

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

**ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED AUGUST 31, 2008**

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2008

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
CERTIFICATE OF BOARD	1
Independent Auditors' Report	2
Management's Discussion and Analysis	3-6
<u>Basic Financial Statements</u>	
Government Wide Statements:	
A-1 Statement of Net Assets	7
B-1 Statement of Activities	8-9
Governmental Fund Financial Statements:	
C-1 Balance Sheet	10-11
C-2 Reconciliation for C-1	12-13
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balance	14-15
C-4 Reconciliation for C-3	16
Fiduciary Fund Financial Statements:	
E-1 Statement of Fiduciary Net Assets	17
Notes to the Financial Statements	18-25
<u>Required Supplementary Information</u>	
G-1 Budgetary Comparison Statement - General Fund	26
<u>Combining and Other Schedules</u>	
Nonmajor Governmental Funds:	
H-1 Combining Balance Sheet	27-29
H-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	30-32
Internal Service Funds:	
H-9 Combining Statement of Net Assets	33
<u>Required TEA Schedules</u>	
J-1 Schedule of Delinquent Taxes	34
J-2 Schedule of Expenditures for Computation of Indirect Cost	36
J-3 Fund Balance and Cash Flow Calculation Worksheet	37
J-4 Budgetary Comparison Schedule - Child Nutrition Fund	38
J-5 Budgetary Comparison Schedule - Debt Service Fund	39
<u>Exhibit</u>	<u>Page</u>
<u>Reports on Compliance, Internal Control, and Federal Awards</u>	
Report on Compliance and Internal Control Over Financial Reporting Based on an audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40
Schedule of Findings and Questioned Costs	41
Summary Schedule of Prior Audit Findings	42

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, 2008 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

December 15, 2008

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, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's 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, 2008, 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 December 15, 2008 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, 2008. 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 Federal Awards Section 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	
	2008	2007
Current and other assets	\$15,361,456	\$13,856,273
Capital assets	5,967,958	4,633,893
Total assets	<u>\$21,329,414</u>	<u>\$18,490,166</u>
Long-term liabilities	\$8,105,000	\$8,310,000
Other liabilities	666,272	819,246
Total liabilities	<u>\$8,771,272</u>	<u>\$9,129,246</u>
Net Assets		
Invested in capital assets, net of related debt	\$5,967,958	\$4,633,893
Restricted	13,786	13,787
Unrestricted	6,576,398	4,713,240
Total Net Assets	<u>\$12,558,142</u>	<u>\$9,360,920</u>

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

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Revenues:		
Program Revenues:		
Charges for Services	\$168,203	\$114,698
Operating Grants and Contributions	1,851,271	1,139,102
General Revenues:		
Maintenance and Operations Taxes	5,240,781	5,427,693
Debt Service Taxes	1,350,036	201,144
State Aid Formula Grants	0	0
Grants, Contributions not restricted to specific functions	21,550	6,073
Investment Earnings	511,051	0
Miscellaneous	<u>0</u>	<u>0</u>
Total Revenue	<u>\$9,142,892</u>	<u>\$6,888,710</u>
Expenses:		
Instruction, Curriculum and Media Services	\$2,031,074	\$2,061,028
Instructional/School Leadership	254,212	248,696
Guidance, Social Work, Health Transportation	151,310	115,726
Food Services	229,771	208,179
Cocurricular Activities	300,054	270,756
General Administration	277,150	390,950
Plant Maintenance and Security	613,447	547,547
Data Processing	107,449	116,418
Other	<u>2,081,682</u>	<u>1,496,925</u>
Total Expenses	<u>\$6,046,149</u>	<u>\$5,456,225</u>
Increase in Net Assets before Transfers and Special Items	\$3,103,312	\$1,432,485
Special Items - Bond Premium	0	110,379
Special Items - Insurance Proceeds	<u>100,479</u>	<u>200,387</u>
Change in Net Assets	\$3,197,222	\$1,743,251
Net Assets at Beginning of Year	<u>9,360,920</u>	<u>7,617,669</u>
Net Assets at End of Year	<u>\$12,558,142</u>	<u>\$9,360,920</u>

Net assets of the District's governmental activities increased from \$9,360,920 to \$12,558,142. 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 \$3,461,398. This \$1,348,158 increase in net assets was due primarily to an increase of tax revenues and interest. The District's total revenues increased by 33% (\$2,254,182). The total cost of all programs and services increased 11% (\$583,355). 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 \$14,559,911, which is more than last year's total of \$13,621,871. Included in this year's total change in fund balance is an increase in the Construction designated fund balance of \$450,000.

CAPITAL ASSET ADMINISTRATION

At the end of the year, the District had an investment in capital assets of \$5,967,958. This amount represents an increase in capital assets of \$1,334,065. Only a few minor disposals were made in the current year. Depreciation expense for the year was \$286,131.

DEBT

At year end, the District had long-term current interest bonds totaling \$8,310,000 outstanding. These bonds mature on February 15 between 2009 through 2032.

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. 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.

The District is currently considering a 313 Economic Development agreement with a wind power company. It is possible that wind turbines will be placed in the county in the near future. Wind turbine projects tend to benefit school districts in a couple of ways. In the early years, the projects increase taxable value. In the later years, districts 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. It is expected that this will become even more important in the future as the District strives to equip and furnish newly constructed and renovated facilities.

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.

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2008

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,510,206	\$ 65,000	\$ 1,575,206
1120 Current Investments	13,627,185	-	13,627,185
1220 Property Taxes Receivable (Delinquent)	119,108	-	119,108
1230 Allowance for Uncollectible Taxes	(8,252)	-	(8,252)
1240 Due from Other Governments	2,317	-	2,317
1250 Accrued Interest	15,947	-	15,947
1490 Other Current Assets	29,945	-	29,945
Capital Assets:			
1510 Land	162,906	-	162,906
1520 Buildings, Net	5,417,902	-	5,417,902
1530 Furniture and Equipment, Net	387,150	-	387,150
1000 Total Assets	<u>21,264,414</u>	<u>65,000</u>	<u>21,329,414</u>
LIABILITIES			
2110 Accounts Payable	378,297	-	378,297
2160 Accrued Wages Payable	81,365	-	81,365
2200 Accrued Expenses	1,610	-	1,610
Noncurrent Liabilities			
2501 Due Within One Year	205,000	-	205,000
2502 Due in More Than One Year	8,105,000	-	8,105,000
2000 Total Liabilities	<u>8,771,272</u>	<u>-</u>	<u>8,771,272</u>
NET ASSETS			
3200 Invested in Capital Assets	5,967,958	-	5,967,958
Restricted for:			
3820 Restricted for Federal and State Programs	13,786	-	13,786
3890 Restricted for Other Purposes	3,050,000	-	3,050,000
3900 Unrestricted Net Assets	3,461,398	65,000	3,526,398
3000 Total Net Assets	<u>\$ 12,493,142</u>	<u>\$ 65,000</u>	<u>\$ 12,558,142</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, 2008

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	\$ 1,965,492	\$ -	\$ 1,779,068	\$ 21,550
12 Instructional Resources and Media Services	56,966	-	-	-
13 Curriculum and Instructional Staff Development	8,616	-	-	-
23 School Leadership	254,212	-	-	-
31 Guidance, Counseling and Evaluation Services	49,626	-	-	-
33 Health Services	42,551	-	-	-
34 Student (Pupil) Transportation	59,133	-	-	-
35 Food Services	229,771	41,077	72,203	-
36 Extracurricular Activities	300,054	18,113	-	-
41 General Administration	277,150	-	-	-
51 Plant Maintenance and Operations	611,423	44,013	-	-
52 Security and Monitoring Services	2,024	-	-	-
53 Data Processing Services	107,449	-	-	-
91 Contracted Instructional Services Between Schools	1,953,843	-	-	-
93 Payments to Fiscal Agent/Member Districts of SSA	47,647	-	-	-
99 Other Intergovernmental Charges	80,192	-	-	-
[TG] Total Governmental Activities:	6,046,149	103,203	1,851,271	21,550
BUSINESS-TYPE ACTIVITIES:				
01 Enterprise Funds - Locally Defined	-	65,000	-	-
[TB] Total Business-Type Activities:	-	65,000	-	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 6,046,149	\$ 168,203	\$ 1,851,271	\$ 21,550

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
IE	Investment Earnings
E1	Extrodinary Item - Insurance Proceeds
TR	Total General Revenues and Extraordinary Items
CN	Change in Net Assets
NB	Net Assets--Beginning
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
\$ (164,874)	\$ -	\$ (164,874)
(56,966)	-	(56,966)
(8,616)	-	(8,616)
(254,212)	-	(254,212)
(49,626)	-	(49,626)
(42,551)	-	(42,551)
(59,133)	-	(59,133)
(116,491)	-	(116,491)
(281,941)	-	(281,941)
(277,150)	-	(277,150)
(567,410)	-	(567,410)
(2,024)	-	(2,024)
(107,449)	-	(107,449)
(1,953,843)	-	(1,953,843)
(47,647)	-	(47,647)
(80,192)	-	(80,192)
<u>(4,070,125)</u>	<u>-</u>	<u>(4,070,125)</u>
-	65,000	65,000
-	65,000	65,000
<u>(4,070,125)</u>	<u>65,000</u>	<u>(4,005,125)</u>
5,240,781	-	5,240,781
1,350,036	-	1,350,036
511,051	-	511,051
100,479	-	100,479
<u>7,202,347</u>	<u>-</u>	<u>7,202,347</u>
3,132,222	65,000	3,197,222
9,360,920	-	9,360,920
<u>\$ 12,493,142</u>	<u>\$ 65,000</u>	<u>\$ 12,558,142</u>

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2008

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,379,023	\$ 103,163	\$ -
1120 Investments - Current	4,851,388	-	8,775,797
1220 Property Taxes - Delinquent	111,099	8,010	-
1230 Allowance for Uncollectible Taxes (Credit)	(8,252)	-	-
1240 Due from Other Governments	-	-	-
1250 Accrued Interest	15,947	-	-
1490 Other Current Assets	29,945	-	-
1000 Total Assets	<u>\$ 6,379,150</u>	<u>\$ 111,173</u>	<u>\$ 8,775,797</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 173,270	\$ -	\$ 194,138
2160 Accrued Wages Payable	75,218	-	-
2200 Accrued Expenditures	1,364	-	-
2300 Deferred Revenues	278,148	8,010	-
2000 Total Liabilities	<u>\$ 528,000</u>	<u>\$ 8,010</u>	<u>\$ 194,138</u>
Fund Balances:			
Reserved For:			
3420 Retirement of Long Term Debt	\$ -	\$ 103,163	\$ -
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	2,301,150	-	-
3610 Reported in Special Revenue Funds	-	-	-
3620 Reported in Capital Projects Funds	-	-	8,581,659
3000 Total Fund Balances	<u>\$ 5,851,150</u>	<u>\$ 103,163</u>	<u>\$ 8,581,659</u>
4000 Total Liabilities and Fund Balances	<u>\$ 6,379,150</u>	<u>\$ 111,173</u>	<u>\$ 8,775,797</u>

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

Other Funds	Total Governmental Funds
\$ 28,020	\$ 1,510,206
-	13,627,185
-	119,109
-	(8,252)
2,317	2,317
-	15,947
-	29,945
<u>\$ 30,337</u>	<u>\$ 15,296,457</u>
\$ -	\$ 367,408
6,147	81,365
246	1,610
5	286,163
<u>\$ 6,398</u>	<u>\$ 736,546</u>
\$ -	\$ 103,163
19,506	19,506
-	500,000
-	1,850,000
-	239,000
-	961,000
-	2,301,150
4,433	4,433
-	8,581,659
<u>\$ 23,939</u>	<u>\$ 14,559,911</u>
<u>\$ 30,337</u>	<u>\$ 15,296,457</u>

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

Total Fund Balances - Governmental Funds	\$	
		14,559,911
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 \$8,768,101 and the accumulated depreciation was \$4,134,208. 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 \$8,999,998. 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.		(4,366,105)
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 2008 capital outlays and debt principal payments is to increase net assets.		1,640,655
3 The 2008 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(286,131)
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.		151,822
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.		(40,965)
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.		1,494
7 Increases in other deferred revenues 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.		173,811
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.		(10,889)
9 Current year bond interest needs to be capitalized. The net effect of the current year's bond interest is to increase net assets.		669,539

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, 2008

19 Net Assets of Governmental Activities	<u>\$ 12,493,142</u>
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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, 2008

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 5,560,842	\$ 1,352,323	\$ 313,343
5800 State Program Revenues	1,387,194	-	-
5900 Federal Program Revenues	5,600	-	-
5020 Total Revenues	<u>6,953,636</u>	<u>1,352,323</u>	<u>313,343</u>
EXPENDITURES:			
Current:			
0011 Instruction	1,749,180	-	-
0012 Instructional Resources and Media Services	52,944	-	-
0013 Curriculum and Instructional Staff Development	7,454	-	-
0023 School Leadership	236,264	-	-
0031 Guidance, Counseling and Evaluation Services	46,122	-	-
0033 Health Services	39,547	-	-
0034 Student (Pupil) Transportation	54,934	-	-
0035 Food Services	4,712	-	-
0036 Extracurricular Activities	294,991	-	-
0041 General Administration	259,625	-	-
0051 Facilities Maintenance and Operations	582,531	-	-
0052 Security and Monitoring Services	1,030	-	-
0053 Data Processing Services	107,449	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	-	689,998	-
0072 Debt Service - Interest on Long Term Debt	-	559,162	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	230,843	-	669,856
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	1,953,843	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	47,647	-	-
0099 Other Intergovernmental Charges	80,192	-	-
6030 Total Expenditures	<u>5,749,308</u>	<u>1,249,160</u>	<u>669,856</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,204,328</u>	<u>103,163</u>	<u>(356,513)</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued (Regular Bonds)	-	-	(6,569)
7915 Transfers In	-	-	-
8911 Transfers Out (Use)	(117,000)	-	-
7080 Total Other Financing Sources (Uses)	<u>(117,000)</u>	<u>-</u>	<u>(6,569)</u>
EXTRAORDINARY ITEMS:			
7919 Extraordinary Item - Insurance Proceeds	100,479	-	-
1200 Net Change in Fund Balances	<u>1,187,807</u>	<u>103,163</u>	<u>(363,082)</u>
0100 Fund Balance - September 1 (Beginning)	<u>4,663,343</u>	<u>-</u>	<u>8,944,741</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 5,851,150</u>	<u>\$ 103,163</u>	<u>\$ 8,581,659</u>

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

Other Funds	Total Governmental Funds
\$ 41,077	\$ 7,267,585
91,988	1,479,182
<u>192,681</u>	<u>198,281</u>
325,746	8,945,048
206,628	1,955,808
-	52,944
554	8,008
-	236,264
-	46,122
-	39,547
-	54,934
224,561	229,273
-	294,991
-	259,625
-	582,531
851	1,881
-	107,449
-	689,998
-	559,162
-	900,699
-	1,953,843
-	47,647
-	80,192
<u>432,594</u>	<u>8,100,918</u>
<u>(106,848)</u>	<u>844,130</u>
-	(6,569)
117,000	117,000
-	(117,000)
<u>117,000</u>	<u>(6,569)</u>
-	100,479
<u>10,152</u>	<u>938,040</u>
<u>13,787</u>	<u>13,621,871</u>
<u>\$ 23,939</u>	<u>\$ 14,559,911</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, 2008

Total Net Change in Fund Balances - Governmental Funds	\$	938,040
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 2008 capital outlays and debt principal payments is to increase (decrease) net assets.		1,640,655
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.		(286,131)
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.		(40,965)
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.		173,811
The current year decrease in unpaid worker's compensation claims are not recognized in the fund financial statements. The effect of recognizing this reduction of expense increases net assets.		8,764
Capitalize Interest on Bond Debt		698,048
Change in Net Assets of Governmental Activities	\$	3,132,222

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, 2008

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 40,780
Total Assets	<u>40,780</u>
LIABILITIES	
Due to Student Groups	\$ 40,780
Total Liabilities	<u>40,780</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, 2008

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 6.9% of outstanding property taxes at August 31, 2008.

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, 2008 were \$13,786 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 228 days for administrative personnel for the year ending August 31, 2008). The superintendent is given paid vacation but if it is not taken it will be reimbursed. 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, 2007. 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, 2008, the carrying amount of the District's deposits was \$1,615,987 and the bank balance was \$1,894,440. 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, 2008:

- A. Name of the bank: First National Bank - Mertzon
- B. The market value of securities pledged at August 31, 2008 was: \$8,489,194.
- C. Total amount of FDIC coverage at August 31, 2008 was \$200,000.

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, 2008, the District's deposits are categorized as follows:

Category 1	\$	200,000
Category 2		1,694,440
Total	\$	<u>1,894,440</u>

Temporary Investments

As of August 31, 2008 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>
Texstar Pool	\$ 8,775,796	\$ 8,775,796			
Certificates of Deposit	<u>2,000,000</u>	<u>2,000,000</u>			
TOTAL	<u>\$10,775,796</u>	<u>\$10,775,796</u>			

Both FNB-Mertzton CD's and Texstar pool investments are 100% covered by pledged securities.

Receivables

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

	<u>General</u>	<u>Nonmajor and Other</u>	<u>Total</u>
Receivable:			
Taxes	\$111,098	8,010	\$119,108
Intergovernmental		\$ 2,317	2,317
Less: Allowance for Uncollectibles	<u>(8,252)</u>	<u> </u>	<u>(8,252)</u>
Net Receivables	<u>\$102,846</u>	<u>\$ 10,327</u>	<u>\$113,173</u>

Capital Assets

Capital asset activity for the year ended August 31, 2008 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	6,061,192	\$ 1,570,238		7,631,430
Furniture & Equipment	<u>2,544,003</u>	<u>49,958</u>	<u>\$ 0</u>	<u>2,593,961</u>
Totals	\$ 8,768,101	\$ 1,620,196	\$ 0	\$ 10,388,297
Accumulated Depreciation	<u>(4,134,208)</u>	<u>(286,131)</u>	<u>0</u>	<u>(4,420,339)</u>
Net Capital Assets	<u>\$ 4,633,893</u>	<u>\$ 1,334,065</u>	<u>\$ 0</u>	<u>\$ 5,967,958</u>

Depreciation expense for the year totaled \$286,131 and was charged to the following functions:

Function 11	\$148,570	Function 33	\$ 3,004	Function 51	\$ 44,432
Function 12	\$ 4,022	Function 34	\$ 4,199	Function 52	\$ 143
Function 13	\$ 608	Function 35	\$ 17,416		
Function 23	\$ 17,948	Function 36	\$ 22,563		
Function 31	\$ 3,504	Function 41	\$ 19,722		

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.trrs.state.tx.us, under the TRS Publications heading.

Under provisions of State law, for fiscal years 2008, 2007, and 2006 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, 2008, 2007, and 2006 were \$149,629, \$136,533 and \$129,609 respectively. The District paid additional state contributions for the years ended August 31, 2008, 2007, and 2006 in the amount of \$16,465, \$13,562, and \$15,343 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 \$110,857 and federal grants totaling \$175,306 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, 2008, the principal balance is at \$8,310,000. Maturities will continue to occur on February 15 of each of the years 2009 through 2019, 2021, 2023, 2026, 2027, 2029 and 2032. A principal amount of \$205,000.00 Current Interest Bonds has a maturity date of February 15, 2009 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, on 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. The Premium Capital Appreciation Bonds are not subject to redemption prior to maturity.

As of August 31, 2008, debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	205,000	349,806	554,806
2010	215,000	341,406	556,406
2011	225,000	332,606	557,606
2012	235,000	323,406	558,406
2013-2017	1,315,000	1,465,244	2,780,244
2018-2022	1,625,000	1,158,953	2,783,953
2023-2027	2,000,000	776,610	2,776,610
2028-2032	<u>2,490,000</u>	<u>289,076</u>	<u>2,779,076</u>
Totals	<u>\$8,310,000</u>	<u>\$5,037,107</u>	<u>\$13,347,107</u>

A total of \$669,539 in bond interest and premium was capitalized for the year ending August 31, 2008.

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 \$20,222 at August 31, 2008, 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 \$10,889 at August 31, 2008. Contributions to this pool for the current year were \$9,088.

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

	<u>Beginning of Year Liability</u>	<u>Changes</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
Prior Years	\$ 15,278	\$ (6,696)	\$ (1,602)	\$ 6,980
2005-2006	1,034	(202)	(265)	567
2006-2007	3,343	(2,170)	(493)	680
2007-2008	<u>0</u>	<u>3,154</u>	<u>(492)</u>	<u>2,662</u>
Totals	<u>\$ 19,655</u>	<u>\$ (5,914)</u>	<u>\$ (2,852)</u>	<u>\$ 10,889</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, 2008 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying 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.

Operating Leases

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

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, 2008

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	\$ 5,168,917	\$ 5,168,917	\$ 5,560,842	\$ 391,925
5800 State Program Revenues	1,407,316	1,407,316	1,387,194	(20,122)
5900 Federal Program Revenues	100	100	5,600	5,500
5020 Total Revenues	6,576,333	6,576,333	6,953,636	377,303
EXPENDITURES:				
Current:				
0011 Instruction	1,947,764	1,941,827	1,749,180	192,647
0012 Instructional Resources and Media Services	58,595	58,595	52,944	5,651
0013 Curriculum and Instructional Staff Development	11,335	9,625	7,454	2,171
0023 School Leadership	254,075	254,075	236,264	17,811
0031 Guidance, Counseling and Evaluation Services	49,695	49,695	46,122	3,573
0033 Health Services	41,280	41,280	39,547	1,733
0034 Student (Pupil) Transportation	239,825	239,825	54,934	184,891
0035 Food Services	5,300	5,300	4,712	588
0036 Extracurricular Activities	443,730	443,730	294,991	148,739
0041 General Administration	372,600	270,200	259,625	10,575
0051 Facilities Maintenance and Operations	645,580	645,580	582,531	63,049
0052 Security and Monitoring Services	21,000	21,000	1,030	19,970
0053 Data Processing Services	135,045	135,045	107,449	27,596
Capital Outlay:				
0081 Facilities Acquisition and Construction	24,000	349,000	230,843	118,157
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	2,165,409	2,137,809	1,953,843	183,966
0093 Payments to Fiscal Agent/Member Districts of SSA	40,000	47,647	47,647	-
0099 Other Intergovernmental Charges	-	130,000	80,192	49,808
6030 Total Expenditures	6,455,233	6,780,233	5,749,308	1,030,925
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	121,100	(203,900)	1,204,328	1,408,228
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	(121,100)	(121,100)	(117,000)	4,100
7080 Total Other Financing Sources (Uses)	(121,100)	(121,100)	(117,000)	4,100
EXTRAORDINARY ITEMS:				
7919 Extraordinary Item - Insurance Proceeds	-	-	100,479	100,479
1200 Net Change in Fund Balances	-	(325,000)	1,187,807	1,512,807
0100 Fund Balance - September 1 (Beginning)	4,663,343	4,663,343	4,663,343	-
3000 Fund Balance - August 31 (Ending)	\$ 4,663,343	\$ 4,338,343	\$ 5,851,150	\$ 1,512,807

COMBINING AND OTHER STATEMENTS

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2008

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	\$ -	\$ -	\$ 23,306	\$ -
1240	Due from Other Governments	1,251	-	-	-
1000	Total Assets	<u>\$ 1,251</u>	<u>\$ -</u>	<u>\$ 23,306</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2160	Accrued Wages Payable	\$ 1,143	\$ -	\$ 3,730	\$ -
2200	Accrued Expenditures	108	-	70	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>1,251</u>	<u>-</u>	<u>3,800</u>	<u>-</u>
Fund Balances:					
Reserved For:					
3450	Food Service	-	-	13,787	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	5,719	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>19,506</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,251</u>	<u>\$ -</u>	<u>\$ 23,306</u>	<u>\$ -</u>

255 ESEA II,A Training and Recruiting	269 Title V, Pt.A Innovative Programs	270 ESEA VI, Pt B Rural & Low Income	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	411 Technology Allotment
\$ -	\$ -	\$ -	\$ -	\$ 386	\$ 5	\$ (431)	\$ -
635	-	-	-	-	-	431	-
<u>\$ 635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 386</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 580	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55	-	-	-	-	-	-	-
-	-	-	-	-	5	-	-
<u>635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	386	-	-	-
-	-	-	-	386	-	-	-
<u>\$ 635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 386</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2008

Data Control Codes	426	428	Total Nonmajor Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ 4,754	\$ 28,020
1240 Due from Other Governments	-	-	2,317
1000 Total Assets	<u>\$ -</u>	<u>\$ 4,754</u>	<u>\$ 30,337</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2160 Accrued Wages Payable	\$ -	\$ 694	\$ 6,147
2200 Accrued Expenditures	-	13	246
2300 Deferred Revenues	-	-	5
2000 Total Liabilities	<u>-</u>	<u>707</u>	<u>6,398</u>
Fund Balances:			
Reserved For:			
3450 Food Service	-	-	13,787
Unreserved and Undesignated:			
3610 Reported in Special Revenue Funds	-	4,047	10,152
3000 Total Fund Balances	<u>-</u>	<u>4,047</u>	<u>23,939</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 4,754</u>	<u>\$ 30,337</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, 2008

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	\$ -	\$ -	\$ 41,077	\$ -
5800 State Program Revenues	-	-	1,130	-
5900 Federal Program Revenues	75,379	-	71,073	3,546
5020 Total Revenues	<u>75,379</u>	<u>-</u>	<u>113,280</u>	<u>3,546</u>
EXPENDITURES:				
Current:				
0011 Instruction	75,379	-	-	3,546
0013 Curriculum and Instructional Staff Development	-	-	-	-
0035 Food Services	-	-	224,561	-
0052 Security and Monitoring Services	-	-	-	-
6030 Total Expenditures	<u>75,379</u>	<u>-</u>	<u>224,561</u>	<u>3,546</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(111,281)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	117,000	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>117,000</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	5,719	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>13,787</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,506</u>	<u>\$ -</u>

255 ESEA II,A Training and Recruiting	269 Title V, Pt.A Innovative Programs	270 ESEA VI, Pt B Rural & Low Income	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	411 Technology Allotment
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	586	342	4,308	9,954
14,812	554	23,721	3,596	-	-	-	-
<u>14,812</u>	<u>554</u>	<u>23,721</u>	<u>3,596</u>	<u>586</u>	<u>342</u>	<u>4,308</u>	<u>9,954</u>
14,812	-	22,870	3,596	200	342	4,308	9,954
-	554	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	851	-	-	-	-	-
<u>14,812</u>	<u>554</u>	<u>23,721</u>	<u>3,596</u>	<u>200</u>	<u>342</u>	<u>4,308</u>	<u>9,954</u>
-	-	-	-	386	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	386	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2008

Data Control Codes	426	428 High School Allotment	Total Nonmajor Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 41,077
5800 State Program Revenues	40,000	35,668	91,988
5900 Federal Program Revenues	-	-	192,681
5020 Total Revenues	<u>40,000</u>	<u>35,668</u>	<u>325,746</u>
EXPENDITURES:			
Current:			
0011 Instruction	40,000	31,621	206,628
0013 Curriculum and Instructional Staff Development	-	-	554
0035 Food Services	-	-	224,561
0052 Security and Monitoring Services	-	-	851
6030 Total Expenditures	<u>40,000</u>	<u>31,621</u>	<u>432,594</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>4,047</u>	<u>(106,848)</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	-	117,000
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>117,000</u>
1200 Net Change in Fund Balance	-	4,047	10,152
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>13,787</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 4,047</u>	<u>\$ 23,939</u>

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED AUGUST 31, 2008

	BALANCE SEPTEMBER 1 2007	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2008
AGENCY FUND				
Assets:				
Cash and Temporary Investments	\$ 44,801	\$ 211,342	\$ 215,363	\$ 40,780
Liabilities:				
Due to Student Groups	\$ 44,801	\$ 211,342	\$ 215,363	\$ 40,780
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 44,801	\$ 211,342	\$ 215,363	\$ 40,780
Liabilities:				
Due to Student Groups	\$ 44,801	\$ 211,342	\$ 215,363	\$ 40,780

T.E.A. REQUIRED SCHEDULES

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2008

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
1999 and prior years	Various	Various	\$ Various
2000	1.500000	0.000000	159,543,499
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	238,498,590
2006	1.500000	0.000000	297,841,950
2007	1.370000	0.000000	392,209,020
2008 (School year under audit)	1.040000	0.270300	486,397,380
1000 TOTALS			

(10) Beginning Balance 9/1/2007	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2008
\$ 34,747	\$ -	\$ 752	\$ -	\$ (5,630)	\$ 28,365
3,874	-	625	-	-	3,249
3,486	-	852	-	-	2,634
5,842	-	1,060	-	-	4,782
6,225	-	974	-	-	5,251
7,465	-	3,083	-	-	4,382
9,728	-	1,828	-	-	7,900
31,356	-	22,052	-	(372)	8,932
57,351	-	44,835	-	(462)	12,054
-	6,341,353	6,289,304	-	(10,490)	41,559
<u>\$ 160,074</u>	<u>\$ 6,341,353</u>	<u>\$ 6,365,365</u>	<u>\$ -</u>	<u>\$ (16,954)</u>	<u>\$ 119,108</u>

IRION COUNTY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2009-2010
 GENERAL AND SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2008

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	\$ -	\$ -	\$ 101,093	\$ 106,198	\$ -	\$ -	\$ 207,291
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	-	11,905	-	-	11,905
6212	Audit Services	-	-	-	12,913	-	-	12,913
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	85,192	-	-	-	-	85,192
621X	Other Professional Services	-	-	-	2,386	-	-	2,386
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	7,931	-	-	7,931
6240	Contr. Maint. and Repair	-	-	-	1,251	-	-	1,251
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	2,315	-	-	2,315
6290	Miscellaneous Contr.	-	-	-	959	-	-	959
6320	Textbooks and Reading	-	-	40	-	-	-	40
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	1,323	-	-	6,293	-	-	7,616
6410	Travel, Subsistence, Stipends	7,052	-	4,940	588	-	-	12,580
6420	Ins. and Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	1,722	-	-	-	-	-	1,722
6490	Miscellaneous Operating	-	-	-	9,625	-	-	9,625
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 10,097	\$ 85,192	\$ 106,073	\$ 162,364	\$ -	\$ -	\$ 363,726

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 6,181,901

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 280,800
Total Debt & Lease(6500)	(11) -
Plant Maintenance (Function 51, 6100-6400)	(12) 566,991
Food (Function 35, 6341 and 6499)	(13) 79,401
Stipends (6413)	(14) -
Column 4 (above) - Total Indirect Cost	162,364

SubTotal:

1,089,556

Net Allowed Direct Cost

\$ 5,092,345

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$ 6,933,382
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) \$ 2,593,961
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: \$32,758 in Function 53 expenditures are included in this report on administrative costs.

\$80,192 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, 2008

UNAUDITED

1	Total General Fund Balance as of 8/31/08 (Exhibit C-1 object 3000 for the General Fund Only)	\$	5,851,150
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 (9/1/08-5/31/09).		638,812
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)		<u>4,188,812</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)	\$	<u><u>1,662,338</u></u>

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

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, 2008

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	\$ 40,000	\$ 40,000	\$ 41,077	\$ 1,077
5800 State Program Revenues	1,200	1,200	1,130	(70)
5900 Federal Program Revenues	66,000	67,388	71,073	3,685
5020 Total Revenues	<u>107,200</u>	<u>108,588</u>	<u>113,280</u>	<u>4,692</u>
EXPENDITURES:				
0035 Food Services	<u>228,300</u>	<u>229,688</u>	<u>224,561</u>	<u>5,127</u>
6030 Total Expenditures	<u>228,300</u>	<u>229,688</u>	<u>224,561</u>	<u>5,127</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(121,100)</u>	<u>(121,100)</u>	<u>(111,281)</u>	<u>9,819</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	<u>121,100</u>	<u>121,100</u>	<u>117,000</u>	<u>(4,100)</u>
7080 Total Other Financing Sources (Uses)	<u>121,100</u>	<u>121,100</u>	<u>117,000</u>	<u>(4,100)</u>
1200 Net Change in Fund Balances	-	-	5,719	5,719
0100 Fund Balance - September 1 (Beginning)	<u>13,787</u>	<u>13,787</u>	<u>13,787</u>	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 13,787</u>	<u>\$ 13,787</u>	<u>\$ 19,506</u>	<u>\$ 5,719</u>

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, 2008

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	\$ 1,249,160	\$ 1,351,759	\$ 1,352,323	\$ 564
5020 Total Revenues	1,249,160	1,351,759	1,352,323	564
EXPENDITURES:				
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	1,249,160	792,597	689,998	102,599
0072 Debt Service - Interest on Long Term Debt	-	559,162	559,162	-
6030 Total Expenditures	1,249,160	1,351,759	1,249,160	102,599
1200 Net Change in Fund Balances	-	-	103,163	103,163
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 103,163	\$ 103,163

**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, 2008, and have issued our report thereon dated December 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* , issued by the Comptroller General of the United States.

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.

This report is intended for the information 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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2008

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 reportable conditions 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 reportable conditions identified.
2. Internal control over compliance for non-major programs:
 - A. No material weakness identified.
 - B. No reportable conditions 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, 2008

(Prepared by the District's Administration)

FINDING/RECOMMENDATION

CURRENT STATUS

None

N/A