



***IRVING FLOOD CONTROL DISTRICT,
SECTION III***

**Basic Financial Statements
and Supplemental Schedules
For the Year Ended September 30, 2011
and Independent Auditors' Report**

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Irving Flood Control District

Section III

Basic Financial Statements
and Supplemental Schedules
for the Year Ended September 30, 2011 and
Independent Auditors' Report

IRVING FLOOD CONTROL DISTRICT SECTION III

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011**

IRVING FLOOD CONTROL DISTRICT SECTION III

BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Irving Flood Control District Section III

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Irving Flood Control District Section III (the "District"), as of and for the year ended September 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Irving Flood Control District Section III's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Irving Flood Control District Section III, as of September 30, 2011, 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.

As discussed in Note 1, the District adopted the provisions of Statement No. 54 of the Governmental Accounting Standards Board, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective October 1, 2010.

The management's discussion and analysis and the budgetary comparison schedules are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. This supplementary information is the responsibility of the Irving Flood Control District Section III's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The Texas Supplementary Information listed in the table of contents is the responsibility of the Irving Flood Control District Section III's management. These schedules 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.

Deloitte & Touche LLP

January 9, 2012

IRVING FLOOD CONTROL DISTRICT SECTION III
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2011
(UNAUDITED)

The following discussion and analysis of Irving Flood Control District Section III's ("District") financial performance is presented as required by Government Accounting Standards Board ("GASB") Statement No. 34. The overview is to be reviewed in conjunction with the District's financial statements, including notes thereto and supplemental information contained therein.

FINANCIAL STATEMENT OVERVIEW

The District is a special purpose governmental entity created solely for the governmental purpose of reclaiming and protecting property in the District from flooding.

The District's financial condition is reported in financial statements entitled "Statement of Net Assets and Governmental Funds Balance Sheet" and "Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances" which combine government-wide and fund financial statements into one set of statements. These statements are itemized by the District's three separate governmental funds.

General Fund – The General Fund is the general operating fund of the District.

Capital Projects Fund – The Capital Projects Fund accounts for the construction activity of the District.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for and the payment of long-term debt principal and interest.

Approximately 99% of District revenues are derived from ad valorem taxes collected by the Dallas County Tax Collector under the contract with the District. Tax revenues are based upon taxable values set by the Dallas Central Appraisal District for property in the District and a tax rate established by the District each year. Property in the District is predominantly single family and multi-family housing. The District has granted a 20% Homestead Exemption, but does not allow Freeport Exemptions, any Tax Abatement, or participation in any Tax Increment Reinvestment Zone.

DISTRICT MANAGEMENT

The District is governed by a board of five directors appointed by the City Council of the City of Irving ("City Council"). All directors appointed by the City Council are residents and taxpayers of the District. The District is subject to the supervision and filing requirements of the Texas Commission on Environmental Quality ("TCEQ"), which requires an annual independent audit of the District. The District is also subject to the applicable rules and regulations of various federal agencies.

FINANCIAL HIGHLIGHTS

- In the government-wide financial statements, assets of the District exceeded liabilities by \$5.8 million, with \$1.8 million of unrestricted net assets.
- The District's total revenues were \$3.7 million for the year ended September 30, 2011, 99% of which were property taxes.
- The District's total expenses decreased by 3% to \$976.8 thousand due to a \$212 thousand decrease in the interest expense due to the decrease in the accreted interest on Series 1990 Capital Appreciation Bonds.
- The fund balance for all funds totaled \$4.4 million. This amount did not change from fiscal year 2010.
- The District's bonded debt has an underlying A3 rating and an AAA insured rating by Moody's Investors Service.
- The District has ample general fund reserves, significant debt service coverage, and reserves for capital improvements and major facilities repairs and replacements.
- The District maintains a policy of prospective capitalization of its infrastructure since its adoption of GASB 34 in October 2003.

CONDENSED GOVERNMENT-WIDE FINANCIAL INFORMATION

	2011	2010
Current assets	\$ 4,545,074	\$ 4,515,621
Capital assets	3,416,717	3,427,671
Total assets	<u>\$ 7,961,791</u>	<u>\$ 7,943,292</u>
Current liabilities	\$ 119,722	\$ 3,036,669
Long-term liabilities	2,080,000	1,896,120
Total liabilities	<u>2,199,722</u>	<u>4,932,789</u>
Net assets:		
Invested in capital assets, net of related debt	1,336,717	1,030,600
Restricted for construction	-	189,791
Restricted for debt service	2,652,405	829,955
Unrestricted	1,772,947	960,157
Total net assets	<u>\$ 5,762,069</u>	<u>\$ 3,010,503</u>
Revenue	\$ 3,728,369	\$ 3,954,842
Expenses:		
Operating	611,300	438,745
Interest and fees	281,338	493,822
Depreciation	84,165	73,567
Total expenses	<u>976,803</u>	<u>1,006,134</u>
Change in net assets	<u>\$ 2,751,566</u>	<u>\$ 2,948,708</u>

FINANCIAL ANALYSIS OF THE DISTRICT

The District's net assets at September 30, 2011 and 2010 were approximately \$5.8 million and \$3.0 million respectively. Amount of net assets restricted for debt service increased by \$1.8 million to \$2.7 million due to paying off the accreted interest on Series 1990 Capital Appreciation Bonds in fiscal year 2011.

The District's total revenues were \$3.7 million. 99% of the District's revenues come from taxes. Another 1% relates to investment earnings. Total revenues of the District decreased by 6% in fiscal year 2011 due to the decrease in the tax revenue and intergovernmental revenue. The District did not enter into the Interlocal Agreement with the City of Irving in fiscal year 2011, as opposed to fiscal year 2010 when the District received \$72 thousand of municipal drainage funds from the City of Irving.

The 2010 property tax rate (District's fiscal year 2011) was \$0.274, remained unchanged from the preceding year, while the tax base decreased from \$1.39 billion to \$1.36 billion, resulting in a decrease of tax revenue from \$3.8 million to \$3.7 million.

The total expenses were \$976.8 thousand. 44% of these expenses are related to maintenance, 29% are for interest expense, and 18% are administrative expenses. Total expenses of the District decreased by 3% in fiscal year 2011 due mainly to the decrease in accreted interest on Series 1990 Capital Appreciation Bonds.

The combined fund balance for all funds was \$4.4 million, unchanged from fiscal year 2010. The fund balance of the General Fund was \$933.8 thousand at September 30, 2011, a \$3.5 thousand decrease from the preceding year. The fund balance of the Capital Projects Fund was \$817.4 thousand at September 30, 2011, a \$627.7 thousand increase from fiscal year 2010 due to the expenditures being significantly below the budget due to the deference of certain projects until fiscal year 2012. The Debt Service Fund had a total fund balance of \$2.7 million, a \$642.7 thousand decrease from the preceding year due to paying off Series 1990 Capital Appreciation Bonds. The entire Debt Service Fund fund balance is restricted for the payment of debt service. The District makes semi-annual debt service interest payments and principal payments in September. Debt service payments for the year ended September 30, 2011, included all scheduled payments.

GENERAL FUND BUDGET COMPARED WITH ACTUAL EXPENDITURES

The District's commitment to conservative financial practices has resulted in the operating costs being historically under budget to properly allow for increased repairs and operating expenses caused by unpredictable weather conditions and other unforeseeable events. Actual expenditures were \$138,455 below the budgeted amounts while resources available were \$37,641 over the budgeted amounts.

CAPITAL ASSETS

In accordance with GASB 34, the District is considered a small, special purpose district and has chosen to capitalize its infrastructure prospectively, effective October 1, 2003. During the year ended September 30, 2011, the District capitalized major repairs and improvements to flood control systems in the amount of \$73,211. Funds are on hand for proposed capital improvements and repairs in 2012. More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

LONG-TERM DEBT

At year-end the District had \$2.1 million in bonds outstanding, a decrease of \$2.8 million or 57% from the previous year due to paying off Series 1990 Capital Appreciation Bonds. More detailed information about the District's debt is presented in Note 7 to the Financial Statements.

CERTIFICATION

The District's engineers, Half Associates, Inc., have certified to the Federal Emergency Management Agency that the District's levees are in compliance with all applicable federal standards.

BOARD OF DIRECTORS

By Texas statute, the District's Board of Directors is appointed by the City of Irving. The current Board of Directors includes three directors with terms expiring in January 2013 and two directors with terms expiring in January 2012.

NEW INITIATIVES

On November 14, 2011, the District renewed the Interlocal Agreement with the Dallas County Utility and Reclamation District ("DCURD"), to provide certain consulting, management, operational and maintenance services to the District. Like the District, DCURD is a political subdivision of the State of Texas and provides flood control and other services within the City of Irving. The agreement is for a one-year term, renewable annually.

On July 11, 2011, the District renewed the agreement with Lewis Public Relations for the purpose of increasing public awareness of the District's role and current and future projects and services among the District taxpayers. The agreement is for a one-year term, renewable annually.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2012 budget preparation decreased \$6.5 million, or 0.5% from 2011. The decrease in appraised values is primarily the result of the decreased taxable value of the residential property within the District. The taxable values are declining due to the market conditions, which are not unique to the District.

These indicators were taken into account when adopting the operating budget for 2012. The General Fund budget for 2012 is \$2.5 million, which is \$1.1 million more than the final 2011 budget. This budgeted increase is due to the increase in the budgeted transfer to the Capital Projects Fund in order to accumulate enough funds for a \$4 million capital project Phase II Emergency Backup Power that will happen in fiscal year 2013. The General Fund expenditures for 2012 are budgeted to be \$577 thousand, which is \$141 thousand less than the final 2011 budget. This budgeted reduction in expenditures is due to budgeted projects being completed in 2011 that will not recur in 2012, such as Dredging Silt Wall E Valley Ranch and Rodeo of \$75 thousand. In addition, several projects that took place in 2011 that will recur in 2012 were budgeted for at lower amounts in 2012. Property taxes will decrease due to a reduction in the tax rate from \$0.274 to \$0.134. The District has enough resources in the Debt Service Fund to make debt service payments until the maturity of the outstanding bonds. Therefore, the District did not levy any taxes for debt service. If these estimates are realized, the District's budgetary General Fund balance will decrease by \$683.6 thousand to \$250.3 thousand.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to:

Kenneth R. Heffley, Assistant Secretary and Investment Officer
P. O. Box 140035, Irving, TX 75014-0035
972-556-0625

BASIC FINANCIAL STATEMENTS

IRVING FLOOD CONTROL DISTRICT SECTION III
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2011

	Governmental Funds Balance Sheet				Adjustments (Note 2)	Statement of Net Assets
	General	Capital Projects	Debt Service	Total		
Assets:						
Cash	\$ 1,021,936	\$ 833,796	\$ 1,654,124	\$ 3,509,856	\$ -	\$ 3,509,856
Investments	-	-	1,004,752	1,004,752	-	1,004,752
Taxes receivable, net	7,208	-	23,258	30,466	-	30,466
Internal receivables	66,247	62,608	61,000	189,855	(189,855)	-
Capital assets, net	-	-	-	-	3,416,717	3,416,717
Total assets	\$ 1,095,391	\$ 896,404	\$ 2,743,134	\$ 4,734,929	\$ 3,226,862	\$ 7,961,791
Liabilities:						
Accounts payable	\$ 94,777	\$ 17,962	\$ -	\$ 112,739	\$ -	\$ 112,739
Accrued interest	-	-	-	-	6,983	6,983
Internal payables	62,608	61,000	66,247	189,855	(189,855)	-
Deferred revenue	4,180	-	17,498	21,678	(21,678)	-
Long-term liabilities						
Due within one year	-	-	-	-	300,000	300,000
Due after one year	-	-	-	-	1,780,000	1,780,000
Total liabilities	161,565	78,962	83,745	324,272	1,875,450	2,199,722
Fund balances/net assets:						
Fund balances:						
Restricted:						
Debt Service	-	-	2,659,389	2,659,389	(2,659,389)	-
Committed:						
Capital Projects	-	35,814	-	35,814	(35,814)	-
Assigned:						
Capital Projects	680,535	781,628	-	1,462,163	(1,462,163)	-
Unassigned	253,291	-	-	253,291	(253,291)	-
Total fund balances	933,826	817,442	2,659,389	4,410,657	(4,410,657)	-
Total liabilities and fund balances	\$ 1,095,391	\$ 896,404	\$ 2,743,134	\$ 4,734,929		
Net assets:						
Invested in capital assets, net of related debt					1,336,717	1,336,717
Restricted for debt service					2,652,405	2,652,405
Unrestricted					1,772,947	1,772,947
Total net assets					\$ 5,762,069	\$ 5,762,069

See notes to basic financial statements.

IRVING FLOOD CONTROL DISTRICT SECTION III
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances				Adjustments (Note 2)	Statement of Activities
	General	Capital Projects	Debt Service	Total		
Revenues:						
General revenues						
Property taxes	\$ 1,305,194	\$ -	\$ 2,403,153	\$ 3,708,347	\$ (1,113)	\$ 3,707,234
Investment earnings	435	701	12,035	13,171	-	13,171
Penalties and interest	2,168	-	5,672	7,840	-	7,840
Other	124	-	-	124	-	124
Total revenues	1,307,921	701	2,420,860	3,729,482	(1,113)	3,728,369
Expenditures/expenses:						
Operations						
Administrative	179,810	-	-	179,810	-	179,810
Maintenance	412,546	15,275	-	427,821	-	427,821
Engineering Fees	3,669	-	-	3,669	-	3,669
Debt service						
Principal	-	-	317,071	317,071	(317,071)	-
Interest and fees	-	-	2,746,481	2,746,481	(2,465,143)	281,338
Capital Outlay	-	73,211	-	73,211	(73,211)	-
Depreciation	-	-	-	-	84,165	84,165
Total expenditures/expenses	596,025	88,486	3,063,552	3,748,063	(2,771,260)	976,803
Deficiency of revenues over expenditures/change in net assets	711,896	(87,785)	(642,692)	(18,581)	2,770,147	2,751,566
Other financing sources (uses):						
Transfers in (out)	(715,436)	715,436	-	-	-	-
Net change in fund balance and change in net assets	(3,540)	627,651	(642,692)	(18,581)	2,770,147	2,751,566
Fund balance/net assets:						
Beginning of year	937,366	189,791	3,302,081	4,429,238	(1,418,735)	3,010,503
End of year	\$ 933,826	\$ 817,442	\$ 2,659,389	\$ 4,410,657	\$ 1,351,412	\$ 5,762,069

See notes to basic financial statements.

IRVING FLOOD CONTROL DISTRICT SECTION III

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the IRVING FLOOD CONTROL DISTRICT SECTION III (“District”) have been prepared in conformity with U. S. generally accepted accounting principles (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

CREATION OF DISTRICT

Effective October 1, 1983, the District became a totally independent and separate governmental entity by virtue of House Bill 2391, Acts of the 68th Legislature of Texas, R.S., 1983. The District is governed by the provisions of Article 8280-477, V.A.C.S. except to the extent provided in said H.B. 2391, and is also empowered and authorized to engage in all functions and purposes of Chapter 57 of the Texas Water Code except where in conflict with said H.B. 2391 and Article 8280-477.

Prior to the enactment of H.B. 2391, this District was a “separately defined area” of the Irving Flood Control District and governed by the board of directors of that district, which was created in 1971 by the Texas Legislature. This District is now governed by its own board of directors and has no legal connection with the Irving Flood Control District.

REPORTING ENTITY

The District has adopted GASB Statements No. 14, *The Financial Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units*. In accordance with these statements, a financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. There are no component units that are legally separate for which the District is considered financially accountable.

The District is governed by the Board of Directors, each of whom must either own land in or be a resident of the District. The City of Irving appoints the directors, but otherwise has no control over the District. As required by GAAP, these financial statements present the activities of the District, which is considered to be the primary government as well as the reporting entity.

FINANCIAL STATEMENT PRESENTATION

The District is considered a special-purpose government engaged in a single governmental program. In accordance with GASB 34, the District has elected to combine its government-wide and fund financial statements into one set of financial statements with a reconciliation of the individual line items in a separate column on the financial statements. The financial statements are referred to as the “Statement of Net Assets and Governmental Funds Balance Sheet” and the

“Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances.”

The government-wide financial statement columns are labeled “Statement of Net Assets” and “Statement of Activities”. They report financial information for the District as a whole.

The governmental fund financial statement columns are provided for each of the major individual governmental funds, with a total column for all funds. The financial statements include an adjustment column which reconciles the governmental fund financial statements to the government-wide financial statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING,

The financial statements of the District are prepared in accordance with U.S. generally accepted accounting principles.

The government-wide financial statement columns are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the elimination of activity between or within funds. Property tax revenues are recognized in the year for which they are levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statement columns 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 if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, except for principal and interest on long-term debt, which are recognized when due.

FUND ACCOUNTING

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as a fund balance.

The District reports the following major governmental funds:

General Fund - The General Fund is used to account for all financial resources of the District except for those required to be accounted for in another fund. The general fund is the general operating fund of the District.

Capital Projects Fund - The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. Principal sources of revenue are property taxes (budgeted transfer from the General Fund) and interest income.

Debt Service Fund - The Debt Service Fund accounts for all accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs.

GOVERNMENTAL FUND BALANCES

In February 2009, the GASB issued statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 provides guidance related to fund balance classifications and clarifies the existing governmental fund type definitions. GASB Statement No. 54 is effective for financial statement periods beginning after June 15, 2010. Financial Statements for fiscal year ending September 30, 2011 have been revised to reflect implementation of this standard as follows:

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-Spendable fund balance – assets that will never convert to cash, such as inventory and prepaid items. At September 30, 2011, the District had no non-spendable fund balance.

Restricted fund balance – the portion of fund balance that reflects resources that are subject to externally enforceable legal restrictions imposed by parties outside the District at September 30, 2011.

Committed fund balance – the portion of fund balance that reflects resources that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. At September 30, 2011, the District had an active contract with an engineering firm. The committed fund balance represents the remaining amount under this contract.

Assigned fund balance – the portion of fund balance that reflects resources intended for a specific purpose. Intent is expressed or authorized by the Board of Directors. This classification includes the residual fund balance for the Capital Projects Fund.

Unassigned fund balance – the portion of fund balances in excess of non-spendable, restricted, committed, and assigned. This classification includes the residual fund balance for the General Fund.

Spending Prioritization in Using Available Resources – when both restricted and unrestricted (i.e. committed, assigned, and unassigned) resources are available to be used for the same purpose, the District considers the restricted resources to be expended first. When all categories of unrestricted fund balance are available, the flow assumption is as follows: the committed resources get expended first, the assigned resources get expended second, and the unassigned resources get expended last.

REVENUES - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1 of the taxable year. Taxes are levied on or about October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

In the governmental fund financial statement columns, property tax revenues are recognized when they become available. The amount available includes those property tax receivables expected to be collected within 60 days after the fiscal year end.

In the government-wide financial statement columns, property tax revenues are recorded when due regardless of when cash is received.

CAPITAL ASSETS

Purchased or constructed capital assets are reported at cost. General infrastructure assets acquired prior to October 1, 2003, are not reported in the basic financial statements. The District generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Earthen Levees & Sumps	100 years
Drainage Channels	40 years
Gravity and Auto. Discharge Gates	30 years
Vertical Turbine Pumps	35-40 years
Electric Motors & Controls	30-45 years
SCADA System	12 years
Fencing	30 years
Walls	40 years

LONG -TERM DEBT

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as bond issuance costs are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The face amount of the debt issued is reported as other financing sources, and payment of principal and interest is reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

BUDGETS AND BUDGETARY ACCOUNTING

The District prepares an operating budget which includes proposed expenditures and the means of financing them for the upcoming year. Prior to September 30, the budget is adopted by passage by the Board of Directors. The annual operating budget is adopted on a basis consistent with GAAP. Any subsequent amendment to the budget must be approved by the Board of Directors. All unused budget authorizations lapse at year end.

ESTIMATES

The District uses estimates and assumptions in preparing the basic financial statements. Those estimates and assumptions affect the reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

2 - RECONCILIATION OF FUND STATEMENTS TO GOVERNMENT-WIDE STATEMENTS

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities:

Total governmental fund balances:	\$ 4,410,657
Amounts reported in governmental activities in the statement of net assets are different because:	
Long-term liabilities, including bonds payable and the accreted interest for capital appreciation bonds, are not due and payable in the current period and, therefore, are not reported in the funds.	(2,080,000)
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	21,678
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental funds an interest expenditure is reported when due.	(6,983)
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds	<u>3,416,717</u>
Net assets in governmental activities	<u>\$ 5,762,069</u>

Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Total net change in fund balances - governmental funds: \$ (18,581)

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

Revenue from property taxes is deferred in the fund financial statements until it is considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectible accounts in the government-wide financial statements. (1,113)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$73,211) exceeded depreciation (\$84,165) in the current period. (10,954)

Current year long-term debt principal payments reported as expenditures in the governmental fund financial statements are shown as reduction in long-term debt in the government-wide financial statement column. 317,071

Payments of accreted interest on capital appreciation bonds reported as expenditures in the governmental fund financial statements are shown as reductions in debt in the government-wide financial statement column. 2,647,929

Current year accretion on capital appreciation bonds is not reflected in the governmental fund financial statements but is shown as an increase in long-term debt in the government-wide financial statement column. (183,880)

Interest is accrued on outstanding debt in the government-wide financial statement column, whereas in the governmental funds, an interest expenditure is reported when due. 1,094

Changes in net assets in governmental activities \$ 2,751,566

3 - CASH AND INVESTMENTS

Funds of the District may be invested and reinvested by the Board or its authorized representative in investments authorized by the Public Funds Investment Act, Government Code Section 2256.005 (“Act”). The Act authorizes the District to invest funds under a written investment policy. The District’s deposits and investments are invested pursuant to the investment policy, which is approved by the Board of Directors. The primary objectives of the District’s investment strategy, in order of priority, are safety, liquidity, public trust and yield.

The District is authorized to invest in obligations of the United States, State of Texas and their agencies and instrumentalities, certificates of deposit issued by a depository institution that has its main office or a branch office in Texas, fully collateralized direct repurchase agreements, money market mutual funds regulated by the Securities and Exchange Commission and rated AAA by at least one nationally recognized rating service, and eligible local government investment pools.

At September 30, 2011, the District’s cash consisted of two operating bank accounts and three high yield savings accounts with the balances as follows:

	<u>Carrying amount</u>	<u>Bank balance</u>
Checking Accounts	\$ 2,984	\$ 2,984
High Yield Savings Accounts	<u>3,506,872</u>	<u>3,506,872</u>
	<u>\$ 3,509,856</u>	<u>\$ 3,509,856</u>

At September 30, 2011, the District had the following investments:

	<u>Reported Amount</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Days</u>
Local government investment pools			
TexSTAR	\$ 502,000	\$ 502,000	1
LOGIC	<u>502,751</u>	<u>502,751</u>	1
	<u>\$ 1,004,752</u>	<u>\$ 1,004,752</u>	

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At September 30, 2011, investments were included in local governmental investment pools with AAAM rating from Standard and Poor’s in compliance with the District’s investment policy. The District’s cash and investments were partially covered by the Federal depository insurance, and the balance was fully collateralized by securities held by the District’s agent in the District’s name as of September 30, 2011.

On August 5, 2011, Standard and Poors, one of three nationally recognized raters of US debt and securities downgraded the rating of long-term US sovereign debt from AAA to AA+ for the first time since 1941 with a negative outlook. The two other national raters, Moody's and Fitch, continue to have the highest ratings, but also have the debt on their watch lists.

Interest rate risk – The District considers the holdings in the local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value.

4 - PROPERTY TAXES

All property values are determined by the Dallas Central Appraisal District. A tax lien attaches to properties within the District on January 1 of each year when property valuations for the use in levying taxes are established. Taxes are levied on or about October 1 and are due and payable at that time. All unpaid taxes levied on October 1 become delinquent on February 1 of the following year. The Dallas County Tax Assessor/Collector bills and collects the District's property taxes.

The tax rate for the 2010 tax year (District's fiscal year 2011) was \$.274 per \$100 assessed valuation, of which \$.096 went to finance general governmental services and \$.178 went to finance the payment of principal and interest on long-term debt.

In the governmental fund financial statement columns, the receivables at year end represent delinquent taxes. If delinquent taxes are not paid within sixty days of year end, they are recorded as deferred revenue.

In the government-wide financial statement columns, property taxes receivable and related revenue include all amounts due to the District regardless of when cash is received. Property taxes receivable are recorded net of allowance of \$32,509.

5 - CAPITAL ASSETS

In accordance with GASB 34, the District is considered a small district and has chosen to capitalize its infrastructure prospectively effective October 1, 2003. A summary by category of changes in general fixed assets is as follows:

<u>Category</u>	<u>October 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2011</u>
Flood control and drainage systems	\$ 1,746,273	\$ -	\$ -	\$ 1,746,273
Equipment	984,289	-	-	984,289
Fencing	410,788	-	-	410,788
Walls	121,874	-	-	121,874
Construction in progress	404,300	73,211	-	477,511
Total Capital Assets	<u>3,667,524</u>	<u>73,211</u>	<u>-</u>	<u>3,740,735</u>
Less accumulated depreciation for:				
Flood control and drainage systems	(127,599)	(33,303)	-	(160,902)
Equipment	(105,196)	(34,122)	-	(139,318)
Fencing	(5,362)	(13,693)	-	(19,055)
Walls	(1,696)	(3,047)	-	(4,743)
Total Accumulated Depreciation	<u>(239,853)</u>	<u>(84,165)</u>	<u>-</u>	<u>(324,018)</u>
Capital assets, net	<u>\$ 3,427,671</u>	<u>\$ (10,954)</u>	<u>\$ -</u>	<u>\$ 3,416,717</u>

6 - INTERFUND TRANSACTIONS

A summary of interfund receivable and payable at September 30, 2011 is as follows:

<u>Fund</u>	<u>Internal Receivable</u>	<u>Internal Payable</u>
General Fund	\$ 66,247	\$ 62,608
Capital Project Fund	62,608	61,000
Debt Service Fund	61,000	66,247

The internal receivable and payable between the General Fund and the Debt Service Fund is due to the District's practice of depositing all property taxes collected into the Debt Service Fund and then transferring the maintenance and operating portion to the General Fund and the Capital Projects Fund as needed.

The internal receivable and payable between the Capital Projects Fund and the Debt Service Fund is due to the transfer made out of the Debt Service Fund into the Capital Projects Fund in excess of the amount required based on the actual tax collections.

In addition, the District budgeted for a transfer of a portion of the maintenance and operating property taxes to the Capital Projects Fund for construction purposes. This resulted in the internal receivable and payable between the General Fund and the Capital Projects Fund.

All interfund receivables and payables arise for general operating purposes and will be paid in full within the next fiscal year.

7 - LONG-TERM DEBT

The District's voters have authorized the issuance of a total of \$35,500,000 bonds, of which \$25,800,000 have been issued, and a total of \$9,700,000 remains authorized but unissued, for the purpose of providing improvements to the District's flood control and drainage systems. The District is in compliance with provisions of the orders authorizing the issuance of the outstanding bonds.

The District issued \$2,500,000 Unlimited Tax Bonds, Series 2003 ("Series 2003 Bonds") in June 2003. The Series 2003 Bonds were issued pursuant to the terms and provisions of an order of the Board of Directors of the District and in accordance with the constitution and general laws of the state of Texas, including particularly Article 8280-477, V.A.T.C.S., as amended by H.B. 1213, Acts of the 65th Legislature of Texas, R.S., 1977 and H.B. 2391, Acts of the 68th Legislature of Texas, R.S., 1983, and will constitute direct and general obligations of the District.

The Series 2003 Bonds were issued for the purpose of constructing improvements to the District's flood control and drainage systems and to pay the costs related to the issuance of the bonds. The Series 2003 Bonds were dated June 1, 2003, with interest rates of 3.30% to 3.75% payable beginning March 1, 2004, and semi-annually on each March 1 and September 1 thereafter. Principal on the Series 2003 Bonds is due each September 1 as it matures.

The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those bonds maturing on and after September 1, 2014, in whole or from time to time in part, on September 1, 2013, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

The District issued \$2,000,000 Unlimited Tax Bonds, Series 1996 ("Series 1996 Bonds") in September 1996. The Series 1996 Bonds were issued pursuant to the constitution and general laws of the state of Texas, particularly Article 8280-477, V.A.C.S., as amended by H.B. 1213, acts of the 65th Legislature of Texas, R.S., 1977 and H.B. 2391, acts of the 68th Legislature of Texas, R.S., 1983, and will constitute direct and general obligations of the District.

The Series 1996 Bonds were issued for the purpose of constructing improvements to the District's flood control and drainage systems. The Series 1996 Bonds were dated August 1, 1996, with interest rates of 5% to 7% payable semi-annually on each March 1 and September 1 thereafter. Principal on the Series 1996 Bonds is due each September 1 as it matures.

The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those bonds maturing September 1, 2007 through September 1, 2016, in whole or from time to time in part, on September 1, 2006, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

The 1990 Unlimited Tax Refunding Bonds ("Series 1990 Bonds") were originally issued in the aggregate principal amount of \$15,710,227. This consisted of \$15,165,000 Current Interest Bonds and \$545,227 in Capital Appreciation Bonds with maturity value of \$16,225,000. The Current Interest Bonds were paid off in 1999, while the 1990 Capital Appreciation Bonds were paid off in fiscal year 2011.

The following is a summary of changes in bonds payable and accreted interest for the year ended September 30, 2011:

	Balance October 1, 2010	Additions	Reductions	Balance September 30, 2011	Amount Due In One Year
Unlimited Tax Refunding Bonds:					
Series 1990 Capital Appreciation Bor	\$ 27,071	\$ -	\$ (27,071)	\$ -	\$ -
Unlimited Tax Bonds:					
Series 1996	860,000	-	(125,000)	735,000	130,000
Series 2003	1,510,000	-	(165,000)	1,345,000	170,000
Total bonds payable	2,397,071	-	(317,071)	2,080,000	300,000
Accreted interest - Series 1990 CABs	2,464,049	183,880	(2,647,929)	-	-
Total long-term debt	<u>\$ 4,861,120</u>	<u>\$ 183,880</u>	<u>\$ (2,965,000)</u>	<u>\$ 2,080,000</u>	<u>\$ 300,000</u>

As of September 30, 2011, the debt service requirements on outstanding bonds are as follows:

Year ending September 30,	Principal	Interest	Total
2012	\$ 300,000	\$ 84,725	\$ 384,725
2013	320,000	72,030	392,030
2014	330,000	58,740	388,740
2015	345,000	45,200	390,200
2016	365,000	30,895	395,895
2017-2018	420,000	23,608	443,608
	<u>\$ 2,080,000</u>	<u>\$ 315,198</u>	<u>\$ 2,395,198</u>

Irving Flood Control District Section III Unlimited Tax Bonds Series 1996 and 2003, are payable from the proceeds of an ad valorem tax levied on all taxable property situated within the District without legal limit as to rate or amount.

8 – COMMITMENTS AND CONTINGENCIES

There are no claims or lawsuits pending against the District at September 30, 2011. Management is not aware of any contingencies that would have a material effect on the financial statements.

The Capital Projects Fund has remaining commitments estimated at \$35.8 thousand due to ongoing construction contracts as of September 30, 2011.

9 - RISK MANAGEMENT

The general liability coverage carried by the District covers damage resulting from claims for bodily injury, property damage, and personal injury. Covered parties include District directors, appointed and employed consultants, and persons and volunteers acting within the scope of their duties for the District. The insurer has the right and duty to defend the District against any suit for damages. Certain types of actions are excluded, including primarily damages or injuries

related to aircraft and law enforcement activities. This coverage is in addition to the legal limitations the District is subject to under the Texas Tort Claims Act. In addition, the District carries Errors and Omissions coverage to secure the faithful performance of the District's directors.

The District participates in the Texas Municipal League Intergovernmental Risk Pool ("Pool"), which is the predominant insurer for most governmental entities in Texas. The rights and duties of the Pool and the insured are described in detail in the interlocal agreement between the parties. The Pool covers General Liability and Errors and Omissions Liability to \$5,000,000 each occurrence and \$10,000,000 annual aggregate limits. In addition, Automobile Liability coverage limit of liability is \$2,000,000 each occurrence with medical payments limited to \$25,000 each person.

10 – RELATED PARTY TRANSACTIONS

The District has an Interlocal Agreement with the Dallas County Utility and Reclamation District ("DCURD") for consulting, management, and operation and maintenance services. In accordance with the agreement, the District paid \$238,422 to DCURD in fiscal year 2011. In addition, DCURD performed services relating to projects Dredging Silt Wall E. Valley Ranch and Rodeo and Grapevine Creek Flume Erosion Repair and Cleanout. The District paid \$73,728 to DCURD for this additional work.

11 – NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued the following statements which will be effective in future years as described below:

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which is effective for the District beginning in fiscal year 2013. This Statement addresses how to account for and report service concession arrangements (SCAs) by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators.

Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, which is effective for the District beginning in fiscal year 2013. This Statement improves financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of the entity.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is effective for the District beginning in fiscal year 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance included in the FASB and AICPA pronouncements issued on or before November 30, 1989. This statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for the District for the year ending September 30, 2013. This statement will standardize the presentation of deferred outflows of resources and their effects on a government's net position, rather than net assets.

Statements No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*, is effective for the District for the year ending September 30, 2012. The standard will clarify the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced.

The District has not evaluated the impact of the implementation of these standards.

12 - SUBSEQUENT EVENTS

On November 14, 2011, the District renewed the interlocal agreement with the Dallas County Utility and Reclamation District ("DCURD"), a political subdivision of the State of Texas, whereas DCURD will provide consulting, management, operation and maintenance services for the District. The initial term of the agreement is for one year and shall continue for successive one year terms unless either party terminates the agreement upon providing thirty day advanced written notice.

On July 11, 2011, the District renewed the agreement with Lewis Public Relations for the purpose of increasing public awareness of the District's role and current and future projects and services among the District taxpayers. The original agreement was signed on November 10, 2008 and is for a one-year term, renewable annually.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

IRVING FLOOD CONTROL DISTRICT SECTION III
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 1,270,000	\$ 1,270,000	\$ 1,305,194	\$ 35,194
Interest income	180	180	435	255
Penalty and interest	-	-	2,168	2,168
Other	100	100	124	24
Total revenues	<u>1,270,280</u>	<u>1,270,280</u>	<u>1,307,921</u>	<u>37,641</u>
Expenditures:				
Administrative	106,620	106,620	104,634	1,986
Director fees	9,000	9,000	7,200	1,800
Insurance	2,100	2,100	2,074	26
Miscellaneous/Administrative	1,285	1,285	1,435	(150)
Utilities	28,000	28,000	15,182	12,818
Legal	45,000	45,000	8,450	36,550
Engineering	30,000	30,000	3,669	26,331
Audit Fees	15,000	15,000	15,000	-
Tax appraisal and collections	27,762	27,762	25,740	2,022
Maintenance and fees	442,302	442,302	389,304	52,998
Pump station maintenance	8,000	8,000	6,555	1,445
Mowing	19,361	19,361	16,687	2,674
Bank fees	50	50	95	(45)
Total expenditures	<u>734,480</u>	<u>734,480</u>	<u>596,025</u>	<u>138,455</u>
Excess of revenues over (under) expenses	<u>535,800</u>	<u>535,800</u>	<u>711,896</u>	<u>176,096</u>
Other Financing Sources (Uses):				
Transfers In (Out)	<u>(700,000)</u>	<u>(700,000)</u>	<u>(715,436)</u>	<u>(15,436)</u>
Net change in fund balance	<u>\$ (164,200)</u>	<u>\$ (164,200)</u>	<u>(3,540)</u>	<u>\$ 160,660</u>
Fund balance at beginning of fiscal year			<u>937,366</u>	
Fund balance at end of fiscal year			<u>\$ 933,826</u>	

**TEXAS SUPPLEMENTARY INFORMATION
(UNAUDITED)**

IRVING FLOOD CONTROL DISTRICT SECTION III
 TSI-1 SERVICES AND RATES
 SEPTEMBER 30, 2011

1. **Services Provided by the District:**

- | | | |
|---|---|--|
| <input type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input checked="" type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input checked="" type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> Other (specify): _____ | | |

2. **Retail Rates Based on 5/8" Meter:** Retail Rates Not Applicable

Most prevalent type of meter (if not a 5/8"): _____

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	\$ _____	_____	_____	\$ _____	_____ to _____
				\$ _____	_____ to _____
WASTEWATER:	\$ _____	_____	_____	\$ _____	_____ to _____
				\$ _____	_____ to _____
SURCHARGE:	\$ _____	_____	_____	\$ _____	_____ to _____

District employs winter averaging for wastewater usage? Yes No

Total water and wastewater charges per 10,000 gallons usage (including surcharges). \$ _____

3. **Retail Service Providers:** Number of retail water and/or wastewater* connections within the District as of the fiscal year end. Provide actual numbers and single family equivalents (ESFC) as noted:

N/A	Active Connections	Active ESFC	Inactive Connections (ESFC)**
Single Family	_____	_____	_____
Multi-Family	_____	_____	_____
Commercial	_____	_____	_____
Other - recreational centers, government & VFD	_____	_____	_____
TOTAL	=====	=====	=====

* Number of connections relates to water service, if provided. Otherwise, the number of wastewater connections should be provided.

** "Inactive" means that water and wastewater connections were made, but service is not being provided.

IRVING FLOOD CONTROL DISTRICT SECTION III
 TSI-1 SERVICES AND RATES (Continued)
 SEPTEMBER 30, 2011

4. **Total Water Consumption (In Thousands) During The Fiscal Year:**

Gallons pumped into system: N/A

Gallons billed to customers: N/A

5. **Standby Fees: Does the District assess standby fees?** Yes No

For the most recent full fiscal year, FYE _____, :

Debt Service:	Total levy	\$ _____
	Total Collected	\$ _____
	Percentage Collected	_____ %
Operation & Maintenance:	Total levy	\$ _____
	Total Collected	\$ _____
	Percentage Collected	_____ %

Have standby fees been levied in accordance with Water Code Section 49.231, thereby constituting a lien on property? Yes No

6. **Anticipated sources of funds to be used for debt service payments in the district's following fiscal year:**

	<u>Amount</u>
a. Debt Service Tax Receipts	\$ _____
b. Surplus Construction Funds	_____
c. Water and/or Wastewater Revenue	_____
d. Standby Fees	_____
e. Debt Service Fund Balance To Be Used	384,725
f. Interest Revenues	_____
g. Other (Describe)	_____
_____	_____
_____	_____
TOTAL ANTICIPATED FUNDS TO BE USED*	\$ 384,725

*This total should equal the district's total annual debt service for the fiscal year following the fiscal year reported or in the audited financial statements.

IRVING FLOOD CONTROL DISTRICT SECTION III
TSI-1 SERVICES AND RATES (Continued)
SEPTEMBER 30, 2011

7. **Location of District:**

County(ies) in which district is located. Dallas County _____

Is the District located entirely within one county? Yes No

Is the District located within a city? Entirely Partly Not at all

City(ies) in which district is located. Irving _____

Is the District located within a city's extra territorial jurisdiction (ETJ)?
Entirely Partly Not at all

ETJ's in which district is located. N/A _____

Is the general membership of the Board appointed by an office outside the district?
Yes No

If Yes, by whom? Irving City Council _____

IRVING FLOOD CONTROL DISTRICT SECTION III
 TSI-2 SCHEDULE OF GENERAL FUND EXPENDITURES (UNAUDITED)
 SEPTEMBER 30, 2011

Professional fees:		
Auditing	\$	15,000
Legal		8,450
Engineering		3,669
Purchased services for resale:		
Bulk water & wastewater service purchases		-
Tap connection expenditures		-
Contracted services:		
Mowing		16,687
Appraisal district		18,413
Tax collector		7,327
Other contracted services		-
Utilities		15,182
Repairs and maintenance		395,859
Administrative expenditures:		
Directors' fees		7,200
Insurance		2,074
Other administrative expenditures		106,164
Capital outlay		-
Other expenditures		-
		<hr/>
Total expenditures	\$	<u>596,025</u>
Number of persons employed by the District:	-0-	Full-time
		-0- Part-time

IRVING FLOOD CONTROL DISTRICT SECTION III
 TSI-3 SCHEDULE OF TEMPORARY INVESTMENTS (UNAUDITED)
 SEPTEMBER 30, 2011

Funds	Account Number	Average Monthly Yield	Maturity date	Balance at end of year	Accrued interest receivable at end of year
<u>General Fund</u>					
	N/A			\$ -	\$ -
<u>Capital Projects Fund</u>					
	N/A			-	-
<u>Debt Service Fund</u>					
TexSTAR	57231023000	0.0906%	N/A	502,001	-
Logic	756238184003	0.1404%	N/A	502,751	-
Total - all funds				<u>\$ 1,004,752</u>	<u>\$ -</u>

IRVING FLOOD CONTROL DISTRICT SECTION III
TSI-4 ANALYSIS OF TAXES LEVIED AND RECEIVABLE (UNAUDITED)
SEPTEMBER 30, 2011

	Maintenance Taxes	Debt Service Taxes	Total	
Taxes receivable, beginning of year	\$ 4,638	\$ 53,160	\$ 57,798	
2010 original tax levy	1,318,159	2,444,086	3,762,245	
Total to be accounted for	1,322,797	2,497,246	3,820,043	
Tax collections:				
Current year	(1,301,862)	(2,413,869)	(3,715,731)	
Prior year	1,617	12,819	14,436	
Total collections	(1,300,245)	(2,401,050)	(3,701,295)	
Adjustments	(13,104)	(42,669)	(55,773)	
Taxes receivable, end of year	<u>\$ 9,448</u>	<u>\$ 53,527</u>	<u>\$ 62,975</u>	
Taxes receivable, by years				
2010	\$ 6,038	\$ 11,196	\$ 17,234	
2009	301	2,444	2,745	
2008	204	2,015	2,219	
2007	483	5,595	6,078	
2006	182	2,008	2,190	
Prior years	2,240	30,269	32,509	
Taxes receivable, end of year	<u>\$ 9,448</u>	<u>\$ 53,527</u>	<u>\$ 62,975</u>	
	<u>2010-2011*</u>	<u>2009-2010*</u>	<u>2008-2009*</u>	<u>2007-2008*</u>
Property valuations:				
Land	\$ 367,855,200	\$ 365,214,820	\$ 338,265,590	\$ 340,915,960
Improvements	1,196,813,390	1,246,273,670	1,305,206,580	1,237,286,420
Business personal property	35,212,380	37,012,370	41,617,550	50,605,640
Less exemptions	(226,799,051)	(223,758,366)	(217,022,901)	(210,625,738)
Total property valuations	<u>\$ 1,373,081,919</u>	<u>\$ 1,424,742,494</u>	<u>\$ 1,468,066,819</u>	<u>\$ 1,418,182,282</u>
Tax rates per \$100 valuation:				
Debt service tax rates	0.178	0.24392	0.02417	0.250355
Maintenance tax rates	0.096	0.03008	0.23918	0.021636
Total tax rates	<u>0.274</u>	<u>0.274</u>	<u>0.26335</u>	<u>0.271991</u>
Original tax levy:	<u>\$ 3,762,244</u>	<u>\$ 3,903,794</u>	<u>\$ 3,866,154</u>	<u>\$ 3,857,328</u>
Percent of Taxes collected to taxes levied	<u>98.8%</u>	<u>98.2%</u>	<u>99.3%</u>	<u>99.4%</u>

* Total property values reflect a 20% homestead tax reduction for qualified resident homeowners.

IRVING FLOOD CONTROL DISTRICT SECTION III
 TSI-4 ANALYSIS OF TAXES LEVIED AND RECEIVABLE (Cont'd)
 SEPTEMBER 30, 2011

Tax rate for any other special district which (a) encompasses less than a county, (b) provides water, wastewater collection, drainage or roads to property in the district **AND** (C) taxes property in the district. [Do not include taxes levied by the district.]

Name of Special District(s)	Service Provided	Tax Rate
		\$ _____ . _____
		_____ . _____
Total Rate(s) of Special District(s)		\$ _____ . _____

Tax rates for all overlapping jurisdictions. Include any taxing entities which overlap **10% or more** of the district.

Taxing Jurisdiction	Tax Rate
a. County <u>Dallas</u>	\$ _____ . 2431
b. City <u>Irving</u>	_____ . 5761
c. School District <u>Coppell ISD</u>	1 _____ . 4242
d. Special District(s) not included above:	
	_____ . _____
	_____ . _____
e. Total Special District(s) (from top of this page)	_____ . _____
f. Total District (from previous page)	_____ . 274
Total Overlapping Tax Rate (Sum of a.-f.)	\$ <u>2</u> . <u>5174</u>

IRVING FLOOD CONTROL DISTRICT SECTION III
 TSI-5 GENERAL LONG - TERM DEBT SERVICE REQUIREMENTS - BY YEARS (UNAUDITED)
 SEPTEMBER 30, 2011

Series 1996			
Due during fiscal year ending	Principal due Sept 1	Interest due March 1, Sept 1	Total
2012	\$ 130,000	\$ 37,685	\$ 167,685
2013	140,000	30,600	170,600
2014	145,000	23,250	168,250
2015	155,000	16,000	171,000
2016	165,000	8,250	173,250
	\$ 735,000	\$ 115,785	\$ 850,785

IRVING FLOOD CONTROL DISTRICT SECTION III
 TSI-5 GENERAL LONG - TERM DEBT SERVICE REQUIREMENTS - BY YEARS (UNAUDITED)
 SEPTEMBER 30, 2011
 (Continued)

<u>Due during fiscal year ending</u>	Series 2003		
	<u>Principal due September 1</u>	<u>Interest due March 1, Sept 1</u>	<u>Total</u>
2012	\$ 170,000	\$ 47,040	\$ 217,040
2013	180,000	41,430	221,430
2014	185,000	35,490	220,490
2015	190,000	29,200	219,200
2016	200,000	22,645	222,645
2017	205,000	15,545	220,545
2018	215,000	8,063	223,063
	\$ 1,345,000	\$ 199,413	\$ 1,544,413

IRVING FLOOD CONTROL DISTRICT SECTION III
 TSI-5 GENERAL LONG - TERM DEBT SERVICE REQUIREMENTS - BY YEARS (UNAUDITED)
 SEPTEMBER 30, 2011
 (Continued)

<u>Due during fiscal year ending</u>	Annual requirements for all series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2012	\$ 300,000	\$ 84,725	\$ 384,725
2013	320,000	72,030	392,030
2014	330,000	58,740	388,740
2015	345,000	45,200	390,200
2016	365,000	30,895	395,895
2017	205,000	15,545	220,545
2018	215,000	8,063	223,063
	\$ 2,080,000	\$ 315,198	\$ 2,395,198

IRVING FLOOD CONTROL DISTRICT SECTION III
TSI-6 ANALYSIS OF CHANGES IN GENERAL LONG-TERM DEBT (UNAUDITED)
SEPTEMBER 30, 2011

	Bond Issues			Totals
	Series 1990	Series 1996	Series 2003	
Interest rate	7-7.25%	5-7%	3.3-3.75%	
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	
Maturity date	9/1/96 to 9/1/2011	9/1/97 to 9/1/2016	9/1/04 to 9/1/2018	
Bonds outstanding at beginning of current year	\$ 27,071	\$ 860,000	\$ 1,510,000	\$ 2,397,071
Bonds sold during the current year	-	-	-	-
Retirements during the current year	(27,071)	(125,000)	(165,000)	(317,071)
Bonds outstanding at end of current year	<u>\$ -</u>	<u>\$ 735,000</u>	<u>\$ 1,345,000</u>	<u>\$ 2,080,000</u>
Interest paid during the current year	\$ 2,647,929	\$ 44,435	\$ 52,485	\$ 2,744,849

Paying agent/registrar

All Series - The Bank of New York Mellon Trust Co., N.A. - Dallas

Bond Authority	Tax bonds*	Other bonds	Refunding bonds
Amount authorized by voters	\$35,500,000	\$ -	\$ -
Amount issued	25,800,000	-	-
Remaining to be issued	9,700,000	-	-

Debt Service Fund Cash and Temporary Investments
balance as of September 30, 2011:

\$ 2,658,876

Average annual Debt service payment
(Principal & interest) for remaining term of all debt :

\$ 342,171

*Includes all bonds secured with tax revenues.

IRVING FLOOD CONTROL DISTRICT SECTION III
TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND
FOR THE FIVE YEARS ENDED SEPTEMBER 30
(UNAUDITED)

	Amounts					Percent of fund total revenues				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues:										
Property taxes	\$ 1,305,194	\$ 425,527	\$ 360,363	\$ 308,186	\$ 320,320	99.8 %	99.6 %	99.7 %	98.9 %	97.3 %
Investment earnings	435	238	120	1,010	6,427	-	0.1	-	0.4	2.0
Penalties and interest	2,168	1,517	-	1,512	1,809	0.2	0.3	-	0.5	0.5
Other	124	102	1,048	758	679	-	-	0.3	0.2	0.2
Total revenues	1,307,921	427,384	361,531	311,466	329,235	100.0	100.0	100.0	100.0	100.0
Expenditures:										
Administrative	104,634	86,359	65,726	86,233	68,822	8.0	20.2	18.2	27.7	20.9
Audit Fees	15,000	16,000	18,919	13,486	13,500	1.1	3.7	5.2	4.3	4.1
Maintenance and repairs	395,859	230,085	163,186	547,102	72,901	30.3	53.8	45.1	175.7	22.1
Utilities	15,182	23,174	18,143	68,292	45,779	1.2	5.4	5.0	21.9	13.9
Engineering	3,669	9,262	647	23,295	15,498	0.3	2.2	0.2	7.5	4.7
Legal	8,450	19,250	30,763	129,899	7,450	0.6	4.5	8.5	41.7	2.3
Director fees	7,200	7,800	7,200	18,589	14,850	0.6	1.8	2.0	6.0	4.5
Insurance	2,074	2,623	1,041	1,517	1,285	0.2	0.6	0.3	0.5	0.5
Paying agent fees	-	-	-	2,363	1,882	-	-	-	0.8	0.6
Bank fees	95	45	74	-	-	-	-	-	-	-
Mowing and fertilization	16,687	13,750	-	35,750	-	1.3	3.2	-	11.5	-
Miscellaneous	1,435	1,167	8,290	2,683	-	0.1	0.4	2.4	0.8	-
Tax appraisal and collections	25,740	26,824	25,312	33,455	17,806	2.0	6.3	7.0	10.7	5.4
Total expenditures	596,025	436,339	339,301	962,664	259,773	45.7	102.1	93.9	309.1	79.0
Excess (deficiency) of revenues over expenditures	\$ 711,896	\$ (8,955)	\$ 22,230	\$ (651,198)	\$ 69,462	54.3 %	(2.1) %	6.1 %	(209.1) %	21.0 %

IRVING FLOOD CONTROL DISTRICT SECTION III
TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND
FOR THE FIVE YEARS ENDED SEPTEMBER 30
(UNAUDITED)
(Continued)

	Amounts					Percent of fund total Revenues				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues:										
Property taxes	\$ 2,403,153	\$ 3,400,979	\$ 3,503,095	\$ 3,566,011	\$ 3,539,758	99.3 %	99.2 %	98.9 %	95.0 %	90.6 %
Investment earnings	12,035	15,933	38,615	178,471	349,296	0.5	0.5	1.1	4.8	8.9
Penalties and interest	5,672	13,145	35	11,067	19,999	0.2	0.3	-	0.2	0.5
Other	-	-	1	-	-	-	-	-	-	-
Total revenues	2,420,860	3,430,057	3,541,746	3,755,549	3,909,053	100.0	100.0	100.0	100.0	100.0
Expenditures:										
Administrative	-	2,406	1,632	100	50	-	0.1	-	-	-
Interest and fees	2,746,481	3,218,742	3,220,062	3,218,483	2,766,266	113.5	93.8	90.9	85.7	70.8
Principal retirement	317,071	314,690	314,392	316,457	768,631	13.1	9.2	8.9	8.4	19.7
Total expenditures	3,063,552	3,535,838	3,536,086	3,535,040	3,534,947	126.6	103.1	99.8	94.1	90.5
Excess of revenues over (under) expenditures	\$ (642,692)	\$ (105,781)	\$ 5,660	\$ 220,509	\$ 374,106	(26.6) %	(3.1) %	0.2 %	5.9 %	9.5 %
Total active retail water and/or waste water connections	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

IRVING FLOOD CONTROL DISTRICT SECTION III
TSI-8 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (UNAUDITED)
SEPTEMBER 30, 2011

Complete District mailing address Irving Flood Control District Section III
P. O. Box 140035
Irving, Texas 75014-0035

District business telephone number (972) 556-0625

Names and addresses	Terms of Office (Elected or Appointed) or Date Hired	Fees (Cash Basis) 9/30/11	Expense Reimbursements 9/30/11	Title at Year End	Resident of District?
Board Members:					
Kim Andres 4000 Regent Blvd. Irving, TX 75063	reappointed on December 9, 2010 to a term ending in January 2013	\$ 1,650	\$ -	President	Yes
Chris Wallace 5201 N. O'Connor Blvd. Suite 100 Irving, TX 75039	reappointed on January 14, 2010 to a term ending in January 2012	1,500	-	Vice-President	Yes
Chris Calvery 8500 Freeport Parkway South Suite 400 Irving, TX 75063	reappointed on December 9, 2010 to a term ending in January 2013	1,500	-	Secretary	Yes
William Correa 6221 Riverside Drive Suite 106 Irving, TX 75039	reappointed on January 14, 2010 to a term ending in January 2012	1,200	-	Treasurer	Yes
Mazhar Islamraja 1200 W. Walnut Hill Ln. Suite 3200 Irving, TX 75038	reappointed on December 9, 2010 to a term ending in January 2013	1,350	-	Director	Yes

IRVING FLOOD CONTROL DISTRICT SECTION III
TSI-8 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (UNAUDITED)
SEPTEMBER 30, 2011
(Continued)

Names and addresses	Terms of Office (Elected or Appointed) or Date Hired	Fees (Cash Basis) 9/30/11	Expense Reimbursements 9/30/11	Title at Year End	Resident of District?
Consultants:					
Dallas County Utility and Reclamation District P.O. Box 140035 Irving, TX 75014-0035	N/A	\$ 312,150	\$ -	General Management Construction Management Investment Officer	N/A
John Ames Dallas County Tax Office 500 Elm Street Dallas, TX 75202	N/A	6,377	-	Tax Collector	N/A
Sutton Frost Cary LLP 600 Six Flags Drive Suite 600 Arlington, TX 76011	N/A	15,000	-	Auditor	N/A
Boyle & Lowry LLP 4201 Wingren Suite 108 Irving, TX 75062	N/A	8,450	-	Attorneys	N/A
Half Associates, Inc. P.O. Box 910259 Dallas, TX 75391	N/A	11,641	-	Engineers	N/A
Lewis Public Relations 7616 LBJ Freeway Suite 800 Dallas, TX 75251	N/A	47,703	-	PR Consultant	N/A
Freese and Nichols, Inc. 4055 International Plaza Suite 200 Fort Worth, TX 76109	N/A	61,500	-	Engineers	N/A