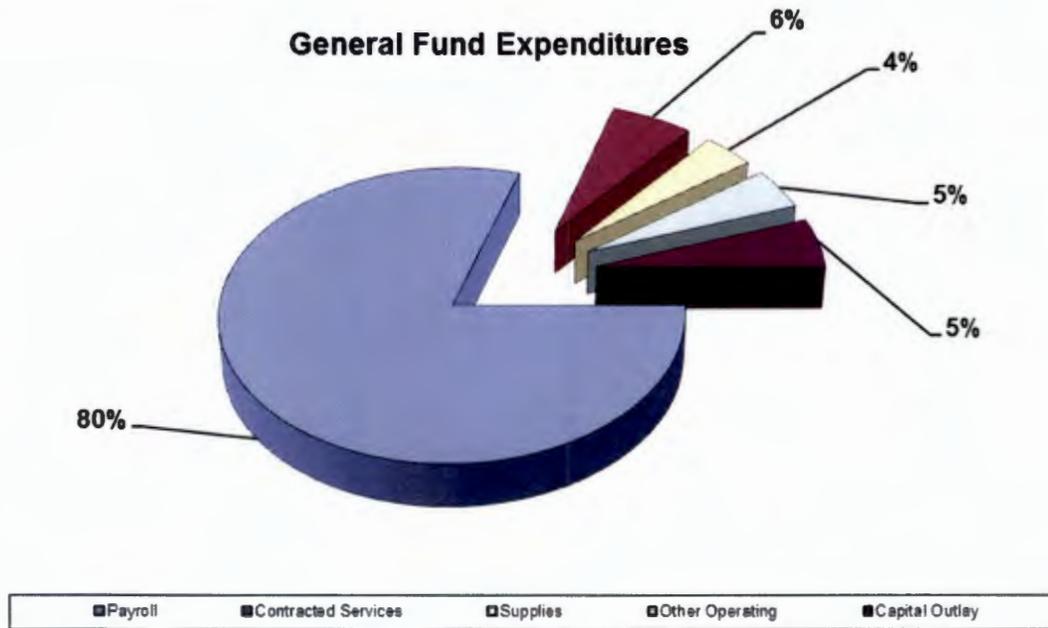
General Fund

The fund balance of the General Fund decreased \$9,077,472 from the prior year. The District's original budget plan was to decrease fund balance \$231,200. The following factors contributed to the \$8,846,272 million difference:

- Actual general fund expenditures were \$308,520,704 which was \$20,820,899 less than the original budget total of \$325,897,244. Total actual expenditures were significantly less than originally budgeted because actual expenditures by function ended the fiscal year lower than originally budgeted.
- There was a \$3,585,335 increase in actual local general fund revenue including property tax collections greater than the amount that was originally budgeted.
- There was a \$5,079,653 decrease in actual state funding revenue lesser than the amount that was originally budgeted. The District establishes the state revenue budget amount conservatively to limit any liability to Texas Education Agency.
- There was a \$2,149,051 decrease in actual federal revenue lesser than the amount that was originally budgeted.

- There was a \$22,573,950 increase in operating transfers out greater than the amount that was originally budgeted. This increase was based on capital projects approved by the Board of Trustees during the fiscal year that were not included in the original budget.

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 decreased \$237,141 from the prior year. Compared to the prior fiscal year, revenue and expenditures remained relatively consistent.

Debt Service Fund

The Debt Service fund balance decreased \$1,157,726. The Interest & Sinking tax collections were \$1.0 million, or 4% less than was originally budgeted; however, the General Fund completed an operating transfer to the Debt Service Fund for \$14.4 million that represented existing surplus funds. This operating transfer helped cover accreted interest payments due during the year.

Capital Projects Fund

The Capital Projects fund balance increased \$16,093,623 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 position 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 \$3,444,359. Revenues had budget amendment increases of \$965,149. Other Financing Sources had budget amendment increases of \$22,573,950. The major components of these changes are reflected on Exhibit G-1 and the key factors for the changes can be summarized below.

The following factors contributed to the increase in the expenditures budget:

- \$4,006,281 budget amendments to increase Function 11 Instruction and \$3,942,000 in budget amendments to increase Function 34 Student Transportation were approved to accommodate greater expenditures than were anticipated in the original budget.

The following factors contributed to the increase in the revenue budget:

- There was a \$965,149 increase to the final amended budget compared to the original budget for general fund local revenues that was approved to accommodate greater revenues than were anticipated in the original budget.

The following factor contributed to the increase in the other financing sources budget:

- There was a \$22,573,950 increase in operating transfers out greater than the amount that was originally budgeted. This increase was based on capital projects approved by the Board of Trustees during the fiscal year that were not included in the original budget.

Capital Assets and Debt Administration

Capital Assets

As of August 31, 2018, the District had invested \$500,373,451 in capital assets, net of accumulated depreciation of \$419,993,290, including land and improvements, facilities, and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net decrease in capitalized cost of \$11,002,423 from last year. The decrease is due to disposals of library books during the year, which totaled \$8.1 million. The total depreciation expense for the year was \$23,654,183. The following schedule presents capital asset balances net of depreciation for the fiscal year ended August 31, 2018:

Land and Improvements	\$ 28,803,209
Furniture and Equipment	20,120,222
Buildings and Improvements	447,331,442
Construction in Progress	4,118,578
Total	<u><u>\$ 500,373,451</u></u>

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

Debt

As of August 31, 2018, the District had \$484,133,205 in general obligation bonds payable, with \$21,035,000 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.

Additional information on the District's OPEB liability can be found in Note 7 to the financial statements as indicated in the table of contents of this report.

Economic Factors and Next Year's Budgets and Rates

The District's elected and appointed officials considered many factors when preparing the 2018-2019 budget and setting the 2018 tax rates. For the seventh year, property values increased. The certified tax roll reflected values of \$13,439,011,068 which is a 9.4% increase in value compared to the prior fiscal year.

The Board approved a total tax rate of \$1.4011 for the 2018 tax year. While the Maintenance and Operations tax rate remained the same, the Interest and Sinking rate decreased by .0303 from \$.2614 to \$.2311. Overall, the District anticipates an increase in property tax revenue for the 2018-2019 fiscal year based on the 9.4% increase in property values compared to the prior fiscal year.

As of August 31, 2018, the fund balance for the general fund totaled \$104,801,123. During the 2017-2018 fiscal year, the unassigned fund balance decreased by \$7,010,570, to \$101,102,211. A total of \$3,698,912 of the fund balance has been designated as non-spendable or assigned and is therefore not available for any other public purpose. Construction projects to be determined will be paid out of TIF proceeds. These construction projects will be paid out of TIF proceeds, and the TIF will end in the 2018-2019 fiscal year.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, 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 Position
August 31, 2018

Exhibit A-1

DATA CONTROL CODES	1 GOVERNMENTAL ACTIVITIES	2 BUSINESS-TYPE ACTIVITIES	3 TOTAL	
ASSETS				
1110	Cash and Cash Equivalents	\$ 152,267,107	\$ -	\$ 152,267,107
1120	Investments	5,995,737	-	5,995,737
1220	Delinquent Taxes Receivable - Net of Estimated Uncollectible Taxes	2,045,845	-	2,045,845
1240	Due from Other Governments	1,744,249	-	1,744,249
1250	Accrued Interest	12,986	-	12,986
1260	Internal Balances	240,033	{240,033}	-
1290	Other Receivables	3,642,347	-	3,642,347
1310	Inventories	1,111,438	57,648	1,169,086
1490	Other Assets	58,909	-	58,909
1510	Land	20,073,841	-	20,073,841
1515	Land Improvements	23,555,577	-	23,555,577
1520	Buildings and Improvements	725,515,402	-	725,515,402
1530	Furniture and Equipment	147,103,343	-	147,103,343
1580	Construction in Progress	4,118,578	-	4,118,578
1570	Accumulated Depreciation	(419,993,290)	-	(419,993,290)
1000	TOTAL ASSETS	667,492,102	(182,385)	667,309,717
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred charges on refunding	25,593,679	-	25,593,679
1705	Deferred outflows of resources - pension	23,480,284	-	23,480,284
1706	Deferred outflows of resources - OPEB	1,920,538	-	1,920,538
1700	TOTAL DEFERRED OUTFLOWS OF RESOURCES	50,994,501	-	50,994,501
LIABILITIES				
2110	Accounts Payable and Claims Liabilities	5,337,063	-	5,337,063
2150	Payroll Deductions and Withholdings	1,511,618	-	1,511,618
2160	Accrued Wages Payable	13,409,242	-	13,409,242
2140	Interest Payable	1,459,284	-	1,459,284
2180	Due to Other Governments	1,358,211	-	1,358,211
2300	Unearned Revenue	539,097	-	539,097
	Due Within One Year:			
2121	Bonds Payable	21,035,000	-	21,035,000
2123	Claims Payable	337,475	-	337,475
	Noncurrent Liabilities:			
	Due in More than One Year:			
2800	Claims Payable	456,594	-	456,594
2510	Bonds Payable	463,098,205	-	463,098,205
2540	Net Pension Liability	74,280,583	-	74,280,583
2545	Net OPEB Liability	118,977,920	-	118,977,920
2000	TOTAL LIABILITIES	701,800,292	-	701,800,292
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred inflows of resources - pension	12,966,813	-	12,966,813
2606	Deferred inflows of resources - OPEB	49,768,688	-	49,768,688
2600	TOTAL DEFERRED INFLOWS OF RESOURCES	62,735,501	-	62,735,501
NET POSITION				
3800	Net Investment in Capital Assets	76,698,608	-	76,698,608
3840	Restricted for Federal and State Programs	6,687,877	-	6,687,877
3850	Restricted for Debt Service	4,792,224	-	4,792,224
3900	Unrestricted	(134,227,899)	(182,385)	(134,410,284)
3000	TOTAL NET POSITION	\$ (46,049,190)	\$ (182,385)	\$ (46,231,575)

The Notes to the Financial Statements are an integral part of this statement.

Irving Independent School District
Statement of Activities
For the Year Ended August 31, 2018

Data Control Codes	Functions/Programs	Program Revenues		
		1	2	3
		Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities:				
11	Instruction	\$ 155,169,170	\$ 651,901	\$ (15,235,209)
12	Instructional Resources and Media Services	7,625,079	-	(808,080)
13	Curriculum Development and Instructional Staff Development	7,027,424	-	3,739,926
21	Instructional Leadership	3,800,568	-	(287,219)
23	School Leadership	14,444,144	-	(3,016,438)
31	Guidance, Counseling, and Evaluation Services	11,411,772	-	(769,615)
32	Social Work Services	1,022,686	-	(143,932)
33	Health Services	2,317,808	-	(369,416)
34	Student (Pupil) Transportation	6,857,230	-	(1,005,788)
35	Food Services	18,844,875	2,565,563	19,580,678
36	Co-Curricular/Extracurricular Activities	5,866,123	1,855,358	(1,011,748)
41	General Administration	5,431,463	-	(1,053,200)
51	Plant Maintenance and Operations	23,008,223	383,429	(3,703,022)
52	Security and Monitoring Services	3,030,946	-	(557,150)
53	Data Processing Services	4,606,508	-	(691,305)
61	Community Services	1,411,289	-	1,316,225
71	Debt Service - Interest and Fiscal Charges	13,029,722	-	-
81	Other Facility Costs	475,180	-	13,197,604
95	Payments to Juvenile Justice Alternative Education Program	21,162	-	(3,219)
97	Payments to TIF	13,382,139	-	(2,035,316)
99	Other Intergovernmental Charges	599,317	-	(91,151)
Total Governmental Activities		299,382,828	5,456,251	7,052,625
Business-Type Activities:				
01	Vending	\$ 453,958	\$ 320,294	\$ -
Total Business-Type Activities		453,958	320,294	-
TOTAL PRIMARY GOVERNMENT		\$ 299,836,786	\$ 5,776,545	\$ 7,052,625

Data Control Codes

General Revenues:

Taxes:

MT M & O Property Taxes

DT Debt Service Property Taxes

SF State Aid - Not Restricted to Specific Programs

IE Investment Income

MI Miscellaneous

SI Special Item

TR Total General Revenues

CN Change in Net Position

NB Net Position - Beginning

PA Prior period adjustment - (Note 17)

NE **Net Position - Ending**

The Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

Net (Expense) Revenue and
Changes in Net Position

6	7	8
Governmental Activities	Business-Type Activities	Total
\$ (169,752,478)	\$ -	\$ (169,752,478)
(8,433,159)	-	(8,433,159)
(3,287,498)	-	(3,287,498)
(4,087,787)	-	(4,087,787)
(17,460,582)	-	(17,460,582)
(12,181,387)	-	(12,181,387)
(1,166,618)	-	(1,166,618)
(2,687,224)	-	(2,687,224)
(7,863,018)	-	(7,863,018)
3,301,366	-	3,301,366
(5,022,513)	-	(5,022,513)
(6,484,663)	-	(6,484,663)
(26,327,816)	-	(26,327,816)
(3,588,096)	-	(3,588,096)
(5,297,813)	-	(5,297,813)
(95,064)	-	(95,064)
(13,029,722)	-	(13,029,722)
12,722,424	-	12,722,424
(24,381)	-	(24,381)
(15,417,455)	-	(15,417,455)
(690,468)	-	(690,468)
<u>(286,873,952)</u>	<u>-</u>	<u>(286,873,952)</u>
\$ -	\$ (133,664)	\$ (133,664)
<u>-</u>	<u>(133,664)</u>	<u>(133,664)</u>
\$ (286,873,952)	\$ (133,664)	\$ (287,007,616)
127,929,303	-	127,929,303
28,367,128	-	28,367,128
175,530,606	-	175,530,606
3,016,736	-	3,016,736
13,846,942	-	13,846,942
6,268,735	-	6,268,735
<u>354,959,450</u>	<u>-</u>	<u>354,959,450</u>
68,085,498	(133,664)	67,951,834
94,038,083	(48,721)	93,989,362
(208,172,771)	-	(208,172,771)
<u>\$ (46,049,190)</u>	<u>\$ (182,385)</u>	<u>\$ (46,231,575)</u>



Fund Financial Statements

Irving Independent School District
 Balance Sheet
 Governmental Funds
 August 31, 2018

DATA CONTROL CODES		MAJOR	
		GENERAL	FOOD SERVICE
	ASSETS		
	Current Assets:		
1110	Cash and Cash Equivalents	\$ 114,475,128	\$ 7,554,975
1120	Investments	5,995,737	-
	Receivables:		
1220	Property Taxes - Delinquent	5,485,112	-
1230	Allowance for Uncollectible Taxes	(3,938,803)	-
1240	Due from Other Governments	177,858	966,725
1250	Accrued Interest	12,986	-
1260	Due from Other Funds	1,137,163	-
1290	Other Receivables	3,642,347	-
1310	Inventories, at cost	680,072	301,724
1410	Prepaid Items	58,909	-
1000	TOTAL ASSETS	<u>\$ 127,726,509</u>	<u>\$ 8,823,424</u>
	LIABILITIES		
	Current Liabilities:		
2110	Accounts Payable	\$ 2,726,505	\$ 2,171,424
2150	Payroll Deductions and Withholdings	1,511,618	-
2160	Accrued Wages Payable	13,409,242	-
2170	Due to Other Funds	-	-
2180	Due to Other Governments	952,758	-
2300	Unearned Revenue	-	-
2000	TOTAL LIABILITIES	<u>18,600,123</u>	<u>2,171,424</u>
	DEFERRED INFLOWS OF RESOURCES		
2600	Unavailable Revenue	4,325,263	-
2600	TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,325,263</u>	<u>-</u>
	FUND BALANCES		
	Nonspendable		
3410	Inventory	680,072	301,724
3430	Prepaid Items	58,909	-
	Restricted		
3450	Food Service	-	6,350,276
3450	Grant Funds	-	-
3470	Capital Acquisition and Contractual Obligation	-	-
3480	Retirement of Long-Term Debt	-	-
	Assigned		
3590	Campus Activity Funds	2,455,873	-
3590	Construction Projects	345,175	-
3590	Other	158,883	-
3600	Unassigned	101,102,211	-
3000	TOTAL FUND BALANCE	<u>104,801,123</u>	<u>6,652,000</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 127,726,509</u>	<u>\$ 8,823,424</u>

The Notes to the Financial Statements are an integral part of this statement.

Exhibit C-1

MAJOR		NONMAJOR	TOTALS
DEBT SERVICE	CAPITAL PROJECTS	OTHER FUNDS	GOVERNMENTAL FUNDS
\$ 6,517,198	\$ 21,412,303	\$ 712,578	\$ 150,672,182
-	-	-	5,995,737
1,753,749	-	-	7,238,861
(1,254,213)	-	-	(5,193,016)
-	-	599,666	1,744,249
-	-	-	12,986
-	-	-	1,137,163
-	-	-	3,642,347
-	-	-	981,796
-	-	-	58,909
<u>\$ 7,016,734</u>	<u>\$ 21,412,303</u>	<u>\$ 1,312,244</u>	<u>\$ 166,291,214</u>
\$ -	\$ 263,474	\$ 169,777	\$ 5,331,180
-	-	-	1,511,618
-	-	-	13,409,242
359,773	-	537,357	897,130
405,453	-	-	1,358,211
-	-	539,097	539,097
<u>765,226</u>	<u>263,474</u>	<u>1,246,231</u>	<u>23,046,478</u>
<u>499,536</u>	<u>-</u>	<u>-</u>	<u>4,824,799</u>
<u>499,536</u>	<u>-</u>	<u>-</u>	<u>4,824,799</u>
-	-	-	981,796
-	-	-	58,909
-	-	-	6,350,276
-	-	69,027	69,027
-	-	-	-
5,751,972	-	-	5,751,972
-	-	-	2,455,873
-	21,148,829	-	21,494,004
-	-	-	158,883
-	-	(3,014)	101,099,197
<u>5,751,972</u>	<u>21,148,829</u>	<u>66,013</u>	<u>138,419,937</u>
<u>\$ 7,016,734</u>	<u>\$ 21,412,303</u>	<u>\$ 1,312,244</u>	<u>\$ 166,291,214</u>



Irving Independent School District

Exhibit C-1R

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
August 31, 2018

Total Fund Balances - Governmental Funds \$ 138,419,937

Amounts reported for governmental activities in the statement of net position 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 \$920,366,741 and the accumulated depreciation is \$419,993,290. 500,373,451

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. 4,824,799

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. 924,615

The deferred loss on refundings is not a current period transaction and therefore is not reported in the funds. The deferred loss on refundings is included in the deferred outflows of resources with governmental activities. 25,593,679

Included in the items related to debt is the recognition of the District's proportionate share of the TRS net pension liability (\$74,280,583) and a deferred inflow of resources (\$12,966,813), and a deferred outflow of resources (\$23,480,284). The result is a decrease in net position. (63,767,112)

Included in the items related to debt is the recognition of the District's proportionate share of the TRS-Care net OPEB liability (\$118,977,920) and a deferred inflow of resources (\$49,768,688), and a deferred outflow of resources (\$1,920,538). The result is a decrease in net position. (166,826,070)

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	\$	(442,685,854)	
Premium/Discount on Bonds Payable		(41,447,351)	
Interest Payable		(1,459,284)	(485,592,489)

Net Position - Governmental Activities **\$ (46,049,190)**

The Notes to the 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, 2018

DATA CONTROL CODES		MAJOR	
		GENERAL	FOOD SERVICE
REVENUES			
5700	Local and Intermediate Sources	\$ 159,908,800	\$ 2,667,739
5800	State Program Revenues	172,972,614	120,605
5900	Federal Program Revenues	3,516,467	19,519,459
5020	TOTAL REVENUES	336,397,881	22,307,803
EXPENDITURES			
Current:			
0011	Instruction	184,241,923	-
0012	Instructional Resources and Media Services	5,316,338	-
0013	Curriculum Development and Instructional Staff Development	4,798,722	-
0021	Instructional Leadership	4,785,627	-
0023	School Leadership	19,832,979	-
0031	Guidance, Counseling, and Evaluation Services	13,944,979	-
0032	Social Work Services	1,457,957	-
0033	Health Services	3,099,040	-
0034	Student (Pupil) Transportation	8,109,587	-
0035	Food Services	390,456	19,593,344
0036	Co-Curricular/Extracurricular Activities	6,652,202	5,253
0041	General Administration	7,296,197	-
0051	Plant Maintenance and Operations	24,347,232	561,289
0052	Security and Monitoring Services	3,663,243	-
0053	Data Processing Services	4,802,010	-
0061	Community Services	482,644	-
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	1,296,950	2,385,058
0095	Payments to Juvenile Justice Alternative Education Program	21,162	-
0097	Payments to TIF	13,382,139	-
0099	Intergovernmental Charges	599,317	-
6030	TOTAL EXPENDITURES	308,520,704	22,544,944
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	27,877,177	(237,141)
OTHER FINANCING SOURCES			
7901	Issuance of Refunding Bonds	-	-
7912	Proceeds from Sale of Capital Assets	40,907	-
7915	Transfers in	-	-
7916	Premium on Issuance of Debt	-	-
8911	Transfers out	(36,995,556)	-
8940	Payment to Refunded Bond Escrow Agent	-	-
7080	TOTAL OTHER FINANCING SOURCES	(36,954,649)	-
1200	Net Change in Fund Balances	(9,077,472)	(237,141)
0100	Fund Balance - September 1 (Beginning)	113,878,595	6,889,141
3000	Fund Balance - August 31 (Ending)	\$ 104,801,123	\$ 6,652,000

The Notes to the Financial Statements are an integral part of this statement.

Exhibit C-2

MAJOR		NONMAJOR		TOTALS
DEBT SERVICE	CAPITAL PROJECTS	OTHER FUNDS	GOVERNMENTAL FUNDS	
\$ 28,450,971	\$ 223,268	\$ 503,598	\$191,754,376	
2,557,992	-	1,210,897	176,862,108	
-	-	19,238,507	42,274,433	
31,008,963	223,268	20,953,002	410,890,917	
-	2,778,868	12,777,157	199,797,948	
-	13,213	492	5,330,043	
-	-	4,483,149	9,281,871	
-	-	441,478	5,227,105	
-	-	-	19,832,979	
-	-	1,351,305	15,296,284	
-	-	77,813	1,535,770	
-	-	101,924	3,200,964	
-	-	227,616	8,337,203	
-	-	-	19,983,800	
-	-	-	6,657,455	
-	-	56,493	7,352,690	
-	-	-	24,908,521	
-	-	-	3,663,243	
-	467,577	39,042	5,308,629	
-	-	1,402,207	1,884,851	
28,230,000	-	-	28,230,000	
18,335,258	-	-	18,335,258	
147,775	-	-	147,775	
-	3,440,337	-	7,122,345	
-	-	-	21,162	
-	-	-	13,382,139	
-	-	-	599,317	
46,713,033	6,699,995	20,958,676	405,437,352	
(15,704,070)	(6,476,727)	(5,674)	5,453,565	
8,885,000	-	-	8,885,000	
-	-	-	40,907	
14,425,206	22,570,350	-	36,995,556	
1,114,581	-	-	1,114,581	
-	-	-	(36,995,556)	
(9,878,443)	-	-	(9,878,443)	
14,546,344	22,570,350	-	162,045	
(1,157,726)	16,093,623	(5,674)	5,615,610	
6,909,698	5,055,206	71,687	132,804,327	
\$ 5,751,972	\$ 21,148,829	\$ 66,013	\$ 138,419,937	

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, 2018

Exhibit C-3

Total Net Change in Fund Balances - Governmental Funds \$ 5,615,610

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$23,654,183) exceeded capital outlay and donated assets (\$15,574,833) in the current period. (8,079,350)

The disposal of capital assets is not recognized in the governmental funds. (2,923,073)

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 inflows in the governmental funds. Unavailable revenue, net of bad debt, increased by this amount this year. 1,021,474

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. (309,016)

Current year long-term debt payments on bonds payable and payments of accreted interest on capital appreciation bonds are expenditures in the fund financial statements, but reduces long-term liabilities in the statement of net position. 28,230,000

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 position with related costs amortized over the life of the bonds. Differences consist of the following:

Refunded Bonds Issued	\$	(8,885,000)	
Payment to Escrow Agent		9,878,443	
Premium on Current Interest Bonds		(1,114,581)	
Amortization of Refunding Loss		(2,513,516)	
Amortization of Bond Premiums		6,394,780	3,760,126

The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of a decrease in deferred outflows (\$7,184,736); increase in deferred inflows \$6,099,916; and decrease in net pension liability \$11,135,631. (2,149,021)

The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of an increase in deferred outflows (\$43,801); increase in deferred inflows \$49,768,688; and decrease in net OPEB liability \$91,071,588. 41,346,701

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	\$	2,116,131	
Interest Accretion		(544,084)	1,572,047

Change in Net Position - Governmental Activities

\$ 68,085,498

The Notes to the Financial Statements are an integral part of this statement.

Irving Independent School District
Statement of Net Position
Proprietary Funds
August 31, 2018

Exhibit D-1

DATA CONTROL CODES		BUSINESS-TYPE ACTIVITIES	GOVERNMENTAL ACTIVITIES
		VENDING FUND	INTERNAL SERVICE FUNDS
	ASSETS		
	Current Assets:		
1110	Cash and Temporary Investments	\$ -	\$ 1,594,925
1310	Inventories, at Cost	57,648	129,642
1000	TOTAL ASSETS	<u>57,648</u>	<u>1,724,567</u>
	LIABILITIES		
	Current Liabilities:		
2110	Accounts Payable	-	5,883
2170	Due to Other Funds	240,033	-
2800	Claims Due Within One Year	-	337,475
	Total Current Liabilities	<u>240,033</u>	<u>343,358</u>
	Noncurrent Liabilities:		
	Claims Due in More than One Year	-	456,594
	Total Long-Term Liabilities	<u>-</u>	<u>456,594</u>
2000	TOTAL LIABILITIES	<u>240,033</u>	<u>799,952</u>
	NET POSITION		
3900	Unrestricted Net Position	<u>(182,385)</u>	<u>924,615</u>
3000	TOTAL NET POSITION	<u>\$ (182,385)</u>	<u>\$ 924,615</u>

The Notes to the Financial Statements are an integral part of this statement.

Irving Independent School District

Exhibit D-2

Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended August 31, 2018

DATA CONTROL CODES		BUSINESS-TYPE ACTIVITIES	GOVERNMENTAL ACTIVITIES
		VENDING FUND	INTERNAL SERVICE FUNDS
	OPERATING REVENUES		
5700	Charges for Services	\$ 320,294	\$ 1,649,146
5020	Total Operating Revenues	320,294	1,649,146
	OPERATING EXPENSES		
6100	Payroll Costs	160,704	348,325
6200	Professional/Contracted Services	31,685	163,761
6300	Supplies and Materials	259,681	446,957
6400	Claims, Administration, and Other Expenses	1,888	1,030,622
6030	Total Operating Expenses	453,958	1,989,665
	OPERATING LOSS	(133,664)	(340,519)
	NONOPERATING REVENUES		
7955	Interest Income	-	31,503
	CHANGE IN NET POSITION	(133,664)	(309,016)
0100	Total Net Position - September 1 (Beginning)	(48,721)	1,233,631
3000	Total Net Position - August 31 (Ending)	\$ (182,385)	\$ 924,615

The Notes to the 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, 2018

Exhibit D-3

	BUSINESS-TYPE ACTIVITIES	GOVERNMENTAL ACTIVITIES
	VENDING FUND	INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:		
Cash Received for Premiums and Services	\$ 357,934	\$ 1,649,146
Cash Paid to Employees	(160,704)	(348,325)
Cash Paid to Suppliers	(197,230)	-
Cash Paid for Claims and Administration, and Other Costs	-	(1,734,580)
Net Cash Used In Operating Activities	<u>-</u>	<u>(433,759)</u>
Cash Flows from Investing Activities:		
Interest Received	-	31,503
Net Cash Provided by Investing Activities	<u>-</u>	<u>31,503</u>
Net Decrease in Cash and Cash Equivalents	-	(402,256)
Cash and Cash Equivalents at Beginning of the Year	-	1,997,181
Cash and Cash Equivalents at End of the Year	<u>\$ -</u>	<u>\$ 1,594,925</u>
Reconciliation of Operating Loss to Net Cash Used In Operating Activities		
Operating Loss	<u>\$ (133,664)</u>	<u>\$ (340,519)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities		
Change in Current Assets and Liabilities:		
Decrease in Inventories	62,451	83,924
Decrease in Accounts Payable and Claims Liability	(110)	(24,063)
Increase in Due To Other Funds	71,323	-
Decrease in Long-term Claims Reserve	-	(153,101)
	<u>133,664</u>	<u>(93,240)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ (433,759)</u>

The Notes to the Financial Statements are an integral part of this statement.

Irving Independent School District
 Statement of Fiduciary Assets and Liabilities
 August 31, 2018

Exhibit E-1

	AGENCY FUNDS
ASSETS	
Cash and Temporary Investments	\$ 730,054
TOTAL ASSETS	<u>\$ 730,054</u>
LIABILITIES	
Accounts Payable	\$ 171,085
Due to Student Groups	558,969
TOTAL LIABILITIES	<u>\$ 730,054</u>

The Notes to the Financial Statements are an integral part of this statement.

Irving Independent School District

Notes to the Financial Statements

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. Since 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 entities.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all non-fiduciary 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 *business-type activities* rely, to a significant extent, on fees and charges for support.

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

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

The District reports the following Major Funds:

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

Irving Independent School District

Notes to the Financial Statements

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:

Enterprise Funds - The District has one fund for the operation of a self-supporting activity which provides services to outside parties in return for fees. The funds account for assets, liabilities, revenues and expenses of the District's vending machines.

Internal Service Funds - The District utilizes Internal Service Funds to account for its workers' compensation, unemployment insurance, science kit refurbishment and district-wide print shop. The General Fund is contingently liable for liabilities of these funds. The principal operating revenues of the District's internal service funds are charges to other funds for services. Operating expenses for internal service funds include the cost of providing the services, and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Sub-fund accounting is employed to maintain the integrity of these activities of the District. See Note 1 (O), (P), and (Q) for additional discussion of the District's self-insurance plans.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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.

Irving Independent School District

Notes to the Financial Statements

C. Change in Accounting Principle

In fiscal year 2018, the District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – which supersedes GASB Statement No. 45*.

The requirements of Statement No. 75 apply to the financial statements of all state and local government employers whose employees are provided postemployment benefits other than pensions that are administered through trusts or equivalent arrangements, and to the financial statements of state and local government in which the non-employer contributing entity (State) and District have a legal obligation to make contributions directly to such OPEB plan. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to the OPEB plan. Note disclosure and RSI requirements about the OPEB plan also are addressed. The adoption of Statement No. 75 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively. The calculation of OPEB contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2018 government-wide financial statements to reflect the reporting of net OPEB liability and deferred inflows of resources and deferred outflows of resources for its qualified OPEB plan and the recognition of OPEB expense in accordance with the provisions of the Statement. Net position as of September 1, 2017 was decreased by \$208,172,771 to reflect the cumulative effect of adoption. An aggregate net OPEB liability of \$210,049,508 offset by aggregate deferred outflows of resources of \$1,876,737 at August 31, 2017 were reported as a prior period adjustment to the net position on September 1, 2017. Refer to Note 7. for more information regarding the District's OPEB plan. A transition, a government recognizes a beginning deferred outflows of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. Since the measurement date of the OPEB plan was different than the District's fiscal year-end, the effects from both plans reported contributions to the plan subsequent to the respective measurement date of each plan as an increase in deferred outflows of resources and a decrease in net position. The beginning deferred outflows for OPEB includes contributions from September 1, 2016 through August 31, 2017, totaling \$1,876,737.

D. 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 are the proprietary funds. 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.

Irving Independent School District

Notes to the Financial Statements

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 unearned revenues until the related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount. In accordance with the Financial Accountability System Resource Guide (FASRG), the District has adopted and installed an accounting system that exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Account Codes section of the FASRG. Mandatory codes are utilized in the form provided in that section.

E. 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.

F. 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 appropriations 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, 2018 that were subsequently provided for in the 2018-2019 budget totaled \$158,883 for the General Fund.

Irving Independent School District

Notes to the Financial Statements

G. Deposits and Investments

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

Investments – Investments for the District, except for certain investment pools and certificates of deposit, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or net asset value; i.e. fair value.

H. 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.

I. 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.

J. Prepaid Items

Prepaid items of \$58,909 in the General Fund are purchases which benefit the next school year. The consumption method is used to account for these items paid in advance. In the governmental funds, they are reported as nonspendable fund balance.

K. 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 as land, land improvements, buildings, building improvements with an initial cost of any amount, and vehicles, furniture and equipment with an initial individual cost of more than \$5,000 and an estimated useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value rather than fair value. 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 the Financial Statements

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

Assets	Years
Building and Improvements	40
Land Improvements	20
Portable Buildings	20
Food Service/Vocational/Athletic Equipment	15
Furniture, Fixtures and Equipment	10
Library Books/Musical Instruments	10
Vehicles	10
Technology/Maintenance Equipment	5
Software	3

L. 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 position. 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. Deferred losses on refundings are reported as deferred outflows of resources and are amortized over the shorter of the life of the old debt or the life of the new debt. Issuance costs are included in interest and fiscal charges.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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.

M. Fund Equity

In the fund financial statements, governmental funds report fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which the amounts in the respective governmental funds can be spent. The District reports the following classifications of fund balances:

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 contractual provisions or enabling legislation. This classification includes the child nutrition program, retirement of long-term debt, construction programs and other federal and state grants.

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.

Irving Independent School District

Notes to the Financial Statements

Assigned -- includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. Board Policy CE (Local) has authorized the Superintendent or Chief Financial Officer to assign fund balance. As of August 31, 2018, the District has assigned fund balance in the General Fund for the following purposes: 1) Campus Activity Funds -- assigned to distinguish portion of fund balance allocated to activity funds, 2) TIF -- assigned to identify the unexpended proceeds from the revenue generated from Tax Increment Financing (TIF) rebates, 3) Construction projects -- assigned to planned capital projects not completed during the fiscal year, and 4) Other Assigned Fund Balance -- assigned to outstanding encumbrances as of the fiscal year end.

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 then unassigned amounts.

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 position on the Statement of Net Position includes the following:

Net Investment in Capital Assets -- the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, 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 position 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 position that reports the difference between assets, liabilities, and deferred inflows/outflows of resources with constraints placed on their use by law.

Unrestricted -- the difference between the assets and liabilities that are not reported in net investment in capital assets and restricted net position.

N. 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.

O. Data Control Codes

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

Irving Independent School District

Notes to the Financial Statements

P. Self-Insured Workers' Compensation

On September 1, 1992, the District established its self-funded Workers' Compensation program. The District currently maintains a self-insured retention of \$600,000 per occurrence and purchases excess coverage to statutory limits from Safety National Casualty Company. Claims administration is currently provided by the third party administrator TRISTAR Risk Management Inc.

The total liabilities for the Workers' Compensation self-insurance fund of \$794,265 include incurred but not reported claims in the amount of \$794,069 (of which \$337,475 is expected to be paid within one year) and accounts payable of \$196. The claims liability reported in the fund at August 31, 2018, 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. Lewis & Ellis, Inc. through its actuarial review of the Workers' Compensation self-insurance program, projected an estimated discounted liability of \$794,069 as of August 31, 2018, for the ultimate loss reserve of the fund. The fund had net position at August 31, 2018, of \$401,080.

Changes in the workers' compensation claims liability amounts in fiscal year 2018 and 2017 are presented below:

	Beginning of Fiscal-Year Liability	Current-Year Claims & Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2017 Workers' Compensation	\$ 876,614	\$ 1,131,404	\$ 1,060,848	\$ 947,170
2018 Workers' Compensation	\$ 947,170	\$ 1,038,506	\$ 1,191,607	\$ 794,069

Q. Self-Insured Unemployment

The District through a reimbursement program provides unemployment insurance protection through the Texas Workforce Commission (TWC), should an employee experience a job loss through no fault of his own. As a reimbursing employer (IISD employees receive unemployment benefits directly from the Texas Workforce Commission), the District refunds unemployment benefit claims on a quarterly basis to TWC. Unemployment liabilities have been established at \$0 for claims reported and not paid, and net position as of August 31, 2018, was \$195,040.

R. 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. The risk is minimized by the purchase of excess workers' compensation insurance, property and liability coverage, and a set-aside loss fund for damages under a particular deductible or for where no other protection exists. During fiscal year 2018, there were no significant reductions in insurance coverage for any category of risk. In addition, there are no settlements in excess of the insurance coverage in any of the three prior fiscal years.

Irving Independent School District

Notes to the Financial Statements

Insurance and coverage policies are purchased for the following exposure with the deductible/retention also indicated.

Insurance/Coverage	Deductible/ Retention	Per Occurrence Limit
Property	\$100,000 \$250,000 Wind/Hail	\$957,450,548 blanket RC
Flood/Earthquake/Extra Exp.	\$100,000	\$10,000,000
EDP Equip/EE/Data & Media	\$10,000	\$4,293,427
Wind Turbines, Geothermal Systems	\$10,000	\$5,721,764
BI/EE	\$10,000	\$25,000
Other Equipment Breakdown	\$10,000	\$100,000,000
Crime	\$10,000	\$500,000
Valuable Papers	\$100,000	\$500,000
Liability (E & O)	\$10,000	\$2,000,000 PO/2,000,000 Agg.
Liability (General)	None	\$2,000,000
Employee Benefits	None	\$100,000
Cyber Liability - TASB	None	\$100,000/\$10,000 to notify
Cyber Liability - Endurance	\$75,000	\$1,000,000
Liability (Fleet)	\$5,000	\$500,000 CSL
Comprehensive ACV	\$1,000	ACV
Collision ACV	\$1,000	ACV
Catastrophic PD	\$10,000	\$2,621,948
Workers' Compensation Excess	\$600,000	Statutory

During fiscal 2012, the District executed a revised interlocal agreement with the TASB Risk Management Fund (the Fund). In addition to coverage protection the Fund also provides its members with valuable loss control assistance to include inspections, webinars/seminars, loss prevention grants and awards, and an annual two-day conference each spring. The District is expected to adhere to standards and best practices in the timely reporting of any claims or potential claims, in the implementation of prudent loss control measures, and address any deficiencies noted in a timely manner. Any subrogation cannot be waived without prior approval of the Fund. The District expects timely payment of any claims and the protection of tort immunity to be exercised as appropriate.

The Fund is to provide legal counsel when appropriate to defend a lawsuit against the District, and that the legal counsel arrangement is agreed to either work independently or collaboratively with the District's legal counsel in defense of legal actions. This Fund agreement can renew every year unless a 30-day notice is given to not renew by any party for any reason. If any breach of the agreement occurs, immediate termination of the agreement can go into effect as well.

Irving Independent School District

Notes to the Financial Statements

S. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Other Post-Employment Benefits.

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

Note 2. Deposits and Investments

Cash Deposits - The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

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.

Irving Independent School District

Notes to the Financial Statements

At August 31, 2018, the carrying amount of the District's cash, not including fiduciary funds, was \$941,020. The bank balance was \$4,054,029. During 2017-2018, the District's combined deposits were fully insured by federal depository insurance or collateralized with securities pledged to the District and held in the District's name by the District's agent.

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

1. Name of bank: Frost Bank - Irving, Texas.
2. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$49,500,370.
3. Largest combined collected cash account balance required to be collateralized amounted to \$11,340,898 and occurred on January 31, 2018.
4. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

Investments - The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in: (1) obligations, including letters of credit, of the U.S. or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (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.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Irving Independent School District
Notes to the Financial Statements

The District's investments are measured as presented in the table below. The District's investment balances, weighted average maturity, and credit risk of such investments are as follows:

	August 31, 2018	Fair Value Measurements Using			Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
Cash and Imprest Funds	\$ 941,020	\$ -	\$ -	\$ -	0.59%		
Money market funds	15,000,000	-	-	-	9.43%		
Investments Measured at Amortized Cost:							
Investment Pools:							
TexPool	-	-	-	-	0.00%	32	AAAm
Lone Star	6,091,239	-	-	-	3.83%	20	AAAm
Investments Measured at Net Asset Value (NAV)							
Investment Pools:							
TexSTAR	8,639,379	-	-	-	5.43%	24	AAAm
Texas CLASS	72,277,575	-	-	-	45.46%	70	AAAm
LOGIC	50,047,948	-	-	-	31.48%	34	AAAm
Investment Pools Total	<u>137,056,141</u>	<u>-</u>	<u>-</u>	<u>-</u>			
Investments Subject to Fair Value							
Agency Securities	<u>5,995,737</u>	<u>-</u>	<u>5,995,737</u>	<u>-</u>	3.77%	583	
Total Value	\$ 158,992,898	\$ -	\$ 5,995,737	\$ -			
Portfolio Weighted Average Maturity						67	

The TexPool, TexSTAR, Texas CLASS, Lone Star, and LOGIC investment pools are external investment pools measured at amortized cost to report net position 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. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexPool and Lone Star have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

These local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. 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 First Southwest Asset Management under an agreement with their Boards of Directors.

Irving Independent School District

Notes to the Financial Statements

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 Short Term Asset Reserve Program (TexSTAR) is administered by J.P. Morgan Investment Management Inc. (JPMIM) and Hilltop Securities Inc. (HTS) under an agreement with the TexStar board of directors. JPMIM provides investment management services, and FirstSouthwest, a division of HTS, provides participant services and marketing. The fund is rated AAAM by Standard and Poor's Rating Service.

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 Public Trust Advisors, LLC and is rated AAAM by Standard & Poor's Rating Services.

LOGIC is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Southwest Asset Management, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM), and managed by JPMIM. J.P. Morgan Chase provides custody, fund accounting and transfer agency services. LOGIC may invest in obligations of the U.S. or its agencies and instrumentalities; repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one nationally recognized statistical rating organization (NRSRO); and commercial paper rated A-1, P-1 or equivalent by on NRSRO and is fully secured by an irrevocable letter of credit.

Furthermore, Public Trust Advisors, LLC provides specialized investment opportunities and a broad range of services to state and local governments, academic institutions, and other public and private-sector investors.

U.S. Government Agency Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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 for a maximum of five years, with most purchases between 1.5 and 3.5 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.

Irving Independent School District

Notes to the Financial Statements

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, Frost Bank, registered in the District's name.

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

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, 2018, the District held \$12,995,737 of securities with a zero par amount, which is 8.82% of the total portfolio. All agency securities held by the District are rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service. The District controls this risk by laddering the portfolio, limiting the final maturity of each investment of a maximum of five years through its investment policy with most purchases between 1.5 and 3.5 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, 2017, upon which the levy for the 2017-2018 fiscal year was based, was \$12,178,979,842. The roll was subsequently decreased to a year-end assessed value of \$12,120,027,696. 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, 2018, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.17 and \$.2614 per \$100 valuation, respectively, for a total of \$1.4314 per \$100 valuation.

Current tax collections for the year ended August 31, 2018, were 98.37% 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.

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Notes to the Financial Statements

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, 2018, property taxes receivable, net of estimated uncollectible taxes, totaled \$1,546,309 and \$499,536 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 January 1, 1998.

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 \$13,382,139 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, 2018 consisted of the following Due from Other Governments:

<u>Fund:</u>	<u>State Entitlements</u>	<u>Federal Grants</u>
General Operating Fund	\$ 177,858	\$ -
Food Service Fund	-	966,725
Nonmajor Special Revenue Funds	-	599,666
Total	\$ 177,858	\$ 1,566,391

Irving Independent School District
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Note 5. Capital Assets

Capital asset activity, as reported in governmental activities, for the year ended August 31, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital Assets not depreciated:					
Land	\$ 20,085,090	\$ -	\$ (11,249)	\$ -	\$ 20,073,841
Construction in Progress	8,550,332	2,345,128	-	(6,776,882)	4,118,578
Total Capital Assets not depreciated	28,635,422	2,345,128	(11,249)	(6,776,882)	24,192,419
Capital Assets depreciated:					
Land Improvements	23,555,577	-	-	-	23,555,577
Buildings and Improvements	715,251,344	4,257,143	(769,967)	6,776,882	725,515,402
Furniture and Equipment	146,310,202	8,972,562	(8,179,421)	-	147,103,343
Total Capital Assets depreciated	885,117,123	13,229,705	(8,949,388)	6,776,882	896,174,322
Total Capital Assets	913,752,545	15,574,833	(8,960,637)	-	920,366,741
Less Accumulated Depreciation for:					
Land Improvements	13,670,026	1,156,183	-	-	14,826,209
Buildings and Improvements	261,984,779	16,199,181	-	-	278,183,960
Furniture and Equipment	126,721,866	6,298,819	(6,037,564)	-	126,983,121
Total Accumulated Depreciation	402,376,671	23,654,183	(6,037,564)	-	419,993,290
Governmental Activities Capital Assets, Net	\$ 511,375,874	\$ (8,079,350)	\$ (2,923,073)	\$ -	\$ 500,373,451

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

Governmental Activities:	
Instruction	\$ 15,316,073
Instructional Resources & Media Services	921,009
Curriculum Development & Instructional Staff Development	15,476
Instructional Leadership	107,352
School Leadership	959,721
Guidance, Counseling & Evaluation Services	661,119
Health Services	139,787
Student Transportation	41,547
Food Services	1,422,935
Co-Curricular/Extracurricular Activities	679,647
General Administration	157,429
Plant Maintenance & Operations	2,936,904
Security & Monitoring Services	16,606
Data Processing Services	269,524
Facilities	9,054
Total Depreciation Expense, Governmental Activities	\$ 23,654,183

Irving Independent School District

Notes to the Financial Statements

The District has active construction projects that started near the end of the fiscal year. Of the District's active construction projects, the total construction commitment as of August 31, 2018 is \$19,548,233 for projects under the General and Capital Project funds.

Note 6. Defined Benefit Pension Plan

A. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

B. Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

C. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

D. Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Irving Independent School District

Notes to the Financial Statements

Texas Government Code section 821.006 prohibits benefit improvements, if as a result of 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for Plan fiscal years 2016 and 2017.

Contribution Rates

	<u>2017</u>	<u>2018</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers/District	6.8%	6.8%

2018 Employer Contributions	\$ 7,613,803
2018 Member Contributions	\$ 17,412,762
2018 NECE On-behalf Contributions	\$ 10,157,736

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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Notes to the Financial Statements

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

E. Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	8.00%
Long-term expected rate	8.00%
Municipal bond rate	N/A*
Last year ending August 31 in the 2017 to 2116 projection period (100 years)	2116
Inflation	2.50%
Salary increases	3.50% to 9.50% including inflation
Ad hoc post-employment benefit changes	None

*If a municipal bond rate was to be used, the rate would be 3.42% as of August 2017 (i.e. the rate closest to but not later than the Measurement Date). The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2014, and adopted on September 24, 2015.

Irving Independent School District

Notes to the Financial Statements

F. Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017, are summarized below:

	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns *
Global Equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11.0%	7.0%	0.1%
Absolute Return	0.0%	1.8%	0.0%
Hedge Funds (Stable Value)	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real Return			
Global Inflation Linked-Bonds	3.0%	0.9%	0.0%
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk Parity			
Risk Parity	5.0%	6.7%	0.3%
Inflation Expectation	0.0%	0.0%	2.2%
Alpha	0.0%	0.0%	1.0%
Total	100.0%		8.7%

* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

Irving Independent School District

Notes to the Financial Statements

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	\$125,222,386	\$74,280,583	\$31,863,263

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2018, the District reported a liability of \$74,280,583 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 74,280,583
State's proportionate share that is associated with the District	100,274,354
Total	<u>\$ 174,554,937</u>

The net pension liability was measured as of August 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017. The net pension liability is typically liquidated by the General fund.

At August 31, 2017, the District's proportion of the collective net pension liability was 0.232311261%, which was a decrease of .0062736% from its proportion measured as of August 31, 2016.

There were no changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

There were no changes in benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2018, the District recognized pension expense of \$9,797,550 and revenue of \$7,648,529 for support provided by the State.

Irving Independent School District

Notes to the Financial Statements

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,086,758	\$ 4,005,854
Changes in actuarial assumptions	3,383,598	1,937,031
Difference between projected and actual investment earnings	-	5,413,407
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	11,328,518	1,610,521
Contributions paid to TRS subsequent to the measurement date	<u>7,681,410</u>	
Total	<u><u>\$ 23,480,284</u></u>	<u><u>\$ 12,966,813</u></u>

\$7,681,410 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense (Income)
Fiscal Year ending August 31:	
2019	\$ (14,230)
2020	4,727,292
2021	(378,523)
2022	(1,740,228)
2023	67,061
Thereafter	<u>170,689</u>
Total	<u><u>\$ 2,832,061</u></u>

Irving Independent School District

Notes to the Financial Statements

Note 7. Defined Other Post-Employment Benefit Plan

A. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

B. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

C. Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-Care Plan Premium Rates
Effective September 1, 2016-December 31, 2017

	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and spouse	20	175	255
Retiree* and children	41	132	182
Retiree and family	61	237	337
Surviving children only	28	62	82

* or surviving spouse

Irving Independent School District

Notes to the Financial Statements

D. Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>2018</u>	<u>2017</u>
Active Employee	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.00%
Employers/District	0.75%	0.55%
Federal/private funding remitted by Employers	1.25%	1.00%

The contribution amounts for the District's fiscal year 2018 are as follows:

District contributions	\$ 1,901,915
Member contributions	1,469,908
NECE on-behalf contributions (state)	4,306,360

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether or not they participate in the TRS Care OPEB program*). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

Irving Independent School District

Notes to the Financial Statements

E. Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Expected payroll growth
Rates of disability incidence	
Additional Actuarial Methods and Assumptions:	
Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Inflation	2.50%
Discount rate*	3.42%*
Aging factors	Based on plan specific experience
Expenses	third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll growth rate	2.50%
Projected salary increases**	3.50% to 9.50%**
Healthcare trend rates***	4.50% to 12.00%***
Election Rates	Normal retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

*Source: Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.

**Includes inflation at 2.50%

***Initial trend rates are 7.00% for non-Medicare retiree; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

Other information - There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

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Notes to the Financial Statements

F. Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns
Global equity:			
U.S.	18.0%	4.6%	1.0%
Non-U.S. developed	13.0%	5.1%	0.8%
Emerging markets	9.0%	5.9%	0.7%
Directional hedge funds	4.0%	3.2%	0.1%
Private equity	13.0%	7.0%	1.1%
Stable value:			
U.S. treasuries	11.0%	0.7%	0.1%
Absolute return	0.0%	1.8%	0.0%
Stable value hedge funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real return:			
Global inflation linked bonds	3.0%	0.9%	0.0%
Real assets	16.0%	5.1%	1.1%
Energy and natural resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk parity:			
Risk parity	5.0%	6.7%	0.3%
Inflation expectation			2.2%
Alpha			1.0%
Totals	100.0%		8.7%

* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

Irving Independent School District

Notes to the Financial Statements

G. Sensitivity of the Net OPEB Liability

Discount Rate

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability.

	Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumptions		
	1% Decrease (2.42%)	Current Discount Rate (3.42%)	1% Increase (4.42%)
District's Proportionate share of the Net OPEB Liability	\$ 140,423,482	\$ 118,977,920	\$ 101,740,523

Healthcare Cost Trend Rates

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed health-care cost trend rate:

	Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate share of the Net OPEB Liability	\$ 99,061,005	\$ 118,977,920	\$ 145,111,423

H. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2018, the District reported a liability of \$118,977,920 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 118,977,920
State's proportionate share of the net OPEB liability associated with the District	174,501,471
Total	\$ 293,479,391

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017. The Net OPEB liability is typically liquidated by the General fund.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.2735990% which was the same proportion measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

Irving Independent School District

Notes to the Financial Statements

1. Significant plan changes were adopted during fiscal year ending August 31, 2017. Effective January 1, 2018, only one health option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursement would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

There were no changes of benefit terms that affected measurement of the Total OPEB liability during the measurement period.

GASB 75 requires the District to record OPEB expense for the amount of the state's proportionate share of the collective OPEB expense that is allocated to the District and record revenue in the same amount for the support provided for the State. For the measurement period ended August 31, 2017, the state's proportionate share of the collective OPEB expense was a negative expense of \$8,504,163,580 and the District's proportionate share is a negative \$58,392,832. The amount is recorded as a negative revenue and negative expense for the District's year ended August 31, 2018.

For the year ended August 31, 2018, the District recognized total negative OPEB expense of \$99,739,533, which includes both the District's proportionate share of the collective OPEB expense and the State's proportionate share of the collective OPEB expense that is allocated to the District as described above.

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 2,483,754
Changes of assumptions	-	47,284,934
Net difference between projected and actual earnings on pension plan investments	18,073	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	550	-
District contributions after measurement date	1,901,915	-
Totals	\$ 1,920,538	\$ 49,768,688

Irving Independent School District

Notes to the Financial Statements

\$1,901,915 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2019. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending August 31,	
2019	\$ (6,564,579)
2020	(6,564,579)
2021	(6,564,579)
2022	(6,564,579)
2023	(6,569,097)
Thereafter	<u>(16,922,652)</u>
Total	<u>\$ (49,750,065)</u>

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:

	Beginning 09/01/17	Increases	Decreases	Balance 08/31/18	Current Portion
Claims Payable	\$ 947,170	\$ 1,038,506	\$ 1,191,607	\$ 794,069	\$ 337,475

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

Description	Final Maturity	Interest Rate Payable	Amounts Original Issue	Bonds			Interest Accretion	Bonds	
				Outstanding at 09/01/2017	Additions	Refunded/ Retired		Outstanding at 08/31/2018	Due Within One Year
1997A Refunding	2018	4.85% - 5.42%	\$ 33,140,000	\$ 2,075,000	\$ -	\$ (2,075,000)	\$ -	\$ -	\$ -
2007-A School Building	2033	3.87% - 5.00%	20,000,000	555,000	-	(555,000)	-	-	-
2008 School Building	2038	3.25% - 5.00%	87,020,000	2,630,000	-	(1,290,000)	-	1,340,000	1,340,000
2009 School Building	2033	3.00% - 5.25%	64,995,000	9,715,000	-	(3,465,000)	-	6,250,000	2,380,000
2010A School Building	2030	3.625% - 5.00%	18,485,000	13,190,000	-	(9,255,000)	-	3,935,000	1,240,000
2010B Build America Bonds	2040	5.561% - 5.661%	40,000,000	40,000,000	-	-	-	40,000,000	-
2011 Qualified School Construction Bond	2026	None	21,640,000	16,240,000	-	(1,800,000)	-	14,440,000	1,800,000
2012 School Building	2025	2.00% - 5.00%	13,985,000	9,115,000	-	(990,000)	-	8,125,000	1,030,000
2013 Refunding	2023	2.00% - 4.00%	66,145,000	59,265,000	-	(5,950,000)	-	53,315,000	11,120,000
2014 Refunding	2027	4.00%	4,685,000	4,685,000	-	-	-	4,685,000	-
2015 Refunding	2033	2.00% - 5.00%	60,010,000	53,670,000	-	(655,000)	-	53,015,000	670,000
2015A Refunding	2031	4.00% - 5.00%	139,295,000	138,195,000	-	(265,000)	-	137,930,000	75,000
2016 Refunding	2038	2.00% - 5.00%	79,345,000	78,165,000	-	(510,000)	-	77,655,000	1,110,000
2016A Refunding	2033	3.00% - 5.00%	20,105,000	19,755,000	-	(220,000)	-	19,535,000	230,000
2017 Refunding	2029	3.00% - 5.00%	8,885,000	-	8,885,000	(140,000)	-	8,745,000	40,000
Total Bonded Indebtedness				\$ 447,255,000	\$ 8,885,000	\$ (27,170,000)	\$ -	\$ 428,970,000	\$ 21,035,000
Accreted Interest and CAB premium				23,501,771	-	(10,330,000)	544,083	13,715,854	-
Premium/Discounts on Bonds				46,727,550	1,114,581	(6,394,780)	-	41,447,351	-
Total Long Term Bonds Payable				\$ 517,484,321	\$ 9,999,581	\$ (43,894,780)	\$ 544,083	\$ 484,133,205	\$ 21,035,000

Irving Independent School District

Notes to the Financial Statements

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

Year Ended August 31	Principal	Interest	Total Requirements
2019	\$ 21,035,000	\$ 25,539,470	\$ 46,574,470
2020	29,630,000	16,964,682	46,594,682
2021	30,145,000	16,176,545	46,321,545
2022	31,360,000	14,960,770	46,320,770
2023	32,710,000	13,612,670	46,322,670
2024-2028	141,225,000	52,401,600	193,626,600
2029-2033	98,590,000	20,743,348	119,333,348
2034-2038	34,375,000	7,209,148	41,584,148
2039-2040	9,900,000	568,364	10,468,364
Totals	\$ 428,970,000	\$ 168,176,597	\$ 597,146,597

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, 2018.

Note 9. Debt Issuances and Defeased Debt

On November 1, 2017, the District issued "Irving Independent School District Unlimited Tax Refunding Bonds, Series 2017," totaling \$8,885,000 to refund a portion of the outstanding bonds. These bonds incur costs over the life of the bonds at rates between 2.00% - 4.00% and mature annually with semi-annual interest payments. The proceeds were used to purchase U.S. Government securities and these securities were placed in an irrevocable escrow account until the refunded bonds are redeemed.

This Series 2017 refunding resulted in a decrease in the District's debt service payments of \$898,928, which resulted in an economic gain (difference between the present value of the debt service payments of the old debt and new debt) of \$721,512. As a result of these transactions, \$9,270,000 of Unlimited Tax School Building Bonds, Series 2009 and 2010A were refunded and are considered legally defeased, and are no longer included in the District's basic financial statements.

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, 2018, is \$82,875,000.

Irving Independent School District
Notes to the Financial Statements

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, 2018, 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	\$ 359,773	\$ -	To reclassify deficit pooled cash
Other Nonmajor Funds	537,357	-	To reclassify deficit pooled cash
Vending Fund	240,033	-	To reclassify deficit pooled cash
Debt Service Fund:			
General Fund	-	359,773	To reclassify deficit pooled cash
Other Nonmajor Funds:			
General Fund	-	537,357	To reclassify deficit pooled cash
Vending Fund:			
General Fund	-	240,033	To reclassify deficit pooled cash
	<u>\$ 1,137,163</u>	<u>\$ 1,137,163</u>	

The detail transfer schedule for the year ended August 31, 2018, includes the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
Capital Projects Funds	General Fund	\$ 22,570,350	To offset cost of auditorium capital outlay
Debt Service Fund	General Fund	14,425,206	Surplus of General Funds to Debt Service
		<u>\$ 36,995,556</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 impact 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, 2018, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Irving Independent School District

Notes to the Financial Statements

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:

	General Fund	Food Service Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Other Funds	Total
Property Taxes	\$ 125,744,536	\$ -	\$ 28,153,153	\$ -	\$ -	\$ 153,897,689
Food Sales	-	2,565,923	-	-	-	2,565,923
TIF Proceeds	10,046,145	-	-	-	-	10,046,145
Investment Income	2,576,306	101,816	83,843	223,268	-	2,985,233
Rental of Facilities	373,803	-	-	-	-	373,803
Tuition	485,353	-	-	-	-	485,353
Gifts and Bequests	304,285	-	-	-	-	304,285
Penalties, Interest & Other Tax-Related Income	1,163,293	-	213,975	-	-	1,377,268
Co-curricular Student Activities	1,616,699	-	-	-	-	1,616,699
Athletics	238,659	-	-	-	-	238,659
Other	17,359,721	-	-	-	503,598	17,863,319
Total	\$ 159,908,800	\$ 2,667,739	\$ 28,450,971	\$ 223,268	\$ 503,598	\$ 191,754,376

Note 13. Unearned Revenue and Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue). Unearned revenue and deferred inflows of resources at year-end for the fund statements consisted of the following:

	General Fund	Debt Service Fund	Nonmajor Other Funds	Total
Deferred Inflows of Resources:				
Net Tax Revenue	\$ 4,325,263	\$ 499,536	\$ -	\$ 4,824,799
Total Deferred Inflows of Resources	\$ 4,325,263	\$ 499,536	\$ -	\$ 4,824,799
Unearned Revenue:				
Other unearned revenues	\$ -	\$ -	\$ 539,097	\$ 539,097
Total Unearned Revenue	\$ -	\$ -	\$ 539,097	\$ 539,097

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

Irving Independent School District

Notes to the Financial Statements

Note 14. Shared Services Arrangement

The District is the fiscal agent for the Regional Day School for the Deaf (RDSPD) Shared Services Arrangement (SSA), which provides services to students in its member districts, who have educationally significant hearing loss. In addition to the District, other member districts include Duncanville ISD and Grand Prairie ISD. The District, acting as the fiscal agent, manages the shared arrangement's financial matters, including the budgeting, accounting, auditing, and reporting. In accordance to guidance provided in the TEA's Financial Accountability System Resource Guide 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, 2018, are summarized below:

	2018
Duncanville ISD	\$ 133,861
Grand Prairie ISD	404,608
	<u>\$ 538,469</u>

Note 15. New Accounting Pronouncements

The GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. See Note 7 and Note 18 for the effect of this statement.

The GASB issued Statement No. 81, Irrevocable Split-Interest Agreements. The implementation had no significant effect on the District's financial statements.

The GASB issued Statement No. 83, Certain Asset Retirement Obligations. This standard becomes effective for the District in fiscal year 2019.

The GASB issued Statement No. 84, Fiduciary Activities. This standard becomes effective for the District in fiscal year 2020.

The GASB issued Statement No. 85, Omnibus 2017. The implementation had no significant effect on the District's financial statements.

The GASB issued Statement No. 86, Certain Debt Extinguishment Issues. The implementation had no significant effect on the District's financial statements.

The GASB issued Statement No. 87, Lease. This standard becomes effective for the District in fiscal year 2021.

The District will evaluate the impact of the standards on its financial statements and will take the necessary steps to implement them.

Note 16. 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 totaling \$156,285 were purchased with the IMA and were recorded in a state special revenue fund as both revenue and expenditure.

Irving Independent School District

Notes to the Financial Statements

Note 17. Prior Period Adjustment

Net position at September 1, 2017 was restated per the following table for the implementation of GASB 75:

	Governmental Activities
Beginning net position, as previously reported	\$ 94,038,083
Implementation of GASB 75 for OPEB	<u>(208,172,771)</u>
Beginning net position, restated	<u><u>\$(114,134,688)</u></u>

Note 18. Special Item

Special items include the transfer and addition of buses and vehicles from Dallas County Schools at fair market value as of August 31, 2018 for \$6,268,735 as part of the Dallas County Schools dissolution, per Senate Bill 2065.

Required Supplementary Information



Irving Independent School District

Exhibit G-1

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended August 31, 2018

DATA CONTROL CODES		Original Budget	Final Amended Budget	Fiscal Year Actual	Variance Positive or (Negative)
REVENUES					
5700	Local and Intermediate Sources	\$ 156,323,465	\$ 157,288,614	\$ 159,908,800	\$ 2,620,186
5800	State Program Revenues	178,052,267	178,052,267	172,972,614	(5,079,653)
5900	Federal Program Revenues	5,665,518	5,665,518	3,516,467	(2,149,051)
5020	Total Revenues	340,041,250	341,006,399	336,397,881	(4,608,518)
EXPENDITURES					
Current:					
0010	Instruction and Instructional-Related Services:				
0011	Instruction	187,917,458	191,923,739	184,241,923	7,681,816
0012	Instructional Resources and Media Services	4,757,149	5,765,474	5,316,338	449,136
0013	Curriculum Development and Instructional Staff Development	4,795,891	4,962,954	4,798,722	164,232
	Total Instruction and Instructional-Related Services:	197,470,498	202,652,167	194,356,983	8,295,184
0020	Instructional and School Leadership:				
0021	Instructional Leadership	5,055,773	5,522,773	4,785,627	737,146
0023	School Leadership	20,866,507	20,726,073	19,832,979	893,094
	Total Instructional and School Leadership:	25,922,280	26,248,846	24,618,606	1,630,240
0030	Support Services - Student (Pupil):				
0031	Guidance, Counseling, and Evaluation Services	14,572,567	14,775,217	13,944,979	830,238
0032	Social Work Services	1,536,702	1,566,233	1,457,957	108,276
0033	Health Services	3,146,520	3,284,055	3,099,040	185,015
0034	Student (Pupil) Transportation	6,019,190	9,961,190	8,109,587	1,851,603
0035	Food Services	395,138	495,138	390,456	104,682
0036	Co-Curricular/Extracurricular Activities	5,830,426	7,148,973	6,652,202	496,771
	Total Support Services - Student (Pupil):	31,500,543	37,230,806	33,654,221	3,576,585
0040	Administrative Support Services:				
0041	General Administration	8,663,244	8,439,405	7,296,197	1,143,208
	Total Administrative Support Services:	8,663,244	8,439,405	7,296,197	1,143,208
0050	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	26,012,443	25,980,018	24,347,232	1,632,786
0052	Security and Monitoring Services	3,991,886	4,217,337	3,663,243	554,094
0053	Data Processing Services	5,091,314	5,084,523	4,802,010	282,513
	Total Support Services - Nonstudent Based:	35,095,643	35,281,878	32,812,485	2,469,393
0060	Ancillary Services:				
0061	Community Services	485,396	591,605	482,644	108,961
	Total Ancillary Services:	485,396	591,605	482,644	108,961
0080	Capital Outlay:				
0081	Facilities Acquisition and Construction	13,235,795	3,306,189	1,296,950	2,009,239
	Total Capital Outlay:	13,235,795	3,306,189	1,296,950	2,009,239
0090	Intergovernmental Charges:				
0095	Payments to JJAEP	190,000	210,000	21,162	188,838
0097	Payments to TIF	12,733,528	14,755,390	13,382,139	1,373,251
0099	Intergovernmental Charges	600,317	625,317	599,317	26,000
	Total Intergovernmental Charges:	13,523,845	15,590,707	14,002,618	1,588,089
6030	Total Expenditures	325,897,244	329,341,603	308,520,704	20,820,899
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	14,144,006	11,664,796	27,877,177	16,212,381
OTHER FINANCING SOURCES (USES)					
7912	Proceeds from Sale of Fixed Assets	50,000	50,000	40,907	(9,093)
8911	Transfers Out	(14,425,206)	(36,999,156)	(36,995,556)	3,600
	Total Other Financing Sources (Uses)	(14,375,206)	(36,949,156)	(36,954,649)	(5,493)
1200	Net Change in Fund Balances	(231,200)	(25,284,360)	(9,077,472)	16,206,888
0100	Fund Balance - September 1 (Beginning)	113,878,595	113,878,595	113,878,595	-
3000	Fund Balance - August 31 (Ending)	\$ 113,647,395	\$ 88,594,235	\$ 104,801,123	\$ 16,206,888

See Notes to the Required Supplementary Information.

Irving Independent School District

Exhibit G-2

Schedule of Revenues, Expenditures and Changes In Fund Balance
Budget and Actual - Food Service Fund
For The Year Ended August 31, 2018

DATA CONTROL CODES		Original Budget	Final Amended Budget	Fiscal Year Actual	Variance Positive or (Negative)
REVENUES					
5700	Local and Intermediate Sources	\$ 2,862,000	\$ 2,862,000	\$ 2,667,739	\$ (194,261)
5800	State Program Revenues	120,000	120,000	120,605	605
5900	Federal Program Revenues	20,075,895	20,075,895	19,519,459	(556,436)
5020	Total Revenues	<u>23,057,895</u>	<u>23,057,895</u>	<u>22,307,803</u>	<u>(750,092)</u>
EXPENDITURES					
Current:					
0030	Support Services - Student (Pupil):				
0035	Food Services	22,683,141	23,200,847	19,593,344	3,607,503
0036	Co-Curricular/Extracurricular Activities	706,965	189,259	5,253	184,006
	Total Support Services - Student (Pupil):	<u>23,390,106</u>	<u>23,390,106</u>	<u>19,598,597</u>	<u>3,791,509</u>
0050	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	650,000	650,000	561,289	88,711
	Total Support Services - Nonstudent Based:	<u>650,000</u>	<u>650,000</u>	<u>561,289</u>	<u>88,711</u>
0080	Capital Outlay:				
0081	Facilities Acquisition and Construction	105,315	2,632,866	2,385,058	247,808
	Total Capital Outlay:	<u>105,315</u>	<u>2,632,866</u>	<u>2,385,058</u>	<u>247,808</u>
6030	Total Expenditures	<u>24,145,421</u>	<u>26,672,972</u>	<u>22,544,944</u>	<u>4,128,028</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,087,526)</u>	<u>(3,615,077)</u>	<u>(237,141)</u>	<u>3,377,936</u>
1200	Net Change in Fund Balances	(1,087,526)	(3,615,077)	(237,141)	3,377,936
0100	Fund Balance - September 1 (Beginning)	6,889,141	6,889,141	6,889,141	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 5,801,615</u>	<u>\$ 3,274,064</u>	<u>\$ 6,652,000</u>	<u>\$ 3,377,936</u>

See Notes to the Required Supplementary Information.

Irving Independent School District
Schedule of the District's Proportionate
Share of the Net Pension Liability of a Cost-
Sharing Multiple-Employer Pension Plan - TRS
For the Last Four Fiscal Years

Exhibit G-3

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.2323111%	0.2260375%	0.2410883%	17.8244400%
District's Proportionate Share of Net Pension Liability	\$ 74,280,583	\$ 85,416,214	\$ 85,221,505	\$ 47,611,544
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>100,274,354</u>	<u>123,700,991</u>	<u>122,441,157</u>	<u>105,347,641</u>
Total	\$ 174,554,937	\$ 209,117,205	\$ 207,662,662	\$ 152,959,185
District's Covered Payroll	225,816,020	219,842,627	218,700,802	210,264,992
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	32.89%	38.85%	38.97%	22.64%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

Note: GASB 68,81,2,a requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2017 - the period from September 1, 2016 - August 31, 2017.

Note: Ten years of data is not available.

Irving Independent School District
 Schedule of the District's Contributions- TRS
 For the Last Four Fiscal Years

Exhibit G-4

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 5,412,795	\$ 5,272,151	\$ 5,816,323	\$ 5,760,719
Contribution in Relation to the Contractually Required Contribution	<u>(5,412,795)</u>	<u>(5,272,151)</u>	<u>(5,816,323)</u>	<u>(5,760,719)</u>
Contribution Deficiency (Excess)	-	-	-	-
District's Covered Payroll	226,139,762	225,816,020	219,842,627	218,700,802
Contributions as a percentage of Covered Employee Payroll	2.39%	2.33%	2.65%	2.63%

Note: GASB 68, Paragraph 81.2.b. requires that the data in this schedule be presented as the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2017 - August 31, 2018.

Note: Ten years of data is not available.

Irving Independent School District
 Schedule of the District's Proportionate
 Share of the Net OPEB Liability of a Cost-
 Sharing Multiple-Employer OPEB Plan - TRS
 Last Fiscal Year

Exhibit G-5

	<u>2018</u>
District's Proportion of the Net OPEB Liability	0.2735990%
District's Proportionate Share of Net OPEB Liability	\$ 118,977,920
State's Proportionate Share of the Net OPEB Liability Associated with the District	<u>174,501,471</u>
Total	\$ 293,479,391
District's Covered Payroll	225,816,020
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	52.69%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	0.91%

Note: The amounts presented for the fiscal year were determined as of the Plan's fiscal year end, August 31, 2017.
 Ten years of data is not available.

Irving Independent School District
 Schedule of the District's Contributions to the
 Teacher Retirement System of Texas OPEB Plan
 Last Fiscal Year

Exhibit G-6

	<u>2018</u>
Contractually Required Contribution	\$ 1,901,915
Contribution in Relation to the Contractually Required Contribution	<u>(1,901,915)</u>
Contribution Deficiency (Excess)	-
District's Covered Payroll	226,139,762
Contributions as a percentage of Covered Employee Payroll	0.84%

Note: The amounts presented for the fiscal year were determined as of the District's fiscal year end August 31, 2018. Ten years of data is not available.

Irving Independent School District
Notes to the Required Supplementary Information

Note 1. Budgetary Legal Compliance

A. Budgetary Information

The Official Budget was prepared for adoption prior to August 20, 2017 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. The Board of Trustees maintains control within Fund Groups at the function code level for appropriations and object code level for revenues.

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

Should any change in the approved budget be required, budget amendment requests are presented to the Board of Trustees for consideration. Amendments are made before the fact and, once approved, are reflected in the official minutes. During the year, the budget was properly amended in accordance with the above procedures. The Board of Trustees approved the final amendment on August 27, 2018.

Note 2. Pension Liability

A. TRS – Actuarial Assumptions for Contribution Rate

Actuarial Assumptions – The information presented in the following table was used in the actuarial valuation for determining the actuarially determined contribution rate. The assumptions are as follows:

Valuation Date	August 31, 2017
Actuarial Cost Method	Ultimate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Remaining Amortization Period	34 years
Asset Valuation Method	5 Year Smoothed Market
Actuarial Assumptions:	
Inflation	2.50%
Salary Increases	3.50% to 9.50% including Inflation
Investment Rate of Return	8.00%
Ad Hoc Post-employment Benefit Changes	None
Benefit Changes During the Year	None



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, 2018

Exhibit H-1

DATA CONTROL CODES	FEDERAL SPECIAL REVENUE	STATE SPECIAL REVENUE	LOCAL SPECIAL REVENUE	TOTALS NONMAJOR GOVERNMENTAL FUNDS	
ASSETS					
1110	Cash and Temporary Investment Receivables:	\$ 8,869	\$ 641,559	\$ 62,150	\$ 712,578
1240	Due from Other Governments	599,666	-	-	599,666
1000	TOTAL ASSETS	<u>\$ 608,535</u>	<u>\$ 641,559</u>	<u>\$ 62,150</u>	<u>\$ 1,312,244</u>
LIABILITIES					
2110	Accounts Payable	\$ 33,829	\$ 135,948	\$ -	\$ 169,777
2170	Due to Other Funds	537,357	-	-	537,357
2300	Unearned Revenue	40,363	469,734	29,000	539,097
2000	TOTAL LIABILITIES	<u>611,549</u>	<u>605,682</u>	<u>29,000</u>	<u>1,246,231</u>
FUND BALANCE					
	Restricted	-	35,877	33,150	69,027
	Unrestricted	(3,014)	-	-	(3,014)
3000	TOTAL FUND BALANCE	<u>(3,014)</u>	<u>35,877</u>	<u>33,150</u>	<u>66,013</u>
4000	TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 608,535</u>	<u>\$ 641,559</u>	<u>\$ 62,150</u>	<u>\$ 1,312,244</u>

Irving Independent School District
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended August 31, 2018

Exhibit H-2

DATA CONTROL CODES	FEDERAL SPECIAL REVENUE	STATE SPECIAL REVENUE	LOCAL SPECIAL REVENUE	TOTALS NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
5700	\$ -	\$ 503,598	\$ -	\$ 503,598
5800	-	1,210,897	-	1,210,897
5900	19,238,507	-	-	19,238,507
5020	<u>19,238,507</u>	<u>1,714,495</u>	<u>-</u>	<u>20,953,002</u>
EXPENDITURES				
Current:				
0010	Instruction and Instructional-Related Services:			
0011	11,206,140	1,569,344	1,673	12,777,157
0012	-	492	-	492
0013	4,469,772	13,377	-	4,483,149
	<u>15,675,912</u>	<u>1,583,213</u>	<u>1,673</u>	<u>17,260,798</u>
0020	Instructional and School Leadership:			
0021	321,785	119,693	-	441,478
	<u>321,785</u>	<u>119,693</u>	<u>-</u>	<u>441,478</u>
0030	Support Services - Student (Pupil):			
0031	1,351,305	-	-	1,351,305
0032	77,813	-	-	77,813
0033	101,924	-	-	101,924
0034	227,616	-	-	227,616
	<u>1,758,658</u>	<u>-</u>	<u>-</u>	<u>1,758,658</u>
0040	Administrative Support Services:			
0041	56,493	-	-	56,493
	<u>56,493</u>	<u>-</u>	<u>-</u>	<u>56,493</u>
0050	Support Services - Nonstudent Based:			
0053	39,042	-	-	39,042
	<u>39,042</u>	<u>-</u>	<u>-</u>	<u>39,042</u>
0060	Ancillary Services:			
0061	1,389,631	12,576	-	1,402,207
	<u>1,389,631</u>	<u>12,576</u>	<u>-</u>	<u>1,402,207</u>
6030	<u>19,241,521</u>	<u>1,715,482</u>	<u>1,673</u>	<u>20,958,676</u>
1200	(3,014)	(987)	(1,673)	(5,674)
0100	-	36,864	34,823	71,687
	<u>\$ (3,014)</u>	<u>\$ 35,877</u>	<u>\$ 33,150</u>	<u>\$ 66,013</u>
	Fund Balance - August 31 (Ending)			

Internal Service Funds

Irving Independent School District
Combining Statement of Net Position
Internal Service Funds
August 31, 2018

DATA CONTROL CODES		WORKERS' COMPENSATION	UNEMPLOYMENT
	ASSETS		
	Current Assets:		
1110	Cash and Temporary Investments	\$ 1,195,345	\$ 195,040
1310	Inventories, at Cost	-	-
	Total Current Assets	<u>1,195,345</u>	<u>195,040</u>
1000	Total Assets	<u>1,195,345</u>	<u>195,040</u>
	LIABILITIES		
	Current Liabilities:		
2110	Accounts Payable	196	-
2800	Claims Due Within One Year	337,475	-
	Total Current Liabilities	<u>337,671</u>	<u>-</u>
	Noncurrent Liabilities:		
	Claims Due In More Than One Year	456,594	-
	Total Long-Term Liabilities	<u>456,594</u>	<u>-</u>
2000	Total Liabilities	<u>794,265</u>	<u>-</u>
	NET POSITION		
3900	Unrestricted Net Position	<u>401,080</u>	<u>195,040</u>
3000	TOTAL NET POSITION	<u>\$ 401,080</u>	<u>\$ 195,040</u>

Exhibit H-3

<u>SCIENCE KIT REFURBISHMENT</u>	<u>PRINT SHOP</u>	<u>TOTALS INTERNAL SERVICE FUNDS</u>
\$ 180,303	\$ 24,237	\$ 1,594,925
121,472	8,170	129,642
<u>301,775</u>	<u>32,407</u>	<u>1,724,567</u>
301,775	32,407	1,724,567
5,687	-	5,883
-	-	337,475
<u>5,687</u>	<u>-</u>	<u>343,358</u>
-	-	456,594
-	-	456,594
<u>5,687</u>	<u>-</u>	<u>799,952</u>
<u>296,088</u>	<u>32,407</u>	<u>924,615</u>
<u>\$ 296,088</u>	<u>\$ 32,407</u>	<u>\$ 924,615</u>

Irving Independent School District
Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position
Internal Service Funds
For the Year Ended August 31, 2018

<u>DATA CONTROL CODES</u>		<u>WORKERS' COMPENSATION</u>	<u>UNEMPLOYMENT</u>
OPERATING REVENUES			
5700	Charges for Services	\$ 1,132,946	\$ 10,807
5020	Total Operating Revenues	<u>1,132,946</u>	<u>10,807</u>
OPERATING EXPENSES			
6100	Payroll Costs	138,371	34,712
6200	Professional/Contracted Services	30,750	-
6300	Supplies and Materials	72,488	-
6400	Claims, Administration, and Other Expenses	972,582	52,474
6030	Total Operating Expenses	<u>1,214,191</u>	<u>87,186</u>
	Operating Income (Loss)	(81,245)	(76,379)
NONOPERATING REVENUES			
7955	Interest Income	<u>31,503</u>	<u>-</u>
	CHANGE IN NET POSITION	(49,742)	(76,379)
0100	Total Net Position - September 1 (Beg.)	<u>450,822</u>	<u>271,419</u>
3000	Total Net Position - August 31 (Ending)	<u>\$ 401,080</u>	<u>\$ 195,040</u>

Exhibit H-4

SCIENCE KIT REFURBISHMENT	PRINT SHOP	TOTALS INTERNAL SERVICE FUNDS
\$ 384,278	\$ 121,115	\$ 1,649,146
384,278	121,115	1,649,146
175,242	-	348,325
-	133,011	163,761
350,727	23,742	446,957
5,566	-	1,030,622
531,535	156,753	1,989,665
(147,257)	(35,638)	(340,519)
-	-	31,503
(147,257)	(35,638)	(309,016)
443,345	68,045	1,233,631
<u>\$ 296,088</u>	<u>\$ 32,407</u>	<u>\$ 924,615</u>

Irving Independent School District
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended August 31, 2018

	<u>WORKERS'</u>	<u>UNEMPLOYMENT</u>
	<u>COMPENSATION</u>	<u> </u>
Cash Flows from Operating Activities:		
Cash Received for Premiums and Services	\$ 1,132,946	\$ 10,807
Cash Paid to Employees	(138,371)	(34,712)
Cash Paid for Claims, Administration, and Other Costs	<u>(1,229,181)</u>	<u>(69,076)</u>
Net Cash Used in Operating Activities	<u>(234,606)</u>	<u>(92,981)</u>
Cash Flows from Investing Activities:		
Interest Received	<u>31,503</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>31,503</u>	<u>-</u>
Net Decrease in Cash & Cash Equivalents	(203,103)	(92,981)
Cash and Cash Equivalents at Beginning of the Year	<u>1,398,448</u>	<u>288,021</u>
Cash and Cash Equivalents at End of the Year	<u>\$ 1,195,345</u>	<u>\$ 195,040</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Loss	<u>\$ (81,245)</u>	<u>\$ (76,379)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Decrease in Inventories	-	-
Decrease in Accounts Payable	(260)	(16,602)
Decrease in Long-term Claims Reserve	<u>(153,101)</u>	<u>-</u>
Total Adjustments	<u>(153,361)</u>	<u>(16,602)</u>
Net Cash Used in Operating Activities	<u>\$ (234,606)</u>	<u>\$ (92,981)</u>

Exhibit H-5

<u>SCIENCE KIT REFURBISHMENT</u>	<u>PRINT SHOP</u>	<u>TOTALS INTERNAL SERVICE FUNDS</u>
\$ 384,278	\$ 121,115	\$ 1,649,146
(175,242)	-	(348,325)
<u>(281,721)</u>	<u>(154,602)</u>	<u>(1,734,580)</u>
(72,685)	(33,487)	(433,759)
-	-	31,503
-	-	31,503
(72,685)	(33,487)	(402,256)
252,988	57,724	1,997,181
<u>\$ 180,303</u>	<u>\$ 24,237</u>	<u>\$ 1,594,925</u>
\$ (147,257)	\$ (35,638)	\$ (340,519)
81,773	2,151	83,924
(7,201)	-	(24,063)
-	-	(153,101)
<u>74,572</u>	<u>2,151</u>	<u>(93,240)</u>
<u>\$ (72,685)</u>	<u>\$ (33,487)</u>	<u>\$ (433,759)</u>



Fiduciary Funds



Irving Independent School District
 Combining Statement of Fiduciary Assets and Liabilities
 Agency Funds
 August 31, 2018

Exhibit H-6

	STUDENT ACTIVITY FUNDS	FLEXIBLE BENEFITS	TOTALS AGENCY FUNDS
ASSETS			
Cash and Temporary Investments	\$ 612,222	\$ 117,832	\$ 730,054
TOTAL ASSETS	<u>\$ 612,222</u>	<u>\$ 117,832</u>	<u>\$ 730,054</u>
 LIABILITIES			
Accounts Payable	\$ 53,253	\$ 117,832	\$ 171,085
Due to Student Groups	558,969	-	558,969
TOTAL LIABILITIES	<u>\$ 612,222</u>	<u>\$ 117,832</u>	<u>\$ 730,054</u>

Irving Independent School District

Exhibit H-7

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended August 31, 2018

	BALANCE 9/1/2017	ADDITIONS	DELETIONS	BALANCE 8/31/2018
STUDENT ACTIVITIES:				
Assets:				
Cash and Temporary Investments	\$ 560,807	\$ 1,596,359	\$ 1,544,944	\$ 612,222
Total Assets	\$ 560,807	\$ 1,596,359	\$ 1,544,944	\$ 612,222
Liabilities:				
Accounts Payable	\$ 52,539	\$ 1,944,782	\$ 1,944,068	\$ 53,253
Due to Student Groups	508,268	1,674,723	1,624,022	558,969
Total Liabilities	\$ 560,807	\$ 3,619,505	\$ 3,568,090	\$ 612,222
FLEXIBLE BENEFITS:				
Assets:				
Cash and Temporary Investments	\$ 161,227	\$ 1,079,172	\$ 1,122,567	\$ 117,832
Total Assets	\$ 161,227	\$ 1,079,172	\$ 1,122,567	\$ 117,832
Liabilities:				
Accounts Payable	\$ 161,227	\$ 2,201,281	\$ 2,244,676	\$ 117,832
Total Liabilities	\$ 161,227	\$ 2,201,281	\$ 2,244,676	\$ 117,832
TOTAL AGENCY FUNDS:				
Assets:				
Cash and Temporary Investments	\$ 722,034	\$ 2,675,531	\$ 2,667,511	\$ 730,054
Total Assets	\$ 722,034	\$ 2,675,531	\$ 2,667,511	\$ 730,054
Liabilities:				
Accounts Payable	\$ 213,766	\$ 4,146,063	\$ 4,188,744	\$ 171,085
Due to Student Groups	508,268	1,674,723	1,624,022	558,969
Total Liabilities	\$ 722,034	\$ 5,820,786	\$ 5,812,766	\$ 730,054

Required T.E.A. Schedules

Irving Independent School District
 Schedule of Delinquent Taxes Receivable
 For the Year Ended August 31, 2018

Last Ten Years			3
Tax Roll			Assessed/
Fiscal Year Ending		Interest &	Appraised Value for
August 31	Operations	Sinking	School Tax
2009 & Prior Years	Various	Various	Various
2010	1.0200	0.4050	9,485,866,005
2011	1.0400	0.4250	9,162,488,657
2012	1.0400	0.4250	8,971,398,639
2013	1.0400	0.4250	9,095,092,708
2014	1.0400	0.4250	9,423,271,055
2015	1.0400	0.3950	9,875,806,062
2016	1.0400	0.4050	10,428,027,790
2017	1.7000	0.2750	11,457,829,623
2018	1.1700	0.2700	12,120,027,696 *
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 \$3,873,065.

* Source: 2018 School District Report of Property Value
 (Includes all Supplements and Litigated Accounts).

Exhibit J-1

10	20	30	30a	40	50
Beginning	Current	Maintenance	Debt Service	Fiscal	Ending
Balance	Year's	Total	Total	Year's	Balance
9/1/2017	Total Levy	Collections	Collections	Adjustment	8/31/2018
\$ 1,152,354	\$ -	\$ 56,676	\$ 14,168	\$ (32,314)	\$ 1,049,196
225,699	-	13,383	5,314	(3,337)	203,665
239,627	-	16,493	6,740	(13,313)	203,081
362,015	-	59,322	24,242	(28,197)	250,254
470,518	-	58,016	23,708	(108,077)	280,717
750,981	-	62,507	25,544	(136,460)	526,470
862,979	-	77,181	29,314	(36,869)	719,615
1,101,855	-	136,731	53,246	(53,741)	858,137
1,802,706	-	(786,742)	(184,918)	(1,637,553)	1,136,813
-	170,376,750	136,994,868	30,607,230	(763,739)	2,010,913
<u>\$ 6,968,734</u>	<u>\$ 170,376,750</u>	<u>\$ 136,688,435</u>	<u>\$ 30,604,588</u>	<u>\$ (2,813,600)</u>	<u>\$ 7,238,861</u>

\$ 13,394,860

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 8/31/18:

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

Irving Independent School District

Exhibit J-2

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Debt Service Fund
For the Year Ended August 31, 2018

Data Control Codes		Original Budget	Final Amended Budget	Fiscal Year Actual	Variance Positive or (Negative)
REVENUES					
5700	Local and Intermediate Sources	\$ 29,504,635	\$ 29,504,635	\$ 28,450,971	\$ (1,053,664)
5800	State Program Revenues	3,149,648	3,149,648	2,557,992	(591,656)
5020	Total Revenues	<u>32,654,283</u>	<u>32,654,283</u>	<u>31,008,963</u>	<u>(1,645,320)</u>
EXPENDITURES					
0070	Debt Service:				
0071	Principal	28,230,000	28,230,000	28,230,000	-
0072	Interest and Charges on Long-Term Debt	18,849,489	18,970,627	18,335,258	635,369
0073	Bond Issue Costs and Fees	-	-	147,775	(147,775)
	Total Debt Services	<u>47,079,489</u>	<u>47,200,627</u>	<u>46,713,033</u>	<u>487,594</u>
6030	Total Expenditures	<u>47,079,489</u>	<u>47,200,627</u>	<u>46,713,033</u>	<u>487,594</u>
1100	Excess (Deficiency) of Revenues Over (under) Expenditures	<u>(14,425,206)</u>	<u>(14,546,344)</u>	<u>(15,704,070)</u>	<u>(1,157,726)</u>
OTHER FINANCING SOURCES (USES)					
7901	Issuance of Refunding Debt	-	8,885,000	8,885,000	-
7916	Premium on Issuance of Debt	-	1,114,581	1,114,581	-
7915	Transfers In	14,425,206	14,425,206	14,425,206	-
8940	Payment to Refunded Bond Escrow Agent	-	(9,878,443)	(9,878,443)	-
	Total Other Financing Sources and (Uses)	<u>14,425,206</u>	<u>14,546,344</u>	<u>14,546,344</u>	<u>-</u>
1200	Net Change in Fund Balances	-	-	(1,157,726)	(1,157,726)
0100	Fund Balance - September 1 (Beginning)	6,909,698	6,909,698	6,909,698	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 6,909,698</u>	<u>\$ 6,909,698</u>	<u>\$ 5,751,972</u>	<u>\$ (1,157,726)</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	Exhibits
Financial Trends Information These schedules contain trend information intended to help the reader understand how the district's financial position has changed over time.	S1 – S7
Revenue Capacity Information These schedules contain information intended to help the reader assess the district's most significant revenue source, state tax collections.	S8 – S12
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.	S13 – S15
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.	S16 – S18
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.	S19 – S20

Irving Independent School District
 Net Position By Component
 Last Ten Fiscal Years (Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities				
Net investment in capital assets	\$ 235,946	\$ 3,431,449	\$ 4,933,936	\$ 30,022,606
Restricted				
Food Service	7,121,811	7,398,104	6,710,687	9,102,534
Debt Service	6,948,487	3,899,725	4,549,566	12,602,461
Unrestricted	44,389,864	36,876,813	35,907,568	15,693,677
Total governmental net position	<u>\$ 58,696,108</u>	<u>\$ 51,606,091</u>	<u>\$ 52,101,757</u>	<u>\$ 67,421,278</u>
Business-Type activities				
Unrestricted	\$ -	\$ -	\$ -	\$ -
Total Business-Type net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government				
Net investment in capital assets	\$ 235,946	\$ 3,431,449	\$ 4,933,936	\$ 30,022,606
Restricted				
Food Service	7,121,811	7,398,104	6,710,687	9,102,534
Debt Service	6,948,487	3,899,725	4,549,566	12,602,461
Unrestricted	44,389,864	36,876,813	35,907,568	15,693,677
Total primary government	<u>\$ 58,696,108</u>	<u>\$ 51,606,091</u>	<u>\$ 52,101,757</u>	<u>\$ 67,421,278</u>

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

Exhibit S-1

Fiscal Year					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 33,082,682	\$ 34,787,416	\$ 32,289,637	\$ 32,387,346	\$ 49,947,282	\$ 76,698,608
8,548,803	5,840,117	5,434,057	6,190,761	6,926,005	6,687,877
9,270,928	11,811,520	10,505,814	4,202,628	4,239,051	4,792,224
27,784,480	25,431,713	(482,474)	19,157,439	32,925,745	(134,227,899)
<u>\$ 78,686,893</u>	<u>\$ 77,870,766</u>	<u>\$ 47,747,034</u>	<u>\$ 61,938,174</u>	<u>\$ 94,038,083</u>	<u>\$ (46,049,190)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (48,721)</u>	<u>\$ (182,385)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (48,721)</u>	<u>\$ (182,385)</u>
\$ 33,082,682	\$ 34,787,416	\$ 32,289,637	\$ 32,387,346	\$ 49,947,282	\$ 76,698,608
8,548,803	5,840,117	5,434,057	6,190,761	6,926,005	6,687,877
9,270,928	11,811,520	10,505,814	4,202,628	4,239,051	4,792,224
27,784,480	25,431,713	(482,474)	19,157,439	32,877,024	(134,410,284)
<u>\$ 78,686,893</u>	<u>\$ 77,870,766</u>	<u>\$ 47,747,034</u>	<u>\$ 61,938,174</u>	<u>\$ 93,989,362</u>	<u>\$ (46,231,575)</u>

Irving Independent School District
Expenses, Program Revenues, And Net (Expense)/Revenue
Last Ten Fiscal Years (Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses				
Governmental activities				
Instruction	\$ 180,232,180	\$ 202,902,605	\$ 202,027,719	\$ 190,308,817
Instructional resources and media services	4,975,486	5,268,387	5,395,741	5,448,807
Curriculum and staff development services	3,558,753	5,052,148	5,230,001	4,751,709
Instructional leadership	5,155,792	5,767,304	5,302,420	5,624,822
School leadership	18,327,617	19,227,696	19,274,337	17,229,739
Guidance, counseling, & evaluation services	13,188,546	14,526,771	14,456,133	13,715,505
Social work services	454,045	421,492	452,483	422,845
Health services	2,546,835	2,668,537	2,677,435	2,652,074
Student transportation	3,498,826	3,894,410	4,462,792	4,086,234
Food Service	15,973,273	16,353,277	17,047,841	17,531,841
Extracurricular activities	4,968,072	5,244,068	6,243,463	6,270,809
General administration	7,214,596	7,239,959	7,248,095	7,199,150
Plant maintenance and operations	20,296,508	22,197,037	21,587,242	22,012,072
Security and monitoring services	2,615,072	2,835,972	2,849,399	2,905,808
Data processing services	3,574,010	3,369,105	3,549,859	3,893,178
Community services	1,177,345	1,336,533	1,246,312	1,195,296
Interest on long-term debt	24,205,191	27,919,340	28,495,578	28,718,685
Facilities acquisition/construction	3,469	3,450	-	3,974
Intergovernmental charges	176,431	91,036	64,752	86,526
Payments to TIF	2,347,460	1,414,723	1,010,907	1,742,264
Other Intergovernmental Charges	505,598	535,803	531,534	519,552
Total governmental activities expenses	<u>314,995,105</u>	<u>348,269,653</u>	<u>349,154,043</u>	<u>336,319,707</u>
Business-Type activities				
Vending	\$ -	\$ -	\$ -	\$ -
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government expenses	<u>\$ 314,995,105</u>	<u>\$ 348,269,653</u>	<u>\$ 349,154,043</u>	<u>\$ 336,319,707</u>
Program Revenues				
Governmental activities				
Charges for services				
Instruction	\$ 675,741	\$ 592,479	\$ 543,735	\$ 516,091
Food service	3,048,365	2,751,056	2,508,940	2,971,813
Extracurricular activities	1,380,358	1,422,835	1,413,786	1,427,241
Plant maintenance and operations	149,044	212,710	177,518	731,666
Operating grants and contributions	45,849,732	72,112,849	74,113,382	57,192,756
Capital Grants and Contributions	75,000	-	-	-
Total governmental activities revenues	<u>\$ 51,178,240</u>	<u>\$ 77,091,929</u>	<u>\$ 78,757,361</u>	<u>\$ 62,839,567</u>
Business-Type activities				
Charges for services				
Vending	\$ -	\$ -	\$ -	\$ -
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government revenues	<u>\$ 51,178,240</u>	<u>\$ 77,091,929</u>	<u>\$ 78,757,361</u>	<u>\$ 62,839,567</u>

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

Exhibit S-2

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 188,974,526	\$ 209,800,052	\$ 211,808,998	\$ 217,338,877	\$ 224,360,321	\$ 155,169,170
5,595,410	5,915,181	5,488,376	6,368,683	6,581,856	7,625,079
6,703,099	8,471,201	9,135,362	8,217,047	9,400,847	7,027,424
5,311,012	5,112,718	4,577,973	5,027,383	5,654,331	3,800,568
17,688,291	19,926,467	20,401,286	21,467,618	22,393,869	14,444,144
14,731,022	15,040,908	15,721,776	17,071,237	17,081,638	11,411,772
452,558	584,649	1,576,516	1,556,815	1,728,065	1,022,686
2,728,362	2,814,171	3,001,895	3,294,065	3,403,554	2,317,808
4,600,440	6,354,947	5,267,894	6,032,429	7,009,837	6,857,230
19,032,015	19,309,738	19,738,827	21,381,006	22,262,789	18,844,875
6,338,475	6,559,814	6,538,184	6,986,735	7,151,176	5,866,123
7,559,425	8,104,538	7,122,438	7,791,108	7,939,216	5,431,463
21,523,347	21,912,291	22,191,155	23,796,087	25,112,397	23,008,223
2,998,649	3,182,215	3,130,271	3,467,941	3,551,287	3,030,946
3,888,670	4,261,484	4,031,182	4,254,484	4,868,754	4,606,508
1,839,893	1,818,555	1,724,124	2,323,519	2,144,097	1,411,289
27,340,450	26,343,364	20,023,429	20,103,591	16,096,943	13,029,722
2,559	10,703	71,682	92,834	122,425	475,180
56,430	116,850	173,772	15,882	42,900	21,162
3,100,836	2,182,197	6,465,553	8,945,883	11,010,364	13,382,139
520,707	534,086	538,945	568,476	583,498	599,317
<u>340,986,176</u>	<u>368,356,129</u>	<u>368,729,638</u>	<u>386,101,700</u>	<u>398,500,164</u>	<u>299,382,828</u>
\$ -	\$ -	\$ -	\$ -	\$ 476,486	\$ 453,958
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,486</u>	<u>\$ 453,958</u>
<u>\$ 340,986,176</u>	<u>\$ 368,356,129</u>	<u>\$ 368,729,638</u>	<u>\$ 386,101,700</u>	<u>\$ 398,976,650</u>	<u>\$ 299,836,786</u>
\$ 440,510	\$ 425,016	360,438	242,247	572,448	651,901
3,131,771	3,284,981	3,110,102	3,136,952	2,782,044	2,565,563
1,381,483	1,421,847	1,814,044	1,861,280	1,885,027	1,855,358
2,045,158	231,145	388,564	466,364	331,195	383,429
48,772,209	51,231,188	57,542,541	62,385,043	75,499,383	7,052,625
-	-	-	-	-	-
<u>\$ 55,771,131</u>	<u>\$ 56,594,177</u>	<u>\$ 63,215,689</u>	<u>\$ 68,091,886</u>	<u>\$ 81,070,097</u>	<u>\$ 12,508,876</u>
\$ -	\$ -	\$ -	\$ -	\$ 321,361	\$ 320,294
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,361</u>	<u>\$ 320,294</u>
<u>\$ 55,771,131</u>	<u>\$ 56,594,177</u>	<u>\$ 63,215,689</u>	<u>\$ 68,091,886</u>	<u>\$ 81,391,458</u>	<u>\$ 12,829,170</u>

Irving Independent School District
 General Revenues And Total Change In Net Position
 Last Ten Fiscal Years (Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net (Expense)/Revenue				
Governmental activities	\$ (263,816,865)	\$ (271,177,724)	\$ (270,396,682)	\$ (273,480,140)
Business-Type activities	-	-	-	-
Total primary government expenses	<u>\$ (263,816,865)</u>	<u>\$ (271,177,724)</u>	<u>\$ (270,396,682)</u>	<u>\$ (273,480,140)</u>
General Revenues				
Governmental activities				
Taxes				
Property taxes levied for general purposes	\$ 97,024,305	\$ 93,248,521	\$ 90,847,221	\$ 89,463,642
Property taxes levied for debt service	34,961,198	37,025,527	37,126,703	36,363,206
State Aid Formula Grants	127,466,060	129,868,903	139,197,880	157,790,019
Investment earnings	4,993,990	1,870,376	871,377	692,064
Miscellaneous	3,040,957	2,074,380	2,849,167	4,490,730
Special item	-	-	-	-
Transfers	-	-	-	-
Total governmental activities	<u>267,486,510</u>	<u>264,087,707</u>	<u>270,892,348</u>	<u>288,799,661</u>
Business-Type activities				
Transfers	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>267,486,510</u>	<u>264,087,707</u>	<u>270,892,348</u>	<u>288,799,661</u>
Change in Net Position				
Governmental activities	\$ 3,669,645	\$ (7,090,017)	\$ 495,666	\$ 15,319,521
Business-type activities	-	-	-	-
Total primary government	<u>\$ 3,669,645</u>	<u>\$ (7,090,017)</u>	<u>\$ 495,666</u>	<u>\$ 15,319,521</u>

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

Exhibit S-3

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ (285,215,045)	\$ (311,761,952)	\$ (305,513,949)	\$ (318,009,814)	\$ (317,430,067)	\$ (286,873,952)
-	-	-	-	(155,125)	(133,664)
<u>\$ (285,215,045)</u>	<u>\$ (311,761,952)</u>	<u>\$ (305,513,949)</u>	<u>\$ (318,009,814)</u>	<u>\$ (317,585,192)</u>	<u>\$ (287,007,616)</u>
\$ 89,907,666	\$ 91,269,145	\$ 96,135,459	\$ 100,440,711	\$ 122,229,287	\$ 127,929,303
36,708,071	37,578,332	36,447,373	38,749,543	28,770,790	28,367,128
165,468,694	184,171,041	187,211,926	184,411,595	187,453,054	175,530,606
410,848	254,184	285,316	832,337	1,612,463	3,016,736
3,985,381	2,693,365	9,254,222	7,766,768	9,570,786	13,846,942
-	-	-	-	-	6,268,735
-	-	-	-	(106,404)	-
<u>296,480,660</u>	<u>315,966,067</u>	<u>329,334,296</u>	<u>332,200,954</u>	<u>349,529,976</u>	<u>354,959,450</u>
-	-	-	-	106,404	-
-	-	-	-	106,404	-
<u>296,480,660</u>	<u>315,966,067</u>	<u>329,334,296</u>	<u>332,200,954</u>	<u>349,636,380</u>	<u>354,959,450</u>
\$ 11,265,615	\$ 4,204,115	\$ 23,820,347	\$ 14,191,140	\$ 32,099,909	\$ 68,085,498
-	-	-	-	(48,721)	(133,664)
<u>\$ 11,265,615</u>	<u>\$ 4,204,115</u>	<u>\$ 23,820,347</u>	<u>\$ 14,191,140</u>	<u>\$ 32,051,188</u>	<u>\$ 67,951,834</u>

Irving Independent School District
Fund Balances – Governmental Funds
Last Ten Fiscal Years (Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Reserved and designated	\$ 5,498,527	\$ 8,703,587	\$ -	\$ -
Nonspendable	-	-	1,058,731	772,985
Assigned	-	-	7,744,340	3,374,022
Unassigned	-	-	70,614,294	81,320,437
Unreserved	75,006,001	68,382,436	-	-
Total general fund	<u>\$ 80,504,528</u>	<u>\$ 77,086,023</u>	<u>\$ 79,417,365</u>	<u>\$ 85,467,444</u>
All Other Governmental Funds				
Reserved				
Special revenue funds	\$ 4,922,770	\$ 7,424,091	\$ -	\$ -
Debt service fund	18,518,712	14,620,052	-	-
Capital projects fund	115,773,018	112,060,012	-	-
Nonspendable	-	-	193,802	262,320
Restricted	-	-	86,014,879	82,214,192
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 139,214,500</u>	<u>\$ 134,104,155</u>	<u>\$ 86,208,681</u>	<u>\$ 82,476,512</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

Exhibit S-4

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,286,199	1,351,036	976,874	1,207,087	1,249,468	738,981
6,310,707	5,919,083	17,091,518	9,696,748	3,402,196	2,959,931
89,241,873	91,248,384	89,501,266	92,208,290	109,226,931	101,102,211
-	-	-	-	-	-
<u>\$ 96,838,779</u>	<u>\$ 98,518,503</u>	<u>\$ 107,569,658</u>	<u>\$ 103,112,125</u>	<u>\$ 113,878,595</u>	<u>\$ 104,801,123</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
113,409	183,405	268,747	283,454	79,029	301,724
49,865,661	38,826,806	33,001,787	20,287,005	18,846,703	12,171,275
-	-	-	-	-	21,148,829
-	-	-	-	-	(3,014)
<u>\$ 49,979,070</u>	<u>\$ 39,010,211</u>	<u>\$ 33,270,534</u>	<u>\$ 20,570,459</u>	<u>\$ 18,925,732</u>	<u>\$ 33,618,814</u>

Irving Independent School District

Governmental Funds Revenues¹

Last Ten Fiscal Years (Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Federal sources:				
Federal grants	\$ 21,859,060	\$ 47,734,756	\$ 49,796,037	\$ 29,463,107
Food service	13,802,030	15,454,652	15,802,248	18,062,634
Capital projects	-	-	753,747	786,518
Total federal sources	<u>35,661,090</u>	<u>63,189,408</u>	<u>66,352,032</u>	<u>48,312,259</u>
State sources:				
State grants and other	130,353,672	130,813,857	137,449,208	153,759,838
Food service	111,223	112,830	110,412	113,286
Debt service	4,551,934	5,903,142	7,755,173	10,610,150
Total state sources	<u>135,016,829</u>	<u>136,829,829</u>	<u>145,314,793</u>	<u>164,483,274</u>
Local sources:				
Local & intermediate sources	106,888,411	99,594,423	97,155,289	96,477,576
Food service	3,096,672	2,760,323	2,515,749	2,977,172
Debt service	35,331,200	37,001,854	37,324,470	36,405,272
Capital projects	1,994,383	868,130	1,093,328	648,793
Total local sources	<u>147,310,666</u>	<u>140,224,730</u>	<u>138,088,836</u>	<u>136,508,813</u>
Total revenues	<u>\$ 317,988,585</u>	<u>\$ 340,243,967</u>	<u>\$ 349,755,661</u>	<u>\$ 349,304,346</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.

Exhibit S-5

Fiscal Year					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 23,543,714	\$ 22,794,674	\$ 24,456,450	\$ 27,010,564	\$ 27,194,891	\$ 22,754,974
18,417,218	18,888,553	19,241,145	19,662,942	19,972,952	19,519,459
752,305	729,889	729,102	-	-	-
<u>42,713,237</u>	<u>42,413,116</u>	<u>44,426,697</u>	<u>46,673,506</u>	<u>47,167,843</u>	<u>42,274,433</u>
157,474,464	178,517,736	182,775,755	177,764,921	184,875,873	174,183,511
116,578	119,653	119,678	140,759	119,779	120,605
10,197,164	12,008,997	10,203,552	8,106,227	5,898,837	2,557,992
<u>167,788,206</u>	<u>190,646,386</u>	<u>193,098,985</u>	<u>186,011,907</u>	<u>190,894,489</u>	<u>176,862,108</u>
99,972,999	100,004,325	112,277,764	120,590,560	148,042,048	160,412,398
3,136,942	3,286,672	3,112,454	3,150,051	2,813,945	2,667,739
36,744,653	37,613,336	36,478,013	38,831,336	28,920,869	28,450,971
121,990	36,458	20,001	58,264	126,741	223,268
<u>139,976,584</u>	<u>140,940,791</u>	<u>151,888,232</u>	<u>162,630,211</u>	<u>179,903,603</u>	<u>191,754,376</u>
<u>\$ 350,478,027</u>	<u>\$ 374,000,293</u>	<u>\$ 389,413,914</u>	<u>\$ 395,315,624</u>	<u>\$ 417,965,935</u>	<u>\$ 410,890,917</u>

Irving Independent School District
 Governmental Funds Expenditures and Debt Service Ratio¹
 Last Ten Fiscal Years (Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenditures				
Governmental funds				
11 Instruction	\$ 173,574,607	\$ 189,864,948	\$ 191,968,597	\$ 177,857,532
12 Instructional resources & media services	5,677,661	5,024,943	5,436,238	5,245,765
13 Curriculum & staff development services	3,531,491	5,021,634	5,217,049	4,739,378
Total function 10	182,783,759	199,911,525	202,621,884	187,842,675
21 Instructional leadership	5,045,162	5,816,865	5,206,067	5,539,881
23 School leadership	17,462,729	18,574,959	18,701,894	16,381,301
Total function 20	22,507,891	24,391,824	23,907,961	21,921,182
31 Guidance, counseling, & evaluation services	12,615,102	13,941,149	13,956,223	13,123,326
32 Social work services	446,818	421,492	454,168	423,082
33 Health services	2,421,931	2,541,463	2,575,673	2,530,773
34 Student transportation	3,471,655	4,649,537	4,486,050	4,059,063
35 Food service	15,589,155	17,820,690	16,983,540	16,798,404
36 Extracurricular activities	4,632,454	4,786,651	5,912,532	5,807,666
Total function 30	39,177,115	44,160,982	44,368,186	42,742,314
41 General administration	6,867,346	7,097,909	7,175,333	7,167,319
Total function 40	6,867,346	7,097,909	7,175,333	7,167,319
51 Plant maintenance and operations	20,084,490	22,285,279	21,522,498	21,955,636
52 Security and monitoring services	2,587,258	2,864,230	2,852,070	3,131,576
53 Data processing services	4,868,180	4,370,952	4,186,950	3,751,686
Total function 50	27,539,928	29,520,461	28,561,518	28,838,898
61 Community services	1,166,059	1,350,371	1,249,055	1,195,778
Total function 60	1,166,059	1,350,371	1,249,055	1,195,778
71 Debt service ²				
Principal on long-term debt	16,784,392	17,471,407	14,720,670	17,123,540
Interest on long-term debt ²	22,114,075	26,328,594	31,130,392	29,033,988
Bond issuance costs and fees	837,801	663,861	233,964	180,785
Total function 70	39,736,268	44,463,862	46,085,026	46,338,313
81 Facilities acquisition/construction	43,234,688	56,093,964	61,558,174	33,014,692
Total function 80	43,234,688	56,093,964	61,558,174	33,014,692
95 Payments to JJAEP	176,431	91,036	64,752	86,526
97 Payments to TIF	2,347,460	1,414,723	1,010,907	1,742,264
99 Intergovernmental Charges	505,598	535,803	531,534	519,552
Total function 90	3,029,489	2,041,562	1,607,193	2,348,342
Total expenditures	366,042,543	409,032,460	417,134,330	371,409,513
As restated	\$ 366,042,543	\$ 409,032,460	\$ 417,134,330	\$ 371,409,513
Debt service as a percentage of noncapital expenditures	12.3%	12.8%	13.3%	13.6%

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.

Exhibit S-6

Fiscal Year					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 182,329,142	\$ 195,714,227	\$ 198,653,525	\$ 197,401,989	\$ 200,221,263	\$ 199,797,948
5,307,001	5,300,771	4,988,675	5,526,231	5,504,998	5,330,043
6,689,081	8,456,104	9,182,998	7,969,790	9,020,339	9,281,871
<u>194,325,224</u>	<u>209,471,102</u>	<u>212,825,198</u>	<u>210,898,010</u>	<u>214,746,600</u>	<u>214,409,862</u>
5,232,228	5,026,844	4,583,961	5,016,246	5,183,399	5,227,105
16,804,379	19,002,786	19,658,156	19,783,704	20,127,642	19,832,979
<u>22,036,607</u>	<u>24,029,630</u>	<u>24,242,117</u>	<u>24,799,950</u>	<u>25,311,041</u>	<u>25,060,084</u>
14,117,350	14,402,200	15,195,030	15,879,307	15,488,239	15,296,284
452,578	584,539	1,591,463	1,499,289	1,547,947	1,535,770
2,599,288	2,679,805	2,891,635	3,116,593	3,076,661	3,200,964
4,573,269	6,327,776	5,240,723	6,005,258	6,982,666	8,337,203
18,185,254	18,468,763	21,441,982	21,770,990	21,909,340	19,983,800
5,862,983	5,959,930	6,324,888	6,261,632	6,320,974	6,657,455
<u>45,790,722</u>	<u>48,423,013</u>	<u>52,685,721</u>	<u>54,533,069</u>	<u>55,325,827</u>	<u>55,011,476</u>
7,468,154	7,996,682	7,038,599	7,380,628	7,399,101	7,352,690
7,468,154	7,996,682	7,038,599	7,380,628	7,399,101	7,352,690
21,510,075	21,707,212	22,166,761	23,605,883	23,849,262	24,908,521
3,010,376	3,647,381	3,192,050	3,434,715	3,406,129	3,663,243
4,312,260	4,533,127	4,065,945	4,855,841	5,893,963	5,308,629
<u>28,832,711</u>	<u>29,887,720</u>	<u>29,424,756</u>	<u>31,896,439</u>	<u>33,149,354</u>	<u>33,880,393</u>
1,839,947	1,810,100	1,775,912	2,271,083	1,964,314	1,884,851
1,839,947	1,810,100	1,775,912	2,271,083	1,964,314	1,884,851
19,379,223	17,901,432	22,133,623	28,884,818	27,860,000	28,230,000
28,839,306	28,633,014	24,989,938	25,751,096	18,811,331	18,335,258
535,898	150,754	1,147,082	1,895,655	226,110	147,775
<u>48,754,427</u>	<u>46,685,200</u>	<u>48,270,643</u>	<u>56,531,569</u>	<u>46,897,441</u>	<u>46,713,033</u>
29,255,048	14,841,570	6,679,429	16,547,033	12,528,765	7,122,345
29,255,048	14,841,570	6,679,429	16,547,033	12,528,765	7,122,345
56,430	116,850	173,772	15,882	42,900	21,162
3,100,836	2,182,197	6,465,553	8,945,883	11,010,364	13,382,139
520,707	534,086	538,945	568,476	583,498	599,317
3,677,973	2,833,133	7,178,270	9,530,241	11,636,762	14,002,618
<u>381,980,813</u>	<u>385,978,150</u>	<u>390,120,645</u>	<u>414,388,022</u>	<u>408,959,205</u>	<u>405,437,352</u>
<u>\$ 381,980,813</u>	<u>\$ 385,978,150</u>	<u>\$ 390,120,645</u>	<u>\$ 414,388,022</u>	<u>\$ 408,959,205</u>	<u>\$ 405,437,352</u>
13.9%	12.7%	12.5%	14.0%	12.0%	11.8%

Irving Independent School District

Other Financing Sources and Uses and Net Change in Fund Balances
Last Ten Fiscal Years (Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Excess of revenues over (under) expenditures	\$ (68,788,493)	\$ (67,378,669)	\$ (22,105,167)	\$ (22,105,167)
Other Financing Sources (Uses)				
Proceeds from sale of bonds	65,000,000	58,485,000	21,640,000	13,985,000
Premium or (discount) on bonds issued	3,498,056	1,717,427	-	1,509,190
Proceeds from sale of refunding bonds	-	-	-	-
Sale of real or personal property	34,714	57,216	174,537	1,660,871
Extraordinary Other Uses	-	-	-	-
Transfers in	-	-	-	4,479,121
Transfers out	-	-	-	(4,479,121)
Insurance recoveries	-	-	-	7,268,016
Payments to escrow agents	-	-	-	-
Total other financing sources (uses)	<u>\$ 68,532,770</u>	<u>\$ 60,259,643</u>	<u>\$ 21,814,537</u>	<u>\$ 24,423,077</u>
Net change in fund balances	<u>\$ (255,723)</u>	<u>\$ (7,119,026)</u>	<u>\$ (290,630)</u>	<u>\$ 2,317,910</u>

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

Exhibit S-7

Fiscal Year					
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ (31,502,786)	\$ (11,977,857)	\$ (706,731)	\$ (19,072,398)	\$ 9,006,730	\$ 5,453,565
-	-	-	-	-	-
6,487,601	5,165,908	8,319,033	54,633,023	2,334,052	1,114,581
66,145,000	4,685,000	60,010,000	218,640,000	20,105,000	8,885,000
304,732	148,857	668,453	25,711	-	40,907
-	-	2,764,638	-	-	-
489,118	487,672	-	364,551	19,161,450	36,995,556
-	-	-	(364,551)	(19,267,854)	(36,995,556)
9,654,036	2,061,466	20,108	-	-	-
(72,703,808)	(9,860,181)	(67,764,023)	(271,383,944)	(22,217,635)	(9,878,443)
<u>\$ 10,376,679</u>	<u>\$ 2,688,722</u>	<u>\$ 4,018,209</u>	<u>\$ 1,914,790</u>	<u>\$ 115,013</u>	<u>\$ 162,045</u>
<u>\$ (21,126,107)</u>	<u>\$ (9,289,135)</u>	<u>\$ 3,311,478</u>	<u>\$ (17,157,608)</u>	<u>\$ 9,121,743</u>	<u>\$ 5,615,610</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		
2009	8,668,807,690	1,780,763,340	463,681,874	9,985,889,156	1.349
2010	8,181,587,045	1,762,119,040	457,840,080	9,485,866,005	1.391
2011	7,809,445,097	1,694,159,892	457,911,177	9,045,693,812	1.425
2012	7,658,082,224	1,704,481,030	447,722,042	8,914,841,212	1.465
2013	7,770,689,855	1,727,551,530	438,181,976	9,060,059,409	1.465
2014	7,968,927,106	1,815,107,590	476,189,436	9,307,845,260	1.465
2015	8,540,194,076	1,851,556,660	515,944,674	9,875,806,062	1.435
2016	9,196,806,320	1,970,652,639	739,431,169	10,428,027,790	1.445
2017	10,063,104,220	2,159,669,550	764,944,147	11,457,829,623	1.445
2018	10,815,368,840	2,176,647,460	871,988,604	12,120,027,696	1.431

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
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
2013	1.040	0.425	1.465	0.599	0.500
2014	1.040	0.425	1.465	0.594	0.505
2015	1.040	0.395	1.435	0.594	0.520
2016	1.170	0.275	1.445	0.594	0.520
2017	1.170	0.275	1.445	0.594	0.453
2018	1.170	0.261	1.431	0.594	0.446

Source: Appropriate government entities' tax departments

Note:

¹ Includes levies for operating and debt service costs.

Exhibit S-9

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 Schools	Dallas County Utility and Reclamation
0.670	0.748	0.228	0.095	0.254	2.836	0.005	1.763
0.670	0.797	0.228	0.099	0.274	2.836	0.005	2.050
0.670	0.797	0.243	0.100	0.271	2.900	0.010	2.122
0.670	0.797	0.243	0.119	0.271	3.050	0.010	1.840
0.670	0.797	0.243	0.125	0.271	2.750	0.010	1.791
0.670	0.797	0.243	0.125	0.276	2.750	0.010	1.983
0.670	0.797	0.243	0.124	0.286	2.650	0.010	1.590
0.670	0.797	0.243	0.124	0.286	2.250	0.009	1.590
0.670	0.783	0.243	0.123	0.279	2.250	0.009	1.295
0.670	0.780	0.243	0.124	0.279	2.000	0.010	1.249

Irving Independent School District
 Principal Property Tax Payers
 Current Year and Nine Years Ago (Unaudited)

Exhibit S-10

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ¹	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ²
Agre Williams Square	\$ 240,121,810	1	2.0%			0.0%
AG PCPI Urban Towers	124,519,780	2	1.0%			0.0%
Las Colinas Irving	108,315,000	3	0.9%			0.0%
Bre Las Colinas LLC	96,564,560	4	0.8%			0.0%
PPF AMLI	93,552,370	5	0.8%			0.0%
San Mar Corporation	92,790,630	6	0.8%			0.0%
Texas Utilities	92,113,880	7	0.8%	\$ 84,790,640	4	0.8%
Lake Carolyn Reit LLC	76,000,000	8	0.6%			0.0%
TCI 600 Las Colinas Inc.	71,646,950	9	0.6%			0.0%
Verizon	71,212,900	10	0.6%	254,516,790	1	2.5%
TIAA	-		0.0%	183,336,070	2	1.8%
BF Las Colinas LP	-		0.0%	122,592,280	3	1.2%
SP Millennium Center LP	-		0.0%	78,000,000	5	0.8%
SP4	-		0.0%	74,604,980	6	0.7%
Simon Property Group	-		0.0%	62,787,890	7	0.6%
Equastone	-		0.0%	58,971,210	8	0.6%
Dr. Pepper Bottling Co.	-		0.0%	57,433,510	9	0.6%
MPA Las Colinas LTD PS	-		0.0%	54,480,000	10	0.5%
	<u>\$ 1,066,837,880</u>		<u>8.8%</u>	<u>\$ 1,031,513,370</u>		<u>10.3%</u>

Source: Dallas Central Appraisal District

Note:

¹ Total appraised taxable value for 2018 = \$12,120,027,696

² Total appraised taxable value for 2009 = \$9,985,889,156



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
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%
2013	129,608,617	128,579,225	99.21%
2014	133,509,350	132,829,508	99.49%
2015	139,082,613	136,448,528	98.11%
2016	147,746,423	146,065,624	98.86%
2017	162,102,609	160,305,584	98.89%
2018	169,627,666	167,602,097	98.81%

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%.

<u>Collections other than Current Year</u>	<u>Total Collections to Date³</u>	
<u>Delinquent Taxes</u>	<u>Amount</u>	<u>Percentage of Total Collections to Tax Levy</u>
687,293	131,723,500	98.19%
883,375	128,149,445	97.67%
1,928,590	126,401,592	98.36%
1,186,096	126,350,346	99.54%
1,001,456	129,580,681	99.98%
937,831	133,767,339	100.19%
(1,092,647)	135,355,881	97.32%
(19,273)	146,046,351	98.85%
685,256	160,990,840	99.31%
(309,075)	167,293,023	98.62%

Irving Independent School District
 Outstanding Debt By Type¹
 Last Ten Fiscal Years (Unaudited)

Exhibit S-12

<u>Governmental Activities</u>					
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Contractual Obligations</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income ²</u>	<u>Per Capita ²</u>
2009	577,803,295	-	577,803,295	11.00%	2,722
2010	619,719,179	-	619,719,179	10.48%	2,900
2011	624,900,837	-	624,900,837	11.17%	2,880
2012	621,492,018	-	621,492,018	11.37%	2,840
2013	600,739,284	-	600,739,284	10.92%	2,721
2014	595,590,237	-	595,590,237	9.73%	2,623
2015	575,787,804	-	575,787,804	9.40%	2,519
2016	548,208,687	-	548,208,687	8.80%	2,349
2017	517,484,320	-	517,484,320	7.44%	2,205
2018	484,133,205	-	484,133,205	6.65%	2,039

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-16 for personal income and population data.

Irving Independent School District
 Direct and Overlapping Governmental Activities Debt
 August 31, 2018 (Unaudited)

Exhibit S-13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Direct and Overlapping Debt
City of Irving	\$ 445,430,000	47.76%	\$ 212,737,368
Irving Flood Control District # 1	5,330,000	100.00%	5,330,000
City of Grand Prairie	245,945,000	0.61%	1,500,265
City of Dallas	1,822,867,437	0.21%	3,828,022
Dallas County	172,265,000	5.43%	9,353,990
Dallas County Community College	228,350,000	5.43%	12,399,405
Dallas County Hospital	687,775,000	5.43%	37,346,183
Dallas County Flood Control	24,595,000	29.05%	7,144,848
Dallas County Schools	36,600,000	5.43%	1,987,380
Dallas County Utility and Reclamation	196,675,000	47.80%	94,010,650
Subtotal, overlapping bonded debt			<u>385,638,109</u>
Irving Independent School District direct debt	\$ 484,133,205	100.00%	\$ 484,133,205
Total direct and overlapping debt			<u><u>\$ 869,771,314</u></u>
Ratio of (net) general bonded debt to the estimated actual property value			<u><u>3.99%</u></u>

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

Notes:

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

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

Irving Independent School District
 Legal Debt Margin Information
 Last Ten Fiscal Years (Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 998,588,916	\$ 948,586,601	\$ 904,569,381	\$ 891,484,121
Total net debt applicable to limit	559,284,583	605,099,127	624,900,837	621,492,018
Legal debt margin	<u>\$ 439,304,333</u>	<u>\$ 343,487,474</u>	<u>\$ 279,668,544</u>	<u>\$ 269,992,103</u>
 Total net debt applicable to the limit as a percentage of debt limit	 <u>56.01%</u>	 <u>63.79%</u>	 <u>69.08%</u>	 <u>69.71%</u>

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

Legal Debt Margin Calculation for Fiscal Year 2018:

Assessed value	\$ 12,120,027,696
Debt limit (10% of assessed value)	<u>\$ 1,212,002,770</u>
Debt applicable to limit	(484,133,205)
Legal debt margin	<u><u>\$ 727,869,565</u></u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 906,005,941	\$ 930,784,526	\$ 987,580,606	\$ 1,042,802,779	\$ 1,145,782,962	\$ 1,212,002,770
600,739,284	595,590,237	575,827,393	542,765,501	517,484,320	484,133,205
<u>\$ 305,266,657</u>	<u>\$ 335,194,289</u>	<u>\$ 411,753,213</u>	<u>\$ 500,037,278</u>	<u>\$ 628,298,642</u>	<u>\$ 727,869,565</u>
<u>66.31%</u>	<u>63.99%</u>	<u>58.31%</u>	<u>52.05%</u>	<u>45.16%</u>	<u>39.94%</u>

Irving Independent School District

Exhibit S-15

Ratio of Net Bonded Debt to Assessed Value and Per Capita
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population ¹	Assessed Value ²	Total Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of net Bonded Debt Assessed Value	Net Bonded Debt Per Capita
			Outstanding ³		Outstanding		
2009	212,250	9,985,889,156	577,803,295	15,976,491	561,826,804	5.63%	2,647
2010	213,700	9,485,866,005	619,719,179	14,620,052	605,099,127	6.38%	2,832
2011	216,970	9,045,693,812	624,900,837	13,614,669	611,286,168	6.76%	2,817
2012	218,850	8,914,841,212	621,492,017	14,450,968	607,041,049	6.81%	2,774
2013	220,750	9,060,059,409	600,739,282	12,567,151	588,172,131	6.49%	2,664
2014	227,030	9,307,845,260	595,590,237	15,495,011	580,095,226	6.23%	2,555
2015	228,610	9,875,806,062	575,827,393	14,519,439	561,307,954	5.68%	2,455
2016	231,040	10,428,027,790	542,765,501	6,766,016	535,999,485	5.14%	2,320
2017	234,710	11,457,829,623	517,484,320	6,909,698	510,574,622	4.46%	2,175
2018	237,490	12,120,027,696	484,133,205	5,751,972	478,381,233	3.95%	2,014

Source:

¹ See Exhibit S-16 for population data.

² See Exhibit S-8 for assessed value.

³ Details of the District's outstanding debt can be found in the notes to the financial statements.

Irving Independent School District
Demographic and Economic Statistics
Last Ten Calendar Years (Unaudited)

Exhibit S-16

Period Ending	Population¹	Personal Income² (thousands of dollars)	Per Capita Personal Income² (dollars)	Unemployment Rate³
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%
2013	220,750	5,905,946	26,754	5.79%
2014	227,030	6,122,999	26,970	4.90%
2015	228,610	6,096,800	26,669	3.60%
2016	231,040	6,166,771	26,691	3.52%
2017	234,710	6,953,988	29,628	3.20%
2018	237,490	7,281,918	30,662	3.33%

Sources:

¹ North Central Texas Council of Governments.

² City of Irving CAFR, 'Demographic and Economic Statistics.'

³ Texas Labor Market Information

Irving Independent School District
Principal Employers
Current Year and Nine Years Ago (Unaudited)

Exhibit S-17

<u>Employer</u>	<u>2018</u> ¹			<u>2009</u> ²		
	<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, Inc.	7,500	1	3.44%	5,000	1	8.98%
Irving ISD	4,137	2	1.90%	4,115	2	7.39%
Verizon Communications	3,260	3	1.50%	3,000	4	5.39%
Irving Mall (WP Glimcher)	2,100	4	0.96%			
DFW International Airport	1,700	5	0.78%			
Allstate Insurance Company	1,650	6	0.76%	2,000	6	3.59%
Pioneer Natural Resources	1,400	7	0.64%	1,200	8	2.16%
Microsoft Corp	1,351	8	0.62%			
Neiman Marcus Direct	1,339	9	0.61%			
Health Management Systems (HMS)	1,299	10	0.60%			
Associates First Capital Corp				4,000	3	7.19%
Citicorp Credit Company				2,684	5	4.82%
Central Freight Lines				2,000	7	3.59%
Baylor Medical Center				1,165	9	2.09%
NEC America Inc				1,000	10	1.80%
Total	<u>25,736</u>		<u>11.81%</u>	<u>26,164</u>		<u>47.00%</u>

Source(s):

¹ City of Irving 2018 CAFR

² Irving ISD 2009 CAFR



Irving Independent School District
 Full-Time Equivalent District Employees By Type
 Last Ten Fiscal Years (Unaudited)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Teachers	2,329.6	2,428.4	2,421.0	2,280.8
Professional Support				
Associate School Psychologist	6.9	8.2	8.8	8.8
Counselor	79.0	78.0	79.0	79.5
Educational Diagnostician	26.5	35.5	33.5	29.5
Librarian	28.0	30.0	29.0	27.0
Occupational Therapist	4.8	5.0	6.0	6.0
Physical Therapist	2.0	2.0	2.0	2.0
School Nurse	35.0	36.0	36.0	35.0
Speech Therapist /Speech- Language Pathologist	24.8	29.3	28.0	26.6
Teacher Facilitator	4.0	6.0	7.0	5.0
Campus Professional Personnel	3.5	12.3	56.8	37.0
Non-Campus Professional Personnel	73.0	81.0	81.0	76.0
Total Professional Support	<u>287.5</u>	<u>323.3</u>	<u>367.1</u>	<u>332.4</u>
Campus Administration				
Assistant Principal	80.0	83.0	81.0	69.0
Instructional Officer	12.4	13.0	0.0	0.0
Principal	36.0	37.0	38.0	38.0
Teacher Supervisor	2.0	1.0	38.0	32.0
Athletic Director	1.0	1.0	1.0	1.0
Total Campus Administration	<u>131.4</u>	<u>135.0</u>	<u>158.0</u>	<u>140.0</u>
Central Administration				
Assistant/Assoc/Deputy Superintendent	4.0	4.0	4.0	6.0
Superintendent	1.0	1.0	1.0	1.0
Instructional Program Director or Exec Director	29.0	35.0	13.0	13.0
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>37.0</u>	<u>43.0</u>	<u>21.0</u>	<u>23.0</u>
Educational Aides				
Educational Aides	425.8	448.4	431.8	381.0
Interpreter	4.0	0.0	4.0	0.0
Total Educational Aides	<u>429.8</u>	<u>448.4</u>	<u>435.8</u>	<u>381.0</u>
Auxiliary Staff	900.4	923.9	999.3	707.0
Total All Full-Time Equivalent Employees	<u><u>4,115.7</u></u>	<u><u>4,302.0</u></u>	<u><u>4,402.2</u></u>	<u><u>3,864.2</u></u>

Source: District records from the Fall PEIMS submission

Full-time-Equivalent Employees

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
2,304.0	2,351.3	2,351.7	2,284.0	2,283.4	2,261.9
9.0	10.6	9.2	9.6	10.5	10.9
79.5	85.0	87.4	88.3	87.8	89.3
32.5	31.4	36.4	39.9	39.7	38.4
27.0	32.0	32.9	29.0	29.0	28.8
5.5	5.6	5.6	5.5	7.0	7.0
2.0	2.0	3.0	3.0	3.0	2.9
36.0	35.9	38.0	38.0	39.0	37.9
30.3	34.9	35.1	38.4	36.9	36.9
37.9	40.7	78.4	76.8	85.7	87.0
51.0	83.8	75.1	75.0	77.2	59.4
80.0	78.9	92.0	93.4	95.7	75.8
<u>390.7</u>	<u>440.8</u>	<u>493.1</u>	<u>496.9</u>	<u>511.5</u>	<u>474.3</u>
69.0	65.0	71.9	70.2	72.9	73.0
0.0	0.0	0.0	0.0	0.0	0.0
38.0	36.9	37.0	37.0	37.0	37.0
30.0	33.0	36.9	37.7	37.0	37.0
1.0	1.0	1.0	1.0	1.0	1.0
<u>138.0</u>	<u>135.9</u>	<u>146.8</u>	<u>145.9</u>	<u>147.9</u>	<u>148.0</u>
7.0	5.7	4.0	4.0	4.0	4.9
1.0	0.6	1.0	1.0	1.0	1.0
13.0	12.0	12.9	13.0	12.0	52.8
1.0	1.0	1.0	1.0	1.0	1.0
1.0	1.0	3.0	3.0	3.0	3.0
2.0	1.7	2.0	2.0	2.0	3.0
<u>25.0</u>	<u>22.0</u>	<u>23.9</u>	<u>24.0</u>	<u>23.0</u>	<u>65.7</u>
387.5	403.5	426.1	437.4	446.1	460.0
4.0	8.3	9.5	8.5	8.0	7.9
<u>391.5</u>	<u>411.8</u>	<u>435.6</u>	<u>445.9</u>	<u>454.1</u>	<u>467.9</u>
707.0	721.3	732.0	709.9	717.1	676.7
<u>3,956.2</u>	<u>4,083.1</u>	<u>4,183.1</u>	<u>4,106.6</u>	<u>4,137.0</u>	<u>4,094.5</u>

Irving Independent School District
 Operating Statistics
 Last Ten Fiscal Years (Unaudited)

Exhibit S-19

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2009	33,223	226,761,389	6,825	6.65 %	2,011.0	16.5	74.1%
2010	33,798	229,344,297	6,786	(0.58)%	2,012.0	16.8	78.1%
2011	34,289	229,927,733	6,706	(1.18)%	2,013.0	17.0	80.5%
2012	34,851	243,870,930	6,998	4.35 %	2,280.8	15.3	81.5%
2013	35,114	257,769,548	7,341	4.92 %	2,304.0	15.2	81.3%
2014	35,403	276,784,658	7,818	6.49 %	2,351.3	15.1	80.5%
2015	35,191	288,104,156	8,187	4.72 %	2,351.7	15.0	76.9%
2016	34,929	307,995,593	8,818	7.71 %	2,284.0	15.3	77.2%
2017	34,792	305,606,427	8,784	(0.39)%	2,283.4	15.2	77.2%
2018	33,971	308,520,704	9,082	3.39 %	2,261.9	15.0	73.5%

Source: District records

Irving Independent School District
 Capital Asset Information
 Last Ten Fiscal Years (Unaudited)

Exhibit S-20

School	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Elementary										
Buildings	24	24	24	24	24	24	24	24	24	24
Square feet	2,048,484	2,023,104	2,024,334	2,024,334	2,025,940	2,025,940	2,027,517	2,027,517	2,027,517	2,027,517
Maximum Capacity	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Enrollment	17,313	17,431	17,751	18,120	18,178	18,406	17,912	17,912	17,912	16,585
Middle										
Buildings	7	7	8	8	8	8	8	8	8	8
Square feet	1,149,983	1,156,734	1,326,868	1,326,868	1,328,012	1,328,012	1,328,012	1,328,012	1,328,012	1,328,012
Maximum Capacity	7,000	7,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Enrollment	7,043	7,083	7,222	7,310	7,397	7,355	7,454	7,454	7,454	7,451
High										
Buildings	7	7	7	7	7	7	7	7	7	7
Square feet	1,401,249	1,546,281	1,546,281	1,546,281	1,546,281	1,546,281	1,546,281	1,546,281	1,546,281	1,546,281
Maximum Capacity	9,400	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800
Enrollment	8,867	9,240	9,269	9,359	9,490	9,632	9,778	9,778	9,778	9,935
Administrative										
Buildings	9	9	9	9	9	9	9	9	9	9
Square feet	235,775	251,192	247,992	247,992	247,992	247,992	247,992	255,064	255,064	255,064
Transportation										
Buses (quantity)	57	57	64	0	0	0	0	0	0	175 ²
Athletics										
Football fields (quantity)	11	14	15	15	15	15	15	15	15	15
Soccer fields (quantity)	11	10	11	11	11	11	11	11	11	11
Running tracks (quantity)	11	9	11	11	11	11	11	11	11	11
Baseball/softball (quantity)	6	6	6	6	6	6	6	6	6	6
Playgrounds (quantity)	23	23	24	24	24	24	24	24	24	24
Natorium	-	-	-	-	-	-	-	-	-	1

Source: District records

Note:

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

² Dallas County Schools dissolved in July 2018. As part of the dissolution, Irving ISD took ownership of buses due to the district.

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**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

Board of Trustees
Irving Independent School District

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Irving Independent School District (the District), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency as item 2018-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

Board of Trustees
Irving Independent School District

The District's Response to Findings

The District's response to the findings identified in our audit are described in the accompanying Corrective Action Plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 18, 2019

**Independent Auditor's Report on Compliance for Each Major
Federal Program and Report on Internal Control over Compliance in
Accordance with the Uniform Guidance**

Board of Trustees
Irving Independent School District

Report on Compliance for Each Major Federal Program

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) 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, 2018. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-002.

Board of Trustees
Irving Independent School District

The District's response to the noncompliance findings identified in our audit are described in the accompanying Corrective Action Plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-002 that we consider to be a significant deficiency.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P

Dallas, Texas
January 18, 2019

Irving Independent School District
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2018

Exhibit K-1

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through State Department of Education:			
McKinney-Vento Homeless Education Region X	84.196A	18-059	\$ 84,453
Title I Part A Improving Basic Programs	84.010A	18610101057912	9,786,133
Adult Ed English Literacy & Civics Awareness	84.002A	IISD-AELI-2017	607,001
Special Education Cluster (IDEA):			
IDEA-B Formula	84.027A	186600010579126600	5,819,472
IDEA-B Preschool	84.173A	186610010579126610	103,881
IDEA-B Discretionary Deaf	84.027A	186600110579126673	114,668
Total Special Education Cluster (IDEA)			<u>6,038,021</u>
IDEA-C Early Childhood Intervention, Deaf	84.181A	183911010579123911	462
Carl D Perkins Basic Grant for Career & Technology	84.048A	18420006057912	638,059
Title II Part A- Supporting Effective Instruction	84.367A	18694501057912	919,640
Title IV, Part A, Subpart 1	84.424A	18680101057912	174,163
Title III Part A Limited English Proficiency	84.365A	18671001057912	1,452,345
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>19,700,277</u>
<u>U.S. TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Texas Department of Health and Human Services:			
Medicaid	93.778	00057912	101,924
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>101,924</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Cluster:			
Passed through State Department of Agriculture - Noncash assistance:			
USDA Donated Commodities	10.555	00057912	1,565,153
Passed through State Department of Education:			
National School Lunch	10.555	00057912	11,971,712
School Breakfast Program	10.553	00057912	5,559,236
Passed through State Department of Agriculture:			
Summer Feeding Program	10.559	00057912	297,572
Total Child Nutrition Cluster			<u>19,393,673</u>
Passed through State Department of Agriculture:			
Child & Adult Care Program	10.558	00057912	125,786
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>19,519,459</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Reserve Officer Training Corps	12.000	N/A	313,187
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>313,187</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 39,634,847</u>

The Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Irving Independent School District

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2018. The information in this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. The District has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Note 2. Summary of Significant Accounting Policies

The District accounts for all awards under federal programs in the General Fund and certain Special Revenue funds in accordance with the Texas Education Agency's Financial Accountability System Resource Guide. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented where available.

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 unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods. National School Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation.

Note 3. Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards programs per Exhibit K-1 and Federal revenues reported on Exhibit C-2:

Total expenditures of federal awards per Exhibit K-1	\$	39,634,847
SHARS		1,904,978
Federal interest subsidy		734,608
Total federal revenues per Exhibit C-2	\$	<u>42,274,433</u>

Irving Independent School District
 Schedule of Findings and Questioned Costs
 For the Year Ended August 31, 2018

Section 1. Summary of Auditor's Results

Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified? Yes None Reported
- c. Is any noncompliance material to the 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 unmodified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes No
- g. Identification of major programs:
- | | |
|-----------------------------------|---|
| 10.553, 10.555, 10.559
84.365A | Child Nutrition Cluster
Title III Part A Limited English Proficiency |
|-----------------------------------|---|
- h. The dollar threshold used to distinguish between Type A and Type B programs: \$1,189,045
- i. Auditee qualified as a low-risk auditee? Yes No

Irving Independent School District

Schedule of Findings and Questioned Costs - Continued

For the Year Ended August 31, 2018

Section 2. Financial Statement Findings

Finding Number: 2018-001

Significant Deficiency in Internal Control over Financial Reporting – Insufficient Year End Close Procedures

Criteria

Management is responsible for the accuracy and completeness of all financial records and related information and for establishing and maintaining effective internal control over financial reporting.

Condition

The financial information for the year ended August 31, 2018 included errors that were identified and corrected during our audit. Specific issues related to year end reconciliations not being performed.

Context

During our audit, we identified accounts that were not reconciled to the general ledger at year end and journal entries were made to correct year end balances.

Cause

Because of turnover in key finance staff, the District did not have the closing procedures in place to ensure reconciliations were performed and errors fixed prior to the information being provided for the audit.

Effect or Potential Effect

The District's system of internal controls did not detect misstatements. With a fully staffed and trained finance team in place, year end reconciliations can be performed and corrections made prior to the audit.

Recommendation

We recommend the District continue to build their finance team and implement closing processes in order to perform year end reconciliations that would catch errors and misstatements, upon closing year end records.

Views of Responsible Officials and Planned Corrective Actions

Management agrees with the finding and has completed a corrective action plan.

Section 3. Federal Award Findings and Questioned Costs

Finding Number: 2018-002 – Activities Allowed or Unallowed, Allowable Cost Principles

Identification of Federal Program: 84.365A – Title III, Part A – Limited English Proficiency, Department of Education

Pass through entity: State Department of Education, No. 18671001057912

Type of Finding – Compliance Finding and Significant Deficiency in Internal Control over Compliance

Criteria

Each employee's payroll is coded to an account code based on the employee's position. For federal grant drawdowns, the Grant Accountant runs a general ledger detail to include all expenditures coded to the grant's fund, including payroll. If an employee is improperly coded, this employee could get charged to a grant when their position is not eligible for grant reimbursement.

Irving Independent School District

Schedule of Findings and Questioned Costs - Continued For the Year Ended August 31, 2018

Condition

An employee was paid out of Title III funds during the 2018 fiscal year, yet their position was not in Title III.

Cause

Because the District improperly coded this employee's payroll, it was included in the amount requested for reimbursement for Title III, yet was not an allowed activity under the grant as her position was not in Title III.

Effect

The amount incorrectly coded to Title III (Fund 263) was \$3,709 for fiscal year August 31, 2018. The error was identified and corrected in the next reimbursement request.

Recommendation

We recommend the District establish a control over the initial on-boarding process to review the account to which payroll is coded. In addition, we recommend that the District's Federal Programs department review the employee roster of federally funded positions to ensure they are correct.

Views of Responsible Officials and Planned Corrective Actions

Management agrees with the finding and has completed a corrective action plan.

Section 4. Schedule of Prior Audit Findings and Questioned Costs

None



STEVEN FRANKS, CPA, CIA, RTSBA
Director of Business Operations

MAGDA HERNANDEZ
Acting Superintendent

Finding 2018-001 – Significant Deficiency in Internal Control over Financial Reporting – Insufficient Year End Close Procedures

Corrective Action Plan

The District will continue to build their finance team and implement closing processes in order to perform year-end reconciliations that would identify and correct errors and misstatements.

Person(s) Responsible

Gary Micinski, Chief Financial Officer
Steve Franks, Director of Business Operations

Anticipated Completion Date

August 31, 2019

Finding 2018-002 – Activities Allowed or Unallowed, Allowable Cost Principles

84.365A – Title III, Part A – Limited English Proficiency

Type of Finding – Compliance Finding and Significant Deficiency in Internal Control over Compliance

Corrective Action Plan

The District will establish a control over the initial on-boarding process to review the account to which payroll is coded. In addition, the District's Federal Programs department will review the employee roster of federally funded positions to ensure they are correct.

Person(s) Responsible

Gary Micinski, Chief Financial Officer
Steve Franks, Director of Business Operations

Anticipated Completion Date

August 31, 2019