

**IRION COUNTY
INDEPENDENT SCHOOL DISTRICT**
MERTZON, TEXAS

**ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED AUGUST 31, 2009**

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2009

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CERTIFICATE OF BOARD

Irion County Independent School District
Name of School District

Irion
County

118902
Co.-Dist. 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, 2009 at a meeting of the Board of Trustees of such school district on _____.

Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is(are):
(attach list as necessary)

INDEPENDENT AUDITOR'S REPORT

January 18, 2010

Board of Trustees
Irion County Independent School District
Mertzon, Texas

Members of the Board:

We have audited the accompanying financial statements of the governmental activities of Irion County Independent School District as of and for the year ended August 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's administrators. Our responsibility is to express an opinion on the basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Irion County Independent School District at August 31, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis and the budgetary comparison information on pages 26, 38 and 39 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the District's basic financial statements.

In addition, the introductory section, the combining financial statements, the TEA required schedules, and the statistical tables listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and the TEA required schedules (except for Exhibit J-3, The Fund Balance and Cash Flow Calculation Worksheet, which is marked **UNAUDITED** and on which we express no opinion) have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis IRION COUNTY INDEPENDENT SCHOOL DISTRICT

In this section of the Annual Financial Report, we, the managers of Irion County Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2009. Please read it in conjunction with the auditor's report on page 2 and the District's Basic Financial Statements, which begin on page 7.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on pages 7 through 9). 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. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. 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. The fiduciary statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the district.

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

The combining statements for non-major funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Reports on Internal Controls, Compliance and Federal Awards contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 7. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net assets and changes in them. The District's net assets (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 10 and provide detailed information about the most significant funds - not the District as a whole. Laws and contracts require the District to establish some funds to account for special grants and revenues. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities).

Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for the money raised by student activity programs. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the District's governmental activities.

**Table I - Irion County
Independent School District
NET ASSETS**

	Governmental Activities	
	2009	2008
Current and other assets	\$8,999,595	\$15,361,456
Capital assets	14,360,588	5,967,958
Total assets	<u>\$23,360,183</u>	<u>\$21,329,414</u>
Long-term liabilities	\$6,665,000	\$8,105,000
Other liabilities	897,086	666,272
Total liabilities	<u>\$7,562,086</u>	<u>\$8,771,272</u>
Net Assets		
Invested in capital assets, net of related debt	\$7,480,588	\$5,967,958
Restricted	4,504	13,786
Unrestricted	8,313,005	6,576,398
Total Net Assets	<u>\$15,798,097</u>	<u>\$12,558,142</u>

**Table II - Irion County
Independent School District
CHANGES IN NET ASSETS**

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Revenues:		
Program Revenues:		
Charges for Services	\$119,492	\$168,203
Operating Grants and Contributions	2,589,402	1,851,271
General Revenues:		
Maintenance and Operations Taxes	6,765,841	5,240,781
Debt Service Taxes	1,761,214	1,350,036
State Aid Formula Grants	0	0
Grants, Contributions not restricted to specific functions	2,487	21,550
Investment Earnings	183,864	511,051
Miscellaneous	<u>(61,301)</u>	<u>0</u>
Total Revenue	<u>\$11,360,999</u>	<u>\$9,142,892</u>
Expenses:		
Instruction, Curriculum and Media Services	\$2,403,591	\$2,031,074
Instructional/School Leadership	254,243	254,212
Guidance, Social Work, Health Transportation	155,041	151,310
Food Services	234,750	229,771
Cocurricular Activities	280,264	300,054
General Administration	356,710	277,150
Plant Maintenance and Security	589,755	613,447
Data Processing	78,596	107,449
Other	<u>3,474,175</u>	<u>2,081,682</u>
Total Expenses	<u>\$7,827,125</u>	<u>\$6,046,149</u>
Increase in Net Assets before Transfers and Special Items	\$3,533,874	\$3,096,743
Special Items - Insurance Proceeds	<u>0</u>	<u>100,479</u>
Change in Net Assets	\$3,533,874	\$3,197,222
Net Assets at Beginning of Year	12,558,142	9,360,920
Prior Period Adjustment	<u>(293,919)</u>	<u>0</u>
Net Assets at End of Year	<u>\$15,798,097</u>	<u>\$12,558,142</u>

Net assets of the District's governmental activities increased from \$12,558,142 to \$15,798,097. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - was \$8,313,005. The District's total revenues increased by 24% (\$2,218,107). This increase was due mainly to the increase of tax revenues. The total cost of all programs and services increased 29% (\$1,780,976). This increase was due mainly to the increase of purchased attendance credits.

THE DISTRICT'S FUNDS

At the end of the year, the District's governmental funds (as presented in the balance sheet on page 10) totaled \$6,752,887, which is less than last year's total of \$14,559,911. Included in this year's total change in fund balance are capital project expenditures of \$7,789,950, causing a big decrease in the Construction designated fund balance.

CAPITAL ASSET ADMINISTRATION

At the end of the year, the District had an investment in capital assets of \$14,360,588. This amount represents an increase in capital assets of \$8,392,630. Disposals of \$162,292 were made in the current year. Depreciation expense for the year was \$289,681.

DEBT

At year end, the District had long-term current interest bonds totaling \$6,880,000 outstanding. These bonds mature on February 15 between 2010 through 2032. Overall long-term debt was down 17% (\$1,440,000) from the prior year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

After maintaining a tax rate of \$1.50 for eight years, the District lowered the tax rate to \$1.37 for 2007. For 2008, the rate was lowered to \$1.3103. This rate includes \$1.04 for maintenance and operations plus .2703 for the purpose of payment of principal and interest on debts. For 2009, the rate was 1.31015. This rate includes 1.04000 for maintenance and operations plus .27015 for the purpose of payment of principal and interest on debt. Due to the age of the facilities, the District issued a \$9,000,000 bond in a prior year for the purpose of renovation and construction of facilities.

The District remains a Chapter 41 "property wealthy district." This is due primarily to mineral production in the county. The District is likely to maintain Chapter 41 status as long as oil and gas production and prices remain high. Districts with Chapter 41 status must continue to practice mandated wealth equalization. This limits the District's gain from the increased tax base. The District recognizes that the oil and gas industry is volatile and uncertain, making it difficult to plan for the future. Enrollment remains steady although there are some relatively small elementary classes. This could become a budgeting factor if the trend continues.

While the District benefits from increased revenue generated by high oil and gas prices, it also suffers from the effects of associated increased fuel and energy costs. The unpredictability of market prices makes it difficult to accurately budget for utilities and transportation. With the completion of new buildings, the district is also anticipating higher utility costs due to increased square footage to condition and maintain.

The District entered into a 313 Economic Development agreement with a wind power company. As a result, there are functioning wind turbines in the county that will be placed on the tax roll in the coming year. After three years, the district will receive payment for providing limitations on the appraised value of qualified property. Funds generated from the tax incentives are not subject to recapture under current school funding rules. Because the District carries a metropolitan statistical area designation due to census data, the threshold for economic development has been set at \$40,000,000.

The District continues to pursue all sources of revenue to supplement current funding sources including the use of American Recovery and Reinvestment Act (ARRA) funds.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent's office at P. O. Box 469, Mertzon, Texas, 76941.

BASIC FINANCIAL STATEMENTS

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2009

EXHIBIT A-1

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,671,610	\$ 15,195	\$ 1,686,805
1120 Current Investments	7,158,613	-	7,158,613
1220 Property Taxes Receivable (Delinquent)	110,134	-	110,134
1230 Allowance for Uncollectible Taxes	(8,252)	-	(8,252)
1240 Due from Other Governments	6,756	-	6,756
1250 Accrued Interest	15,947	-	15,947
1260 Internal Balances	(50)	-	(50)
1490 Other Current Assets	29,642	-	29,642
Capital Assets:			
1510 Land	162,906	-	162,906
1520 Buildings, Net	13,762,508	-	13,762,508
1530 Furniture and Equipment, Net	435,174	-	435,174
1000 Total Assets	<u>23,344,988</u>	<u>15,195</u>	<u>23,360,183</u>
LIABILITIES			
2110 Accounts Payable	583,945	-	583,945
2160 Accrued Wages Payable	96,153	-	96,153
2200 Accrued Expenses	1,988	-	1,988
Noncurrent Liabilities			
2501 Due Within One Year	215,000	-	215,000
2502 Due in More Than One Year	6,665,000	-	6,665,000
2000 Total Liabilities	<u>7,562,086</u>	<u>-</u>	<u>7,562,086</u>
NET ASSETS			
3200 Invested in Capital Assets, Net of Related Debt	7,480,588	-	7,480,588
3820 Restricted for Federal and State Programs	4,504	-	4,504
3900 Unrestricted Net Assets	8,297,810	15,195	8,313,005
3000 Total Net Assets	<u>\$ 15,782,902</u>	<u>\$ 15,195</u>	<u>\$ 15,798,097</u>

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

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	1	Program Revenues		
		3	4	5
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 2,339,148	\$ -	\$ 2,520,914	\$ 2,487
12 Instructional Resources and Media Services	55,091	-	-	-
13 Curriculum and Instructional Staff Development	9,352	-	-	-
23 School Leadership	254,243	-	-	-
31 Guidance, Counseling and Evaluation Services	52,709	-	-	-
33 Health Services	44,764	-	-	-
34 Student (Pupil) Transportation	57,568	-	-	-
35 Food Services	234,750	46,479	68,488	-
36 Extracurricular Activities	280,264	16,469	-	-
41 General Administration	306,710	-	-	-
51 Plant Maintenance and Operations	589,755	56,349	-	-
53 Data Processing Services	78,596	-	-	-
91 Contracted Instructional Services Between Schools	3,279,841	-	-	-
93 Payments to Fiscal Agent/Member Districts of SSA	51,249	-	-	-
99 Other Intergovernmental Charges	143,085	-	-	-
[TG] Total Governmental Activities:	<u>7,777,125</u>	<u>119,297</u>	<u>2,589,402</u>	<u>2,487</u>
BUSINESS-TYPE ACTIVITIES:				
01 Enterprise Funds - Locally Defined	-	195	-	-
[TB] Total Business-Type Activities:	<u>-</u>	<u>195</u>	<u>-</u>	<u>-</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 7,777,125</u>	<u>\$ 119,492</u>	<u>\$ 2,589,402</u>	<u>\$ 2,487</u>

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
IE	Investment Earnings
FR	Capital Losses
TR	Total General Revenues and Transfers
CN	Change in Net Assets
NB	Net Assets--Beginning
PA	Prior Period Adjustment
NE	Net Assets--Ending

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

Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ 184,253	\$ -	\$ 184,253
(55,091)	-	(55,091)
(9,352)	-	(9,352)
(254,243)	-	(254,243)
(52,709)	-	(52,709)
(44,764)	-	(44,764)
(57,568)	-	(57,568)
(119,783)	-	(119,783)
(263,795)	-	(263,795)
(306,710)	(50,000)	(356,710)
(533,406)	-	(533,406)
(78,596)	-	(78,596)
(3,279,841)	-	(3,279,841)
(51,249)	-	(51,249)
(143,085)	-	(143,085)
<u>(5,065,939)</u>	<u>(50,000)</u>	<u>(5,115,939)</u>
-	195	195
-	195	195
<u>(5,065,939)</u>	<u>(49,805)</u>	<u>(5,115,744)</u>
6,765,841	-	6,765,841
1,761,214	-	1,761,214
183,864	-	183,864
(61,301)	-	(61,301)
<u>8,649,618</u>	<u>-</u>	<u>8,649,618</u>
3,583,679	(49,805)	3,533,874
12,493,142	65,000	12,558,142
(293,919)	-	(293,919)
<u>\$ 15,782,902</u>	<u>\$ 15,195</u>	<u>\$ 15,798,097</u>

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2009

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,572,006	\$ 89,539	\$ -
1120 Investments - Current	5,775,358	-	1,383,255
1220 Property Taxes - Delinquent	97,174	12,960	-
1230 Allowance for Uncollectible Taxes (Credit)	(8,252)	-	-
1240 Due from Other Governments	-	-	-
1250 Accrued Interest	15,947	-	-
1490 Other Current Assets	29,642	-	-
1000 Total Assets	<u>\$ 7,481,875</u>	<u>\$ 102,499</u>	<u>\$ 1,383,255</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 34,268	\$ -	\$ 523,899
2160 Accrued Wages Payable	87,860	-	-
2170 Due to Other Funds	50	-	-
2200 Accrued Expenditures	1,607	-	-
2300 Deferred Revenues	1,561,955	12,960	-
2000 Total Liabilities	<u>1,685,740</u>	<u>12,960</u>	<u>523,899</u>
Fund Balances:			
Reserved For:			
3420 Retirement of Long Term Debt	-	89,539	-
3450 Food Service	-	-	-
3490 Other Purposes	500,000	-	-
Unreserved Designated For:			
3510 Construction	1,850,000	-	-
3530 Capital Expenditures for Equipment	239,000	-	-
3590 Other Purposes	961,000	-	-
Unreserved and Undesignated:			
3600 Reported in the General Fund	2,246,135	-	-
3610 Reported in Special Revenue Funds	-	-	-
3620 Reported in Capital Projects Funds	-	-	859,356
3000 Total Fund Balances	<u>5,796,135</u>	<u>89,539</u>	<u>859,356</u>
4000 Total Liabilities and Fund Balances	<u>\$ 7,481,875</u>	<u>\$ 102,499</u>	<u>\$ 1,383,255</u>

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

Other Funds	Total Governmental Funds
\$ 10,065	\$ 1,671,610
-	7,158,613
-	110,134
-	(8,252)
6,756	6,756
-	15,947
-	29,642
<u>\$ 16,821</u>	<u>\$ 8,984,450</u>
\$ -	\$ 558,167
8,293	96,153
-	50
381	1,988
286	1,575,201
<u>8,960</u>	<u>2,231,559</u>
-	89,539
4,504	4,504
-	500,000
-	1,850,000
-	239,000
-	961,000
-	2,246,135
3,357	3,357
-	859,356
<u>7,861</u>	<u>6,752,891</u>
<u>\$ 16,821</u>	<u>\$ 8,984,450</u>

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
AUGUST 31, 2009

Total Fund Balances - Governmental Funds	\$	6,752,891
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$10,388,297 and the accumulated depreciation was \$4,420,339. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The total debt outstanding as of the beginning of the year was \$8,310,000. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net assets.		(2,342,042)
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2009 capital outlays and debt principal payments is to increase net assets.		9,823,806
3 The 2009 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(289,681)
4 Deferred property tax revenues reported in the fund financial statements at the beginning of the year should be included in net assets. The effect of including these deferred revenues is to increase net assets.		110,857
5 Decreases in deferred tax revenues in the fund financial statements during the year decreases revenues in the government-wide financial statements. The effect of this decrease in revenues decreases net assets.		(8,976)
6 Other deferred revenues reported in the fund financial statements at the beginning of the year should be included in net assets. The effect of including these deferred revenues is to increase net assets.		175,306
7 Increases in other deferred revenues, including a prior period adjustment of \$293,919, in the fund financial statements during the year increases revenues in the government-wide financial statements. The effect of this increase in revenues increases net assets.		1,298,014
8 Unpaid worker's compensation claims are not recognized in the fund financial statements. This liability decreases the net assets in the government-wide financial statements.		(25,778)
9 Current year bond interest needs to be capitalized. The net effect of the current year's bond interest is to increase net assets.		349,806

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

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
AUGUST 31, 2009

10 Current year disposals are decreases in capital assets. The net effect of including the 2009 capital disposals is to decrease net assets.	(61,301)
19 Net Assets of Governmental Activities	<u>\$ 15,782,902</u>

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

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 6,961,371	\$ 1,766,182	\$ 67,647
5800 State Program Revenues	990,289	-	-
5900 Federal Program Revenues	-	-	-
5020 Total Revenues	<u>7,951,660</u>	<u>1,766,182</u>	<u>67,647</u>
EXPENDITURES:			
Current:			
0011 Instruction	1,948,522	-	-
0012 Instructional Resources and Media Services	51,384	-	-
0013 Curriculum and Instructional Staff Development	8,267	-	-
0023 School Leadership	237,136	-	-
0031 Guidance, Counseling and Evaluation Services	49,162	-	-
0033 Health Services	41,752	-	-
0034 Student (Pupil) Transportation	53,694	-	-
0035 Food Services	5,362	-	-
0036 Extracurricular Activities	261,406	-	-
0041 General Administration	268,821	-	-
0051 Facilities Maintenance and Operations	556,298	-	-
0053 Data Processing Services	78,596	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	-	1,430,000	-
0072 Debt Service - Interest on Long Term Debt	-	349,806	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	558,181	-	7,789,950
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	3,279,841	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	51,249	-	-
0099 Other Intergovernmental Charges	143,085	-	-
6030 Total Expenditures	<u>7,592,756</u>	<u>1,779,806</u>	<u>7,789,950</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>358,904</u>	<u>(13,624)</u>	<u>(7,722,303)</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	-	-
8911 Transfers Out (Use)	(120,000)	-	-
7080 Total Other Financing Sources (Uses)	<u>(120,000)</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	238,904	(13,624)	(7,722,303)
0100 Fund Balance - September 1 (Beginning)	5,851,150	103,163	8,581,659
1300 Increase (Decrease) in Fund Balance	(293,919)	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 5,796,135</u>	<u>\$ 89,539</u>	<u>\$ 859,356</u>

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

Other Funds	Total Governmental Funds
\$ 46,479	\$ 8,841,679
75,555	1,065,844
225,543	225,543
<u>347,577</u>	<u>10,133,066</u>
233,231	2,181,753
-	51,384
456	8,723
-	237,136
-	49,162
-	41,752
-	53,694
249,968	255,330
-	261,406
-	268,821
-	556,298
-	78,596
-	1,430,000
-	349,806
-	8,348,131
-	3,279,841
-	51,249
-	143,085
<u>483,655</u>	<u>17,646,167</u>
<u>(136,078)</u>	<u>(7,513,101)</u>
120,000	120,000
-	(120,000)
<u>120,000</u>	<u>-</u>
(16,078)	(7,513,101)
23,939	14,559,911
-	(293,919)
<u>\$ 7,861</u>	<u>\$ 6,752,891</u>

IRION COUNTY 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, 2009

Total Net Change in Fund Balances - Governmental Funds	\$	(7,513,101)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2009 capital outlays and debt principal payments is to increase (decrease) net assets.		9,823,806
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(289,681)
Decreases in deferred property tax revenues in the fund financial statements should be reported as a decrease of tax revenues in the government-wide financial statements. The effect of this decrease in deferred revenues decreases net assets.		(8,976)
Increases of other deferred revenues in the fund financial statements should be reported as a increase of revenues in the government-wide financial statements. The effect of this increase in deferred revenues increases net assets.		1,298,014
The current year increase in unpaid worker's compensation claims are not recognized in the fund financial statements. The effect of recognizing this increase of expense decreases net assets.		(14,889)
Current year bond debt interest needs to be capitalized. This capitalization increases net assets.		349,806
Current year losses on the disposals of capital assets need to be included in net assets. The effect of this loss decreases net assets.		(61,300)
Change in Net Assets of Governmental Activities	\$	3,583,679

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

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2009

EXHIBIT E-1

	Agency Fund	Fiduciary Component Unit
ASSETS		
Cash and Cash Equivalents	\$ 38,258	\$ -
Total Assets	<u>\$ 38,258</u>	<u>\$ -</u>
LIABILITIES		
Due to Student Groups	\$ 38,258	-
Total Liabilities	<u>\$ 38,258</u>	<u>-</u>

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

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2009

Note 1 - Reporting Entity

The Board of School Trustees (the Board) has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of Irion County Independent School District (the District). Because members of the Board are elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters, the District is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*.

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

Note 2 - Government-wide and Fund Financial Statements

The government-wide financial statements (statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

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 the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Note 3 - Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current period are all considered to be susceptible to accrual and have been recognized as revenue in the current period.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of the District.

The *Special Revenue Funds* are used to account for federal and state revenues that are restricted to various uses.

Note 4 - Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Temporary Investments, certificates of deposit, are reported at fair value.

Receivables and Payables

All accounts and property tax receivables are shown net of an allowance for uncollectibles. The property tax allowance is equal to 7.5% of outstanding property taxes at August 31, 2009.

Property taxes are levied by October 1 in conformity with subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are considered available when they become due and receivable within the current period.

Restricted and Designated Assets

The only restricted assets as of August 31, 2009 were \$4,504 restricted for food service. During the current year, the Board designated \$500,000 for attendance credits, \$1,850,000 for facilities, and \$1,200,000 for vehicles and other purposes.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the general fund in the government-wide financial statements. Long-lived assets with a cost of \$5,000 or more are capitalized. Capital assets are recorded at historical cost or estimated historical cost. Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Furniture and Equipment	10-25
Computer Equipment	5

Compensated Absences

Employees are allowed to accrue five State personal days and three District personal days each year. State personal days are cumulative and carry over from year to year. Unused personal days are paid by the District at year end at substitute rates (\$60 for degreed staff and \$52 for non-degreed staff). The employees' accumulating rights to receive compensation for future absences are contingent upon future illnesses. Since such amounts cannot be reasonably estimated, a liability for unused sick leave has not been recorded in the financial statements.

Teachers and administrative personnel (except for the superintendent) do not receive paid vacations but are paid only for the number of days they are required to work each year (187 days for teachers and 226 days for administrative personnel). Two administrative assistants, the maintenance director and the technology director are granted two-week vacations. In the event of termination, an employee is reimbursed for any unused accumulated leave. The District has no liability for unused vacation pay since all vacation leave is used or lost if not taken each year. Vacation pay is charged to operations when taken by the employees of the District.

Long-Term Obligations

In the government-wide financial statements long-term debt is reported as a liability. In the fund financial statements, governmental fund types recognized note principal payments as expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 5 - Stewardship, Compliance and Accountability

Budgetary Information

The official budget was prepared for adoption for all Governmental Fund Types prior to August 31, 2008. The budget was formally adopted by the Board of School Trustees at a duly advertised public meeting prior to the expenditure of funds. The budget was properly amended by the Board of Trustees as needed throughout the year.

Note 6 - Detailed Notes on All Funds

Deposits and Investments

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits

State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits.

Compliance with the Public Funds Investment Act

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. Agencies and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Irion County Independent School District is in substantial compliance with the requirements of the Act and with local policies.

At August 31, 2009, the carrying amount of the District's deposits was \$1,725,063 (Includes \$38,258 in Agency Fund deposits) and the bank balance was \$1,831,429. The District's deposits were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank.

In addition, the following is disclosed regarding coverage of combined balances at August 31, 2009:

- A. Name of the bank: First National Bank - Mertzon
- B. The market value of securities pledged at August 31, 2009 was: \$16,123,281.
- C. Total amount of FDIC coverage at August 31, 2009 was \$250,000.

Custodial Credit Risk for Investments

To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Interest Rate Risk

To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District specifies some policy guidelines that require at least half of the investment portfolio to have maturity dates of less than one year on a weighted average maturity basis.

Risk Level

The cash and temporary investments held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

- Category 1 - Deposits which are insured or collateralized by securities held by the entity or by its agent pledged in the entity's name.
- Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 - Deposits which are not collateralized.

Based on these three levels of risk, at August 31, 2009, the District's deposits are categorized as follows:

Category 1	\$ 1,831,429
Total	<u>\$ 1,831,429</u>

Temporary Investments

As of August 31, 2009 the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More Than 10</u>
Certificates of Deposit	\$ 4,900,000	\$ 4,900,000			
TexasTERM	1,390	1,390			
Texstar Pool	<u>2,257,223</u>	<u>2,257,223</u>			
TOTAL	<u>\$7,158,613</u>	<u>\$7,158,613</u>			

All \$4,900,000 of the CD's above held at the First National Bank of Mertz on are Category 1 investments (covered 100% by pledged securities). The \$2,258,613 of Texstar Pool and TexasTERM investments are not categorized because they are not evidenced by securities that exist in physical or book form. The carrying value of all investments were the same as their fair market value as of August 31, 2009.

Receivables

Receivables at year end including the applicable allowances for uncollectibles are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Total</u>
Receivable:				
Taxes	\$ 97,174	12,960	0	\$110,134
Intergovernmental	0	0	6,756	6,756
Less: Allowance for Uncollectibles	<u>(8,252)</u>	<u>0</u>	<u>0</u>	<u>(8,252)</u>
Net Receivables	<u>\$ 88,922</u>	<u>\$ 12,960</u>	<u>\$ 6,756</u>	<u>\$108,638</u>

Capital Assets

Capital asset activity for the year ended August 31, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental:				
Land	\$ 162,906			\$ 162,906
Buildings & Improvements	7,631,430	\$ 8,629,733	\$ (133,365)	16,127,798
Furniture & Equipment	<u>2,593,961</u>	<u>113,879</u>	<u>(31,928)</u>	<u>2,675,912</u>
Totals	\$10,388,297	\$ 8,743,612	\$ (165,293)	\$ 18,966,616
Accumulated Depreciation	<u>(4,420,339)</u>	<u>(289,681)</u>	<u>103,992</u>	<u>(4,606,028)</u>
Net Capital Assets	<u>\$ 5,967,958</u>	<u>\$ 8,453,931</u>	<u>\$ (61,301)</u>	<u>\$ 14,360,588</u>

Depreciation expense for the year totaled \$289,681 and was charged to the following functions:

Function 11	\$157,395	Function 33	\$ 3,012	Function 51	\$ 40,132
Function 12	\$ 3,707	Function 34	\$ 3,874		
Function 13	\$ 629	Function 35	\$ 18,420		
Function 23	\$ 17,107	Function 36	\$ 18,858		
Function 31	\$ 3,547	Function 41	\$ 23,000		

Defined Benefit Pension Plan

The District contributes to the Teacher Retirement System of Texas (the System), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception; all risks and costs are not shared by the District, but are the liability of the State of Texas. The System administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. The System operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The System also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The System issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. The System’s annual financial report and other required disclosure information are available by writing the TRS Communications Department, 1000 Red River, Austin, Texas 78701, by calling 1-800-223-8778, or by downloading the report from the TRS Internet web site. www.trs.state.tx.us, under the TRS Publications heading.

Under provisions of State law, for fiscal years 2009, 2008, and 2007 a state contribution rate of 6.0% and a member contribution rate of 6.4% were in effect. In certain instances, the district is required to make all or a portion of the state’s 6.0% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member’s annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during the fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize the System’s unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State contributions to the System made “on behalf” of the District’s employees for the years ended August 31, 2009, 2008, and 2007 were \$150,115, \$149,629 and \$136,533 respectively. For the year ended August 31, 2009, an additional \$5,608 was also made for on-behalf Medicare Part D payments. The District paid additional state contributions for the years ended August 31, 2009, 2008, and 2007 in the amount of \$18,760, \$16,465, and \$13,562 respectively, on the portion of the employee’s salaries that exceeded the statutory minimum.

Deferred Revenue

Deferred revenues consisted of net property taxes receivables of \$101,882 and federal grants totaling \$1,473,319 overpaid in the current year to be allotted to the subsequent year.

Long Term Debt

On August 27, 2007, the District issued bonds in the principal amount of \$8,999,998.40 at a variable rate between 4.0%-4.5% for use in capital improvements. As of August 31, 2009, the principal balance is at \$6,880,000. Maturities will continue to occur on February 15 of each of the years 2010 through 2030. A principal amount of \$215,000.00 Current Interest Bonds has a maturity date of February 15, 2010 with a 4% interest rate. The District reserves the right, at its option, to redeem Current Interest Bonds having stated maturities on or after February 15, 2010, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, as of August 15, 2009 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Current Interest Bonds are to be

redeemed, the District may select the maturities of the Current Interest Bonds to be redeemed. If less than all of the Current Interest Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the bonds are in Book-Entry-Only form) shall determine by lot the Current Interest Bonds, or portions thereof, within such maturity to be redeemed.

Current year activity for payment on all long-term liabilities are as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Amount Issued</u>	<u>Amount Redeemed</u>	<u>Ending Balance</u>
ICISD Unlimited Tax School Building Bonds, Series 2007	\$ 8,310,000	\$ 0	\$ (1,430,000)	\$ 6,880,000
Total long-term activity	\$ 8,310,000	\$ 0	\$ (1,430,000)	\$ 6,880,000

As of August 31, 2009, debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	215,000	286,281	501,281
2011	225,000	277,481	502,481
2012	235,000	268,281	503,281
2013	240,000	258,781	498,781
2014	250,000	248,981	498,981
2015-2019	1,435,000	1,075,834	2,510,834
2020-2024	1,765,000	740,514	2,505,514
2025-2029	2,180,000	321,097	2,501,097
2030	335,000	7,538	342,538
Totals	\$6,880,000	\$3,484,788	\$10,364,788

A total of \$349,806 in bond interest and premium was capitalized for the year ending August 31, 2009.

Operating Leases

The District had entered into operating leases covering three copiers. All of these leases are month-to-month leases during the current year.

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 District maintains commercial insurance coverage covering each of those risks of loss, except losses resulting from workman's compensation claims. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District is partially uninsured with respect to worker's compensation insurance. The District participates in a shared risk pool, the "West Texas Educational Insurance Association" administered by Claims Administrative Services, Inc. Individual claims that exceed the loss fund maximum, stated at \$19,964 at August 31, 2009, are paid by the Association through a reinsurance program. The District is responsible for all claims up to the loss fund maximum.

Cumulative unpaid claims (including “incurred but not reported” claims) the District is responsible for paying totaled \$25,778 at August 31, 2009. Contributions to this pool for the current year were \$10,763.

The following table shows the changes in claims liabilities for prior years and the current year:

	Beginning of Year <u>Liability</u>	<u>Changes</u>	Claim <u>Payments</u>	End of Year <u>Liability</u>
Prior Years	\$ 7,547	\$ (965)	\$ (1,340)	\$ 5,242
2006-2007	680	26	(252)	454
2007-2008	2,662	(567)	(489)	1,606
2008-2009	<u>0</u>	<u>19,971</u>	<u>(1,495)</u>	<u>18,476</u>
Totals	<u>\$ 10,889</u>	<u>\$ 18,465</u>	<u>\$ (3,576)</u>	<u>\$ 25,778</u>

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, refunds of any money received may be required and the collectibility of any related receivable at August 31, 2009 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 government-wide financial statements for such contingencies. The potential impact of any additional changes in the State school finance system, if legislated or ordered by court, on the District’s financial condition, sources and level of funding, tax base and taxing power is unknown.

Prior Period Adjustment

A prior period adjustment was made to adjust Foundation deferred revenues to actual amounts as of the beginning of the current audit year. This corrected errors made in estimates from the prior years.

REQUIRED SUPPLEMENTARY INFORMATION

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 7,006,429	\$ 7,006,429	\$ 6,961,371	\$ (45,058)
5800	State Program Revenues	952,634	958,357	990,289	31,932
5900	Federal Program Revenues	50	50	-	(50)
5020	Total Revenues	7,959,113	7,964,836	7,951,660	(13,176)
EXPENDITURES:					
Current:					
0011	Instruction	2,041,671	2,068,351	1,948,522	119,829
0012	Instructional Resources and Media Services	57,035	57,035	51,384	5,651
0013	Curriculum and Instructional Staff Development	9,200	9,200	8,267	933
0023	School Leadership	245,950	245,950	237,136	8,814
0031	Guidance, Counseling and Evaluation Services	51,614	51,636	49,162	2,474
0033	Health Services	42,745	42,745	41,752	993
0034	Student (Pupil) Transportation	147,440	111,610	53,694	57,916
0035	Food Services	5,600	5,600	5,362	238
0036	Extracurricular Activities	284,633	276,643	261,406	15,237
0041	General Administration	280,535	280,535	268,821	11,714
0051	Facilities Maintenance and Operations	651,030	651,030	556,298	94,732
0052	Security and Monitoring Services	6,000	6,000	-	6,000
0053	Data Processing Services	95,160	96,001	78,596	17,405
Capital Outlay:					
0081	Facilities Acquisition and Construction	24,000	559,642	558,181	1,461
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	3,700,000	3,700,000	3,279,841	420,159
0093	Payments to Fiscal Agent/Member Districts of SSA	51,500	51,500	51,249	251
0099	Other Intergovernmental Charges	143,000	143,000	143,085	(85)
6030	Total Expenditures	7,837,113	8,356,478	7,592,756	763,722
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	122,000	(391,642)	358,904	750,546
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	(122,000)	(144,000)	(120,000)	24,000
7080	Total Other Financing Sources (Uses)	(122,000)	(144,000)	(120,000)	24,000
1200	Net Change in Fund Balances	-	(535,642)	238,904	774,546
0100	Fund Balance - September 1 (Beginning)	5,851,150	5,851,150	5,851,150	-
1300	Increase (Decrease) in Fund Balance	(293,919)	(293,919)	(293,919)	-
3000	Fund Balance - August 31 (Ending)	\$ 5,557,231	\$ 5,021,589	\$ 5,796,135	\$ 774,546

COMBINING AND OTHER STATEMENTS

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2009

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program	243 Vocational Ed Technical Preparation	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 286	\$ 8,835	\$ -
1240	Due from Other Governments	1,376	1,007	-	-
1000	Total Assets	<u>\$ 1,376</u>	<u>\$ 1,293</u>	<u>\$ 8,835</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2160	Accrued Wages Payable	\$ 1,258	\$ 921	\$ 4,249	\$ -
2200	Accrued Expenditures	118	86	82	-
2300	Deferred Revenues	-	286	-	-
2000	Total Liabilities	<u>1,376</u>	<u>1,293</u>	<u>4,331</u>	<u>-</u>
Fund Balances:					
Reserved For:					
3450	Food Service	-	-	4,504	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>4,504</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,376</u>	<u>\$ 1,293</u>	<u>\$ 8,835</u>	<u>\$ -</u>

255 ESEA II,A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	289 Other Federal Special Revenue Funds	378	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	411 Technology Allotment
\$ -	\$ -	\$ 2,494	\$ (425)	\$ -	\$ (84)	\$ (55)	\$ -
872	-	-	425	-	84	55	-
<u>\$ 872</u>	<u>\$ -</u>	<u>\$ 2,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
74	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	2,494	-	-	-	-	-
-	-	2,494	-	-	-	-	-
<u>\$ 872</u>	<u>\$ -</u>	<u>\$ 2,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2009

Data Control Codes	428 High School Allotment	429 Other State Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,951	\$ (2,937)	\$ 10,065
1240 Due from Other Governments	-	2,937	6,756
1000 Total Assets	<u>\$ 1,951</u>	<u>\$ -</u>	<u>\$ 16,821</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2160 Accrued Wages Payable	\$ 1,067	\$ -	\$ 8,293
2200 Accrued Expenditures	21	-	381
2300 Deferred Revenues	-	-	286
2000 Total Liabilities	<u>1,088</u>	<u>-</u>	<u>8,960</u>
Fund Balances:			
Reserved For:			
3450 Food Service	-	-	4,504
Unreserved and Undesignated:			
3610 Reported in Special Revenue Funds	863	-	3,357
3000 Total Fund Balances	<u>863</u>	<u>-</u>	<u>7,861</u>
4000 Total Liabilities and Fund Balances	<u>\$ 1,951</u>	<u>\$ -</u>	<u>\$ 16,821</u>

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program	243 Vocational Ed Technical Preparation
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 46,479	\$ -
5800 State Program Revenues	-	-	1,034	-
5900 Federal Program Revenues	83,012	21,664	67,453	3,557
5020 Total Revenues	<u>83,012</u>	<u>21,664</u>	<u>114,966</u>	<u>3,557</u>
EXPENDITURES:				
Current:				
0011 Instruction	83,012	21,664	-	3,557
0013 Curriculum and Instructional Staff Development	-	-	-	-
0035 Food Services	-	-	249,968	-
6030 Total Expenditures	<u>83,012</u>	<u>21,664</u>	<u>249,968</u>	<u>3,557</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(135,002)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	120,000	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>120,000</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	(15,002)	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>19,506</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,504</u>	<u>\$ -</u>

255 ESEA II,A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	289 Other Federal Special Revenue Funds	378	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	411 Technology Allotment
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	1,113	1,165	9,931
15,611	30,121	3,700	425	-	-	-	-
15,611	30,121	3,700	425	-	1,113	1,165	9,931
15,611	30,051	1,206	425	-	1,113	1,165	9,931
-	70	-	-	386	-	-	-
-	-	-	-	-	-	-	-
15,611	30,121	1,206	425	386	1,113	1,165	9,931
-	-	2,494	-	(386)	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	2,494	-	(386)	-	-	-
-	-	-	-	386	-	-	-
\$ -	\$ -	\$ 2,494	\$ -	\$ -	\$ -	\$ -	\$ -

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	428 High School Allotment	429 Other State Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 46,479
5800 State Program Revenues	32,945	29,367	75,555
5900 Federal Program Revenues	-	-	225,543
5020 Total Revenues	<u>32,945</u>	<u>29,367</u>	<u>347,577</u>
EXPENDITURES:			
Current:			
0011 Instruction	36,129	29,367	233,231
0013 Curriculum and Instructional Staff Development	-	-	456
0035 Food Services	-	-	249,968
6030 Total Expenditures	<u>36,129</u>	<u>29,367</u>	<u>483,655</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,184)</u>	<u>-</u>	<u>(136,078)</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	-	120,000
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>120,000</u>
1200 Net Change in Fund Balance	(3,184)	-	(16,078)
0100 Fund Balance - September 1 (Beginning)	<u>4,047</u>	<u>-</u>	<u>23,939</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 863</u>	<u>\$ -</u>	<u>\$ 7,861</u>

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED AUGUST 31, 2009

	BALANCE SEPTEMBER 1 2008	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2009
AGENCY				
Assets:				
Cash and Temporary Investments	\$ 40,780	\$ 206,549	\$ 209,071	\$ 38,258
Liabilities:				
Due to Student Groups	\$ 40,780	\$ 206,549	\$ 209,071	\$ 38,258
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 40,780	\$ 206,549	\$ 209,071	\$ 38,258
Liabilities:				
Due to Student Groups	\$ 40,780	\$ 206,549	\$ 209,071	\$ 38,258

T.E.A. REQUIRED SCHEDULES

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2009

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2000 and prior years	Various	Various	\$ Various
2001	1.500000	0.000000	162,756,962
2002	1.310516	0.189484	244,757,726
2003	1.500000	0.000000	212,292,420
2004	1.500000	0.000000	217,666,430
2005	1.500000	0.000000	239,498,590
2006	1.500000	0.000000	297,841,950
2007	1.370000	0.000000	392,209,020
2008	1.040000	0.270300	486,397,380
2009 (School year under audit)	1.040000	0.270150	654,744,625
100 TOTALS			

(10) Beginning Balance 9/1/2008	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2009
\$ 31,614	\$ -	\$ 1,184	\$ -	\$ (10,651)	\$ 19,779
2,634	-	797	-	(1,053)	784
4,782	-	696	-	(1,052)	3,034
5,251	-	1,097	-	(1,060)	3,094
4,382	-	810	-	(1,060)	2,512
7,900	-	2,619	-	(1,060)	4,221
8,932	-	2,963	-	(1,060)	4,909
12,054	-	3,435	-	(1,094)	7,525
41,559	-	19,347	4,379	(1,335)	16,498
-	8,536,917	6,731,361	1,756,549	(1,229)	47,778
<u>\$ 119,108</u>	<u>\$ 8,536,917</u>	<u>\$ 6,764,309</u>	<u>\$ 1,760,928</u>	<u>\$ (20,654)</u>	<u>\$ 110,134</u>

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2010-2011
 GENERAL AND SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2009

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 104,961	\$ 117,072	\$ -	\$ -	\$ 222,033
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	18,008	-	-	-	18,008
6212	Audit Services	-	-	-	13,512	-	-	13,512
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	148,085	-	-	-	-	148,085
621X	Other Professional Services	-	-	-	2,270	-	-	2,270
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	9,430	-	-	9,430
6240	Contr. Maint. and Repair	-	-	-	-	1,295	-	1,295
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	2,640	-	-	2,640
6290	Miscellaneous Contr.	-	-	-	1,496	-	-	1,496
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	829	-	-	7,487	-	-	8,316
6410	Travel, Subsistence, Stipends	3,034	-	4,861	333	-	-	8,228
6420	Ins. and Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	1,052	-	-	-	-	-	1,052
6490	Miscellaneous Operating	2,233	-	-	7,549	-	-	9,782
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 7,148	\$ 148,085	\$ 127,830	\$ 161,789	\$ 1,295	\$ -	\$ 446,147

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 8,076,411

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 603,856
Total Debt & Lease(6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	549,623
Food (Function 35, 6341 and 6499)	(13)	81,724
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		161,789

SubTotal: 1,396,992

Net Allowed Direct Cost \$ 6,679,419

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 15,079,944
Historical Cost of Building over 50 years old	(16)	\$ 206,042
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 2,675,912
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 1,373,178
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) NOTE A: \$34,241 in Function 53 expenditures are included in this report on administrative costs.

\$143,085 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 GENERAL FUND AS OF AUGUST 31, 2009

UNAUDITED

1	Total General Fund Balance as of 8/31/09 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 5,796,135
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 500,000	
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	3,050,000	
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	-	
5	Estimate of one month's average cash disbursements during the regular school session (9/1/09-5/31/10).	632,730	
6	Estimate of delayed payments from state sources (58xx) including August payment delays	-	
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-	
8	Estimate of delayed payments from federal sources (59xx)	-	
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-	
10	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	4,182,730	
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)	\$ 1,613,405	

Explanation of need for and/or projected use of net positive Undesignated Unreserved General Fund Fund Balance:

The District makes an effort to maintain three and one-half month's of operating funds because of its Chapter 41 status. The District operates almost exclusively on local tax revenues.

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 39,000	\$ 39,000	\$ 46,479	\$ 7,479
5800	State Program Revenues	1,200	1,200	1,034	(166)
5900	Federal Program Revenues	72,297	73,064	67,453	(5,611)
5020	Total Revenues	112,497	113,264	114,966	1,702
EXPENDITURES:					
0035	Food Services	234,497	257,264	249,968	7,296
6030	Total Expenditures	234,497	257,264	249,968	7,296
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(122,000)	(144,000)	(135,002)	8,998
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	122,000	144,000	120,000	(24,000)
7080	Total Other Financing Sources (Uses)	122,000	144,000	120,000	(24,000)
1200	Net Change in Fund Balances	-	-	(15,002)	(15,002)
0100	Fund Balance - September 1 (Beginning)	19,505	19,505	19,506	1
3000	Fund Balance - August 31 (Ending)	\$ 19,505	\$ 19,505	\$ 4,504	\$ (15,001)

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 1,779,806	\$ 1,779,806	\$ 1,766,182	\$ (13,624)
5020	Total Revenues	1,779,806	1,779,806	1,766,182	(13,624)
EXPENDITURES:					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	1,779,806	1,430,000	1,430,000	-
0072	Debt Service - Interest on Long Term Debt	-	349,806	349,806	-
6030	Total Expenditures	1,779,806	1,779,806	1,779,806	-
1200	Net Change in Fund Balances	-	-	(13,624)	(13,624)
0100	Fund Balance - September 1 (Beginning)	103,163	103,163	103,163	-
3000	Fund Balance - August 31 (Ending)	\$ 103,163	\$ 103,163	\$ 89,539	\$ (13,624)

**REPORTS ON
INTERNAL CONTROLS, COMPLIANCE
AND
FEDERAL AWARDS**

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

Independent Auditor's Report

Board of School Trustees
Irion County Independent School District
Mertzon, Texas

Members of the Board:

We have audited the basic financial statements of Irion County Independent School District as of and for the year ended August 31, 2009, and have issued our report thereon dated January 18, 2010. 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.

Compliance

As part of obtaining reasonable assurance about whether Irion County Independent School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Irion County Independent School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

This report is intended for the informaton and use of the Board of Trustees, management, Texas Education Agency and federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

Jones, Hay, Marschall & McKinney, P.C.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2009

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. The auditors' report expresses an unqualified opinion on the financial statements of Irion County ISD.
2. Internal control over financial reporting:
 - A. No material weakness identified.
 - B. No significant deficiencies identified.
3. No instances of noncompliance material to the financial statements of Irion County ISD were disclosed.

Federal Awards

1. Internal control over non-major programs:
 - A. No material weakness identified.
 - B. No significant deficiencies identified.
2. Internal control over compliance for non-major programs:
 - A. No material weakness identified.
 - B. No significant deficiencies identified.
3. The auditors' report expresses an unqualified opinion on compliance with non-major programs.

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no financial statement findings required to be reported in accordance with **Government Auditing Standards**.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings and questioned costs required to be reported in accordance with **Government Auditing Standards**.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2009

(Prepared by the District's Administration)

FINDING/RECOMMENDATION

CURRENT STATUS

None

N/A