

Grand Prairie Independent School District

Annual Financial Report
For the Fiscal Year Ended August 31, 2017



2602 S. Belt Line Road
Grand Prairie, Texas 75052
www.gpisd.org



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Grand Prairie Independent School District

Grand Prairie, Texas



Annual Financial Report
For the Fiscal Year Ended August 31, 2017

Prepared By
Grand Prairie Independent School District
Business Operations Department

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Grand Prairie Independent School District

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Grand Prairie Independent School District

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CERTIFICATE OF BOARD

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

Name of School

DALLAS

County

057-910

Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and

[X] APPROVED --- [] DISAPPROVED

(Check One)

for the year ended August 31, 2017 at a meeting of the Board of Trustees of such school district on the 25th day of January, 2018.



SIGNATURE OF BOARD SECRETARY



SIGNATURE OF BOARD PRESIDENT

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



Independent Auditor's Report

The Board of Trustees of
Grand Prairie Independent School District
2602 S. Beltline Road
Grand Prairie, Texas 75052

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Prairie Independent School District (District) as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

The Board of Trustees of
Grand Prairie Independent School District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Prairie Independent School District as of August 31, 2017, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

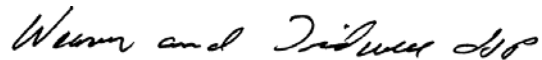
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grand Prairie Independent School District's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements.

The Supplementary Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Board of Trustees of
Grand Prairie Independent School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2018 on our consideration of the Grand Prairie Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Prairie Independent School District's internal control over financial reporting and compliance.

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

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 25, 2018

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Management's Discussion and Analysis

As management of the Grand Prairie Independent School District ("the District"), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2017. (In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable, claims payable of the District's self-insured workers' compensation program, and net pension liability.)

Financial Highlights

- Governmental Activities assets and deferred outflows of resources was more than liabilities and deferred inflows of resources at year-end by \$79,721.
- The District's total net position increased by \$13,635,142 from current operations.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$119,911,624, a decrease of \$10,242,140 as compared to the preceding year.
- At the end of the year, unassigned fund balance of the general fund was \$67,148,475, or 26 percent of the year's total general fund expenditures.
- The District refunded 2007 Unlimited Tax Refunding bonds and 2008 Unlimited Tax School Building Bonds by issuing Series 2016A and 2016B Unlimited Tax Refunding Bonds, and the issued 2017 Unlimited Tax School Building Bonds and 2017 Maintenance Tax Notes.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector enterprise.

The *Statement of Net Position* (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of how the financial position of the District is changing.

The *Statement of Activities* (Exhibit B-1) presents information showing how the District's net position changed during the year. Changes in net position are reported upon occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some transactions that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and incurred but unpaid workers' compensation benefits).

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Payments Related to Shared Services Arrangements, Payments to Juvenile Justice Alternative Education Programs, Payments to Tax Increment Fund, and Other Intergovernmental Charges.*

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, as do other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintained forty-one individual governmental funds during the year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects funds, which are considered to be major funds. Data from the other twenty-nine governmental funds are combined into a single, aggregated presentation titled *other governmental funds*.

The District adopts an annual revenue and appropriations budget for its general fund. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as noted in the table of contents of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of students and student organizations. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs and activities. A statement of fiduciary assets and liabilities is presented as noted in the table of contents of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as noted in the table of contents of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report presents required supplementary information and supplementary information, including schedules required by the Texas Education Agency. Such information can be found as noted in the table of contents of this report.

Government-wide Financial Analysis

As mentioned earlier, net position may, over time, serve as an indicator of a District's changing financial position. The following table shows the net position of the District for the current and prior year.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S NET POSITION

	Governmental Activities					
	2017		2016		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and Other Assets	\$ 142,532,678	22	\$ 149,766,194	25	\$ (7,233,516)	(5)
Capital Assets, net of Depreciation	499,654,244	78	460,117,035	75	39,537,209	9
Total Assets	642,186,922	100	609,883,229	100	32,303,693	
Total Deferred Outflows of Resources	44,174,886	100	36,201,235	100	7,973,651	22
Long-Term Liabilities Outstanding	646,764,213	97	628,903,636	97	17,860,577	3
Other Liabilities	21,308,006	3	17,049,136	3	4,258,870	25
Total Liabilities	668,072,219	100	645,952,772	100	22,119,447	
Total Deferred Inflows of Resources	18,209,868	100	13,687,113	100	4,522,755	33
Net Position:						
Net Investment in Capital Assets	(35,699,372)	(44,780)	(43,859,490)	324	8,160,118	(19)
Restricted for Grants	4,639,697	5,820	3,669,961	(27)	969,736	26
Restricted for Debt Service	9,624,671	12,073	9,712,070	(72)	(87,399)	(1)
Unrestricted	21,514,725	26,988	16,922,038	(125)	4,592,687	27
Total Net Position	\$ 79,721	101	\$ (13,555,421)	100	\$ 13,635,142	

The excess of assets/deferred outflows of resources over liabilities/deferred inflows of resources reported on the government-wide *Statement of Net Position* of \$79,721 at August 31, 2017 results from several factors. The most significant items include a \$39,537,209 increase in capital assets due to an increase in construction projects.

The District's investment in capital assets (e.g., land, buildings and improvements, furniture and equipment and construction in progress), less any related debt used to acquire those assets that are still outstanding totaled \$(35,699,372) of net position. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net position that is restricted for debt service totals \$9,624,671 of net position, and net position restricted for grants is \$4,639,697. At the end of the current fiscal year, the District reported Unrestricted Net Position of \$21,514,725.

Governmental activities. Governmental activities increased the District's net position by \$13,908,760 from current operations. The elements giving rise to this change may be determined from the table below.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities					
	2017		2016		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue:						
Program Revenues:						
Charges for Services	\$ 6,317,580	2	\$ 6,389,419	2	\$ (71,839)	(1)
Operating Grants and Contributions	62,812,539	18	67,373,027	19	(4,560,488)	(7)
General Revenues:						
Property Taxes, Levied for General Purpose	67,572,581	19	63,982,520	18	3,590,061	6
Property Taxes, Levied for Debt Service	24,549,197	7	23,176,206	7	1,372,991	6
Grants and Contributions Not Restricted to Specific Programs	182,485,542	53	185,913,528	53	(3,427,986)	(2)
Investment Earnings	1,390,354	-	1,002,702	-	387,652	39
Miscellaneous	4,564,606	1	2,046,066	1	2,518,540	123
Total Revenues	349,692,399	100	349,883,468	100	(191,069)	
Expenses:						
Instruction	175,722,620	52	178,734,140	48	(3,011,520)	(2)
Instructional Resources and Media Services	2,933,707	1	2,956,563	1	(22,856)	(1)
Curriculum and Staff Development	10,088,536	3	9,093,852	2	994,684	11
Instructional Leadership	5,044,906	2	4,238,073	1	806,833	19
School Leadership	20,310,732	6	19,861,973	5	448,759	2
Guidance, Counseling, and Evaluation Services	14,257,843	4	13,381,884	4	875,959	7
Social Work Services	853,041	-	755,299	-	97,742	13
Health Services	3,502,171	1	3,591,646	1	(89,475)	(2)
Student Transportation	6,538,953	2	6,162,824	2	376,129	6
Food Service	18,805,491	6	19,515,953	5	(710,462)	(4)
Extracurricular Activities	8,717,342	3	8,124,103	2	593,239	7
General Administration	7,751,016	2	7,723,242	2	27,774	-
Plant Maintenance and Operations	25,861,929	8	24,843,427	7	1,018,502	4
Security and Monitoring Services	2,623,088	1	3,040,684	1	(417,596)	(14)
Data Processing Services	4,530,237	1	8,993,087	2	(4,462,850)	(50)
Community Services	6,277,692	2	5,870,876	2	406,816	7
Interest on Long-term Debt	16,723,568	5	50,970,660	14	(34,247,092)	(67)
Issuance Costs and Fees	1,242,899	-	1,602,056	-	(359,157)	(22)
Facilities Repair and Maintenance	392,484	-	-	-	392,484	100
Payments Related to Shared Services Arrangements	405,013	-	323,418	-	81,595	25
Payments to Juvenile Justice Alternative Education Programs	42,066	-	31,500	-	10,566	34
Payments to Tax Increment Fund	3,107,065	1	2,292,984	1	814,081	36
Other Intergovernmental Charges	324,858	-	300,166	-	24,692	8
Total Expenses	336,057,257	100	372,408,410	100	(36,351,153)	
Change in Net Position	13,635,142		(22,524,942)		36,160,084	
Net Position - Beginning	(13,555,421)		8,969,521		(22,524,942)	
Net Position - Ending	\$ 79,721		\$ (13,555,421)		\$ 13,635,142	

The decrease in governmental activities net position was primarily due to the decrease in interest on long-term debt as a result of refunded debt.

Revenues, aggregating \$349,692,399, were generated primarily from two sources. Property taxes in the amount of \$92,121,778 represent 26 percent of total revenues while grants and contributions (including those not restricted for program-specific use as well as for general operations, totaling \$245,298,081), represent 71 percent of total revenues. The remaining 3 percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expenses of the District were Instruction in the amount of \$175,722,620 which represents 52 percent of total expenses. All remaining expense categories are 10 percent or less of total expenses.

Financial Analysis of the Government's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$119,911,624, a decrease of \$10,242,140 from the preceding year.

The general fund is the primary operating fund of the District. At year-end, unassigned fund balance of the general fund was \$67,148,475, while total fund balance was \$68,569,579. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represents 25.7 percent of total general fund expenditures. The fund balance of the general fund increased \$8,825,341 during the year from current activities, primarily due to increases in revenues.

The debt service fund ending fund balance of \$9,972,177 is restricted for the payment of principal and interest on debt. The debt service fund balance increased \$255,401 during the year, primarily due to the principal payments for debt offset by the refunding of the 2007 Unlimited Tax Refunding bonds and 2008 Unlimited Tax School Building Bonds.

The capital projects fund ending fund balance of \$36,730,171 is restricted for capital expenditures. The net decrease in fund balance during the current year in the capital projects fund was \$19,235,710. The decrease was due to capital outlay purchases related to construction projects.

Governmental funds financial statements may be found by referring to the table of contents.

General Fund Budgetary Highlights

Differences between the originally-adopted budget and the final amended budget of the general fund were to increase appropriations by \$10,419,701. The most significant change was to increase appropriations for instruction. Amendments were approved by the governing body.

There were no significant variations between the final appropriations and actual expenditures.

Capital Assets and Long-term Liabilities

Capital assets. The District's investment in capital assets for its governmental activities as of August 31, 2017 was \$499,654,244 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress. The increase in investment in capital assets for governmental activities for the current fiscal year was \$8,160,118.

Major capital asset activity during the year included the following:

- Additions of \$56,146,043 in construction in progress for construction projects.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S CAPITAL ASSETS
(net of depreciation)

	Governmental Activities					
	2017		2016		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and Improvements	\$ 23,377,072	5	\$ 22,526,260	5	\$ 850,812	4
Buildings and Improvements	393,358,480	78	403,694,543	88	(10,336,063)	(3)
Furniture and Equipment	13,161,790	3	15,417,302	3	(2,255,512)	(15)
Construction in Progress	69,756,902	14	18,478,930	4	51,277,972	277
Totals	\$ 499,654,244	100	\$ 460,117,035	100	\$ 39,537,209	

Additional information on the District's capital assets can be found in Note III. D. Capital Assets of the notes to the financial statements per the table of contents of this report.

Long-term liabilities. At year-end, the District had the following long-term liabilities:

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S LONG-TERM LIABILITIES OUTSTANDING

	Governmental Activities					
	2017		2016		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General Obligation Bonds (Net)	\$ 575,323,599	89	\$ 562,631,671	90	\$ 12,691,928	2
Workers' Compensation Claims	936,220	-	1,104,083	-	(167,863)	(15)
Compensated Absences	174,490	-	209,188	-	(34,698)	(17)
Net Pension Liability	70,329,904	11	64,958,694	10	5,371,210	8
Totals	\$ 646,764,213	100	\$ 628,903,636	100	\$ 17,860,577	

The District's total bonded debt increased by \$12,691,928 due to the refunding of the 2007 Unlimited Tax Refunding bonds and 2008 Unlimited Tax School Building Bonds, and the issuance of 2017 Unlimited Tax School Building Bonds and 2017 Maintenance Tax Notes.

The District's general obligation debt is backed by the full faith and credit of the District and is further guaranteed by the Texas Permanent School Fund Guarantee Program.

State statutes do not limit the tax rate or amount of local tax support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt can be found as noted in Note III. E. Long-term Liabilities of the notes to the financial statements per the table of contents of this report.

The increase in the District's net pension liability (NPL) to \$70,329,904 at August 31, 2017 from \$64,958,694 at August 31, 2016 was the result of an increase in earnings in the TRS plan during 2017.

The following table provides the District's key pension statistics related to the TRS plan as of and for the fiscal year ended August 31, 2017:

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S KEY PENSION STATISTICS

Net Pension Liability (NPL)	\$ 70,329,904
Pension Expense	\$ 10,752,177

Additional information on the District's net pension liability can be found in the notes to the financial statements as indicated in the table of contents of this report.

Economic and Other Factors and Fiscal Year 2016-17 Budgets and Rates

- School year (2017-18) student enrollment is 29,362.
- District staff totals 3,995 employees in 2017-18, excluding substitutes and other part-time employees, which includes 1,983 teachers and 434 teacher aides.
- The District maintains forty-one school campuses, including four in-district charter schools.
- The unemployment rate for the County is currently 3.3 percent, which is favorable compared to 3.8 percent a year ago. This compares favorably to the state's average unemployment rate of 3.7 percent, which was 4.5 percent a year ago.
- Property values of the District are projected to increase by 10 percent in the 2017-18 year.
- A maintenance and operations tax rate of \$1.17 and a debt service tax rate of \$0.425, a total rate of \$1.595 was adopted for 2017-18, resulting in no change from the prior year.

All of these factors and others were considered in preparing the District's budget for the 2017-18 fiscal year.

During the current fiscal year, fund balance in the general fund increased to \$68,569,579.

Requests for Information

This financial report is intended to provide a general overview of the District's finances for those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant Superintendent of Business Services, Grand Prairie Independent School District, 2602 S. Beltline Rd. Grand Prairie, Texas 75052.

Basic Financial Statements

Grand Prairie Independent School District

Exhibit A-1

Statement of Net Position

August 31, 2017

1

Data Control Codes		Primary Government Governmental Activities
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 8,905,054
1120	<i>Current Investments</i>	113,202,759
1220	<i>Property Taxes Receivables</i>	3,863,573
1230	<i>Allowance for Uncollectible Taxes</i>	(1,605,007)
1240	<i>Due from Other Governments</i>	13,933,291
1290	<i>Other Receivables</i>	2,503,482
1300	<i>Inventories</i>	1,146,020
1410	<i>Prepaid Items</i>	583,506
	Capital Assets, Not Being Depreciation:	
1510	<i>Land and Improvements</i>	23,377,072
	Capital Assets, Net of Accumulated Depreciation:	
1520	<i>Buildings and Improvements</i>	393,358,480
1530	<i>Furniture and Equipment</i>	13,161,790
1580	<i>Construction in Progress</i>	69,756,902
1000	Total Assets	642,186,922
DEFERRED OUTFLOWS OF RESOURCES		
1705	<i>Deferred Outflows - Pension</i>	27,569,079
1710	<i>Deferred Loss on Refunding</i>	16,605,807
1700	Total Deferred Outflows of Resources	44,174,886
LIABILITIES:		
2110	<i>Accounts Payable</i>	5,011,909
2140	<i>Interest Payable</i>	923,041
2150	<i>Payroll Deductions and Withholdings</i>	88,421
2160	<i>Accrued Wages Payable</i>	14,879,868
2180	<i>Due to Other Governments</i>	121,405
2300	<i>Unearned Revenue</i>	283,362
	Noncurrent Liabilities:	
2501	<i>Due Within One Year</i>	22,825,208
2502	<i>Due in More Than One Year</i>	553,609,101
2540	<i>Net Pension Liabilities</i>	70,329,904
2000	Total Liabilities	668,072,219
DEFERRED INFLOWS OF RESOURCES		
2605	<i>Deferred Inflows - Pension</i>	4,055,571
2610	<i>Deferred Gain on Refunding</i>	14,154,297
2600	Total Deferred Inflows of Resources	18,209,868
NET POSITION:		
3200	<i>Net Investment in Capital Assets</i>	(35,699,372)
3820	<i>Restricted for Grants</i>	4,639,697
3850	<i>Restricted for Debt Service</i>	9,624,671
3900	<i>Unrestricted</i>	21,514,725
3000	Total Net Position	\$ 79,721

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

Grand Prairie Independent School District

Exhibit A-2

Statement of Activities

For the Year Ended August 31, 2017

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Primary Government:				
	Governmental Activities:				
0011	Instruction	\$ 175,722,620	\$ 1,381,919	\$ 13,659,567	\$ (160,681,134)
0012	Instructional Resources and Media Services	2,933,707	12,456	127,097	(2,794,154)
0013	Curriculum and Staff Development	10,088,536	17,527	6,103,701	(3,967,308)
0021	Instructional Leadership	5,044,906	12,970	530,734	(4,501,202)
0023	School Leadership	20,310,732	571,648	976,457	(18,762,627)
0031	Guidance, Counseling, and Evaluation Services	14,257,843	486	2,894,919	(11,362,438)
0032	Social Work Services	853,041	-	578,012	(275,029)
0033	Health Services	3,502,171	-	151,165	(3,351,006)
0034	Student Transportation	6,538,953	3,307	663,374	(5,872,272)
0035	Food Service	18,805,491	3,250,368	14,460,064	(1,095,059)
0036	Extracurricular Activities	8,717,342	899,460	248,398	(7,569,484)
0041	General Administration	7,751,016	5,677	339,212	(7,406,127)
0051	Plant Maintenance and Operations	25,861,929	158,021	1,388,384	(24,315,524)
0052	Security and Monitoring Services	2,623,088	-	124,473	(2,498,615)
0053	Data Processing Services	4,530,237	-	213,882	(4,316,355)
0061	Community Services	6,277,692	3,741	1,288,958	(4,984,993)
0072	Interest on Long-Term Debt	16,723,568	-	18,675,652	1,952,084
0073	Issuance Costs and Fees	1,242,899	-	-	(1,242,899)
0081	Facilities Repair and Maintenance	392,484	-	-	(392,484)
0093	Payments Related to Shared Services Arrangements	405,013	-	405,013	-
0095	Payments to Juvenile Justice Alternative Education Programs	42,066	-	-	(42,066)
0097	Payments to Tax Increment Fund	3,107,065	-	-	(3,107,065)
0099	Other Intergovernmental Charges	324,858	-	(16,523)	(341,381)
TG	Total Governmental Activities	<u>336,057,257</u>	<u>6,317,580</u>	<u>62,812,539</u>	<u>(266,927,138)</u>
TP	Total Primary Government	<u>\$ 336,057,257</u>	<u>\$ 6,317,580</u>	<u>\$ 62,812,539</u>	<u>(266,927,138)</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				67,572,581
DT	Property Taxes, Levied for Debt Service				24,549,197
GC	Grants and Contributions Not Restricted to Specific Programs				182,485,542
IE	Investment Earnings				1,390,354
MI	Miscellaneous				4,564,606
TR	Total General Revenues				<u>280,562,280</u>
CN	Change in Net Position				<u>13,635,142</u>
NB	Net Position - Beginning				(13,555,421)
NE	Net Position - Ending				<u>\$ 79,721</u>

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

Grand Prairie Independent School District

Balance Sheet - Governmental Funds

August 31, 2017

		199	599
Data			
Control			
Codes		General Fund	Debt Service Fund
ASSETS:			
1110	Cash and cash equivalents	\$ 4,468,872	\$ 4,141
1120	Current Investments	62,811,949	10,059,171
1220	Property taxes receivables (delinquent)	2,841,282	1,022,291
1230	Allowance for uncollectible taxes (credit)	(1,188,521)	(416,486)
1240	Due from other governments	10,362,428	-
1260	Due from other funds	2,809,876	81,142
1290	Other receivables, net	1,742,975	-
1300	Inventories	837,598	-
1410	Prepaid items	583,506	-
1000	Total Assets	\$ 85,269,965	\$ 10,750,259
1000a	Total Assets and Deferred Outflows of Resources	\$ 85,269,965	\$ 10,750,259
LIABILITIES:			
2110	Accounts payable	\$ 1,166,122	\$ -
2140	Interest payable	-	81,142
2150	Payroll deductions and withholdings	88,421	-
2160	Accrued wages payable	13,760,873	-
2170	Due to other funds	105,558	-
2180	Due to other governments	-	121,405
2300	Unearned revenue	-	-
2000	Total Liabilities	15,120,974	202,547
DEFERRED INFLOWS OF RESOURCES			
2600	Unavailable revenue	1,579,412	575,535
	Total Deferred Inflows of Resources	1,579,412	575,535
FUND BALANCES:			
Nonspendable:			
3410	Inventories	837,598	-
3430	Prepaid items	583,506	-
Restricted:			
3450	Grant funds	-	-
3470	Capital projects	-	-
3480	Debt Service	-	9,972,177
3600	Unassigned	67,148,475	-
3000	Total Fund Balances	68,569,579	9,972,177
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 85,269,965	\$ 10,750,259

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

Exhibit B-1

699	Other	98
Capital Projects	Governmental	Total
Fund	Funds	Governmental
		Funds
\$ 40,264	\$ 4,391,777	\$ 8,905,054
39,622,347	709,292	113,202,759
-	-	3,863,573
-	-	(1,605,007)
-	3,556,516	13,918,944
-	105,558	2,996,576
-	760,507	2,503,482
-	308,422	1,146,020
-	-	583,506
<u>\$ 39,662,611</u>	<u>\$ 9,832,072</u>	<u>\$ 145,514,907</u>
<u>\$ 39,662,611</u>	<u>\$ 9,832,072</u>	<u>\$ 145,514,907</u>
\$ 2,851,298	\$ 994,489	\$ 5,011,909
-	-	81,142
-	-	88,421
-	1,118,995	14,879,868
81,142	2,795,529	2,982,229
-	-	121,405
-	283,362	283,362
<u>2,932,440</u>	<u>5,192,375</u>	<u>23,448,336</u>
-	-	2,154,947
<u>-</u>	<u>-</u>	<u>2,154,947</u>
-	308,422	1,146,020
-	-	583,506
-	-	-
-	4,331,275	4,331,275
36,730,171	-	36,730,171
-	-	9,972,177
-	-	67,148,475
<u>36,730,171</u>	<u>4,639,697</u>	<u>119,911,624</u>
<u>\$ 39,662,611</u>	<u>\$ 9,832,072</u>	<u>\$ 145,514,907</u>

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Grand Prairie Independent School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
August 31, 2017

Exhibit B-1R

Total Fund Balances - Governmental Funds (Exhibit B-1) \$ 119,911,624

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:

Governmental Capital Assets Costs	\$ 769,816,623	
Accumulated Depreciation of Governmental Capital Assets	<u>(270,162,379)</u>	499,654,244

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds. 2,154,947

Long-term liabilities, including bonds payable, workers' compensation, compensated absences, and net pension liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:

Bonds Payable, at Original Par	\$ (521,444,498)	
Premium on Bonds Payable	(53,090,799)	
Accreted Interest	(788,302)	
Accrued Interest on the Bonds	(841,899)	
Workers' Compensation	(936,220)	
Compensated Absences	(174,490)	
Net Pension Liability	<u>(70,329,904)</u>	(647,606,112)

Deferred charge on refunding is reported as deferred outflow in the statement of net position and is not reported in the funds due to it is not a current financial resource available to pay for current expenditures. 2,451,510

Deferred outflows for pension are included in the statement of net position and are not reported in the funds due to they are not current financial resources available to pay for current expenditures. 27,569,079

Deferred inflows for pension are included in the statement of net position and are not reported in the funds due to they are not current financial resources available to pay for current expenditures. (4,055,571)

Total Net Position - Governmental Activities (Exhibit A-1) \$ 79,721

Grand Prairie Independent School District
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended August 31, 2017

		199	599
Data Control Codes		General Fund	Debt Service Fund
REVENUES:			
5700	Total local and intermediate sources	\$ 75,656,200	\$ 25,127,117
5800	State program revenues	188,729,100	18,675,652
5900	Federal program revenues	5,633,474	-
5020	Total Revenues	270,018,774	43,802,769
EXPENDITURES:			
Current:			
0011	Instruction	152,787,491	-
0012	Instructional resources and media services	2,889,991	-
0013	Curriculum and staff development	3,911,694	-
0021	Instructional leadership	4,634,429	-
0023	School leadership	18,782,959	-
0031	Guidance, counseling, and evaluation services	11,582,362	-
0032	Social work services	254,380	-
0033	Health services	3,519,476	-
0034	Student (pupil) transportation	5,732,614	-
0035	Food services	343,951	-
0036	Cocurricular/extracurricular activities	5,558,860	-
0041	General administration	7,629,484	-
0051	Plant maintenance and operations	25,916,372	-
0052	Security and monitoring services	2,750,412	-
0053	Data processing services	4,838,957	-
0061	Community services	5,190,893	-
Debt Service:			
0071	Debt service - Principal on long-term debt	-	20,984,115
0072	Debt service - Interest on long-term debt	-	21,821,549
0073	Debt service - Bond issuance costs and fees	-	997,360
Capital Outlay:			
0081	Facilities acquisition and construction	2,184,543	-
Intergovernmental:			
0093	Payments to member districts of SSA	-	-
0095	Payments to Juvenile Justice Alternative Education Programs	42,066	-
0097	Payments to Tax Increment Fund	2,356,182	750,883
0099	Other intergovernmental charges	324,858	-
6030	Total Expenditures	261,231,974	44,553,907
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	8,786,800	(751,138)
OTHER FINANCING SOURCES (USES):			
7911	Issuance of bonds	-	85,415,000
7912	Sale of real or personal property	38,541	-
7913	Proceeds from capital leases	-	-
7915	Transfers in	-	-
7916	Premium on issuance of bonds	-	12,854,156
8911	Transfers out	-	-
8940	Payment to bond refunding escrow agent	-	(97,262,617)
7080	Total Other Financing Sources (Uses)	38,541	1,006,539
1200	Net Change in Fund Balances	8,825,341	255,401
0100	Fund Balances - Beginning	59,744,238	9,716,776
3000	Fund Balances - Ending	\$ 68,569,579	\$ 9,972,177

699		98
Capital Projects	Other	Total
Fund	Governmental	Governmental
Funds	Funds	Funds
\$ 383,791	\$ 4,989,770	\$ 106,156,878
-	4,066,171	211,470,923
-	28,489,038	34,122,512
<u>383,791</u>	<u>37,544,979</u>	<u>351,750,313</u>
-	7,097,383	159,884,874
-	14,365	2,904,356
-	5,949,670	9,861,364
-	351,850	4,986,279
-	682,694	19,465,653
-	2,393,892	13,976,254
-	567,166	821,546
-	-	3,519,476
-	419,983	6,152,597
-	17,887,950	18,231,901
-	488,594	6,047,454
-	8,493	7,637,977
52,254	300,000	26,268,626
-	-	2,750,412
-	-	4,838,957
-	1,065,098	6,255,991
-	-	20,984,115
-	-	21,821,549
489,608	-	1,486,968
53,768,543	-	55,953,086
-	405,013	405,013
-	-	42,066
-	-	3,107,065
-	-	324,858
<u>54,310,405</u>	<u>37,632,151</u>	<u>397,728,437</u>
<u>(53,926,614)</u>	<u>(87,172)</u>	<u>(45,978,124)</u>
30,795,000	-	116,210,000
-	-	38,541
-	-	-
-	-	-
3,895,904	-	16,750,060
-	-	-
-	-	(97,262,617)
<u>34,690,904</u>	<u>-</u>	<u>35,735,984</u>
(19,235,710)	(87,172)	(10,242,140)
55,965,881	4,726,869	130,153,764
<u>\$ 36,730,171</u>	<u>\$ 4,639,697</u>	<u>\$ 119,911,624</u>

Grand Prairie Independent School District

Exhibit B-2R

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended August 31, 2017

Total Net Changes in Fund Balances - Governmental Funds (Exhibit B-2) \$ (10,242,140)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Asset additions	\$ 58,777,750	
Depreciation Expense	<u>(19,240,541)</u>	39,537,209

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year. (1,321,053)

Issuance of bonds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Par Value	\$ (116,210,000)	
(Premium) Discount	<u>(16,750,060)</u>	(132,960,060)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 20,984,115

Payments to escrow agent to refund bonds from refunding proceeds. 97,262,617
Adjustments to interest from prepaid interest from bond issuance proceeds.

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The (increase) decrease in interest reported in the statement of activities consist of the following:

Accrued Interest on Current Interest Bonds Payable (<i>increased</i>) <i>decreased</i>	\$ 70,807	
Accreted Interest Paid	2,900,885	
Interest Accreted on the Capital Appreciation Bonds	(201,589)	
Amortization of Bond Premium and Discount	3,459,721	
Amortization of Defeasance Costs	<u>(887,774)</u>	5,342,050

The (increase) decrease in workers' compensation is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. 167,863

The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. 34,698

The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred Outflows Increased (Decreased)	\$ (8,632,156)	
Deferred Inflows (Increased) Decreased	8,833,209	
Net Pension Liability (Increased) Decreased	<u>(5,371,210)</u>	<u>(5,170,157)</u>

Change in Net Position for Governmental Activities (Exhibit A-2) \$ 13,635,142

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

Grand Prairie Independent School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
August 31, 2017

Exhibit D-1

Data Control Codes		Agency Fund
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 303,244
1120	<i>Current Investments</i>	303,983
1290	<i>Other Receivables</i>	16,200
1000	Total Assets	<u>\$ 623,427</u>
LIABILITIES:		
2170	<i>Due to Other Funds</i>	\$ 14,347
2190	<i>Due to Student Groups</i>	609,080
2000	Total Liabilities	<u>\$ 623,427</u>

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

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Grand Prairie Independent School District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities* are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity

The Grand Prairie Independent School District (District) is governed by a seven-member board of trustees (Board), which has governance responsibilities over all activities related to public, elementary and secondary, education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District. Additionally, no other organizations are required to be included within the District's reporting entity.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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 District, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital projects fund* accounts for the acquisition and construction of the District's major capital facilities, other than those financed by proprietary funds.

The District reports the following Non-Major funds:

The *special revenue funds* are used to account for Food Services activities, federal and state financed programs and other local programs where unused balances are returned to the grantor at the close of specified project periods. The budget for the Food Services Fund is adopted by the Board each fiscal year.

Grand Prairie Independent School District

Notes to the Financial Statements

Additionally, the District reports the following fiduciary fund:

The *agency fund* accounts for assets held by the District for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operations.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the governmental funds included in the governmental activities (i.e., the governmental funds) column are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the governmental funds included in governmental activities are eliminated.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

Grand Prairie Independent School District

Notes to the Financial Statements

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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

2. Investments

Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in investment pools. In accordance with state law, the pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as a 2a7-like pool and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include land and improvements, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and improvements and construction in progress are not depreciated. The buildings and improvements and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings and Improvements	7-50
Furniture and Equipment	3-25

Grand Prairie Independent School District

Notes to the Financial Statements

5. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The components of the deferred outflows of resources and deferred inflows of resources in the government-wide and fund level financial statements are as follows:

	Statement of Net Position	Balance Sheet - Governmental Funds	
	Governmental Activities	General Fund	Debt Service Fund
Deferred Outflows of Resources:			
Deferred Outflows from Pension Activities	\$ 27,569,079	\$ -	\$ -
Deferred Loss on Refunding	16,605,807	-	-
Total Deferred Outflows of Resources	\$ 44,174,886	\$ -	\$ -
Deferred Inflows of Resources:			
Deferred Inflows from Pension Activities	\$ 4,055,571	\$ -	\$ -
Unavailable Property Taxes	-	1,579,412	575,535
Deferred Gain on Refunding	14,154,297	-	-
Total Deferred Inflows of Resources	\$ 18,209,868	\$ 1,579,412	\$ 575,535

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.

6. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Grand Prairie Independent School District

Notes to the Financial Statements

7. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Restricted fund balance reflects resources that are externally enforceable legal restrictions imposed by parties outside of the District. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these amounts can only be used for the purpose intended, which requires formal Board action to establish (as noted in Board minutes or resolution), unless the Board modifies or removes the specified use by taking the same formal Board action.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board of trustees (Board) has by resolution authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

9. Pension

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.C. and the RSI section immediately following the Notes to the Financial Statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability for the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the respective pensions' fiscal year-end.

Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Grand Prairie Independent School District

Notes to the Financial Statements

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property values are determined by the Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

3. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick leave benefits. Payment for unused state sick leave days accumulated locally will be made upon retirement (in accordance with guidelines established by the Teacher Retirement System of Texas). All sick pay is accrued when incurred (employee is eligible for retirement) in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, the result of employee terminations or retirement.

The District does not have a liability for unpaid local leave at year end due to the District's policy does not allow a payment for unused local leave not taken at upon retirement or termination.

4. Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

5. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by TEA in the Financial Accountability System Resource Guide. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide data base for policy development and funding plans.

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, *National School Breakfast and Lunch Program* special revenue fund and, debt service fund. All other governmental funds adopt project length budgets. All annual appropriations lapse at fiscal year-end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.

Grand Prairie Independent School District

Notes to the Financial Statements

3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a campus/department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The District made several supplemental budgetary appropriations throughout the year that were not significant to a function.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

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

Investments. The District's investment policy is in accordance with the Public Funds Investment Act (PFIA), the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm (NRIRF) not less than A or its equivalent; 2) Certificates of deposit issued by a depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Securities lending program if the loan is secured by pledged securities, irrevocable letters of credit, or cash and the term of the loan is one year or less; 5) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 6) Commercial paper that has a stated maturity of 270 days or fewer from the date of issuance is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies; 7) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRIRF. 8) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 9) Public funds investment pools which meets the requirements of the Public Funds Investment Act.

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

Grand Prairie Independent School District

Notes to the Financial Statements

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

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

The District's investments are in investment pools and are not subject to fair value measurements as presented in the table below. The District's investment balances and weighted average maturity of such investments are as follows:

	August 31, 2017	Fair Value Measurements			Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs			
Cash							
Bank Deposits	\$ 9,208,298	\$ -	\$ -	\$ -			
Total Cash	<u>\$ 9,208,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Investments Measured at Amortized Cost:							
Investment Pools							
TexPool	\$ 5,234,657	\$ -	\$ -	\$ -	4.10%	32	AAAm
Investments measured at net asset value (NAV), fair value							
Investment Pools							
Texas Class	93,048,450	-	-	-	72.96%	26	AAAm
Lonestar	17,945	-	-	-	0.03%	22	AAAm
TexStar	1,124,197	-	-	-	0.88%	29	AAAm
Investments by fair value level							
U.S. Government Agency Securities							
Federal Farm Credit Banks	4,596,072	4,596,072	-	-	3.60%	255	AA+
Federal Home Loan Mortgage Corp.	4,128,260	4,128,260	-	-	3.24%	255	AA+
Municipal Bonds	4,548,859	4,548,859	-	-	3.57%	306	AA
Certificates of Deposit	749,115	749,115	-	-	0.59%	1	NR
Money Market Mutual Fund	59,187	-	-	-	0.05%	-	NR
Total Investments	<u>113,506,742</u>	<u>14,022,306</u>	<u>-</u>	<u>-</u>			
Total Cash and Investments	<u>\$ 122,715,040</u>	<u>\$ 14,022,306</u>	<u>\$ -</u>	<u>\$ -</u>			
Portfolio Weighted Average Maturity						102.89	

Investment Pools are measured at amortized cost and are exempt for fair value reporting. The Texpool and Lone Star investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions.

Grand Prairie Independent School District

Notes to the Financial Statements

Texpool and Lone Star have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Credit risk. For fiscal year 2017, the District invested in Texpool, Texas Class, Lone Star, and TexStar. Texpool is duly chartered and administered by the State Comptroller's Office. Texas Class is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by Public Trust Advisors, LLC. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Public, LLC., formerly the Texas Association of School Boards Financial Services. TexStar is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. At year end, the District's investments were rated as noted in the table above. All credit ratings met acceptable levels required by legal guidelines prescribed in both the PFIA and the District's investment policy.

Interest rate risk. Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any other individual investment not to exceed one year from the time of purchase, unless specifically authorized by the Board of Trustees.

Concentration of credit risk. The District's investment policy does not limit an investment in any one issuer. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specified class of investments, specific maturity, or specific issuer.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2017, District's bank balances of \$13,425,717 were not exposed to custodial credit risk because balances were insured and collateralized with securities held by the District's agent in the District's name.

B. Receivables

Tax revenues of the general and debt service fund are reported net of estimated uncollectible amounts based on collection history.

C. Interfund Receivables and Payables

1. Receivables/Payables

The composition of interfund balances as of August 31, 2017, is as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 2,809,876	\$ 105,558
Debt Service Fund	81,142	-
Capital Projects Fund	-	81,142
Nonmajor Governmental Funds	105,558	2,795,529
Agency Fund	-	14,347
Totals	\$ 2,996,576	\$ 2,996,576

Grand Prairie Independent School District

Notes to the Financial Statements

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are primarily paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

2. Transfers

There were no transfers for the year ended August 31, 2017.

D. Capital Assets

Capital asset activity for the year ended August 31, 2017 was as follows:

	Beginning Balance	Additions	Transfers	Retirements & Adjustments	Ending Balance
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land and Improvements	\$ 22,526,260	\$ 850,812	\$ -	\$ -	\$ 23,377,072
Construction in Progress	18,478,930	56,146,043	(4,868,071)	-	69,756,902
Total Capital Assets, not being Depreciated	41,005,190	56,996,855	(4,868,071)	-	93,133,974
Capital Assets, being Depreciated:					
Buildings and Improvements	621,811,596	-	4,868,071	-	626,679,667
Furniture and Equipment	49,237,648	1,780,895	-	(1,015,561)	50,002,982
Total Capital Assets, being Depreciated	671,049,244	1,780,895	4,868,071	(1,015,561)	676,682,649
Less Accumulated Depreciation for:					
Buildings and Improvements	(218,117,053)	(15,204,134)	-	-	(233,321,187)
Furniture and Equipment	(33,820,346)	(4,036,407)	-	1,015,561	(36,841,192)
Total Accumulated Depreciation	(251,937,399)	(19,240,541)	-	1,015,561	(270,162,379)
Total Capital Assets, being Depreciated, net	419,111,845	(17,459,646)	4,868,071	-	406,520,270
Governmental Activities Capital Assets, net	\$ 460,117,035	\$ 39,537,209	\$ -	\$ -	\$ 499,654,244

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

Governmental Activities:	
11 Instruction	\$ 14,401,987
23 School Leadership	569,231
31 Instructional Leadership	2,821
34 Student Transportation	629,410
35 Food Service	347,777
36 Extracurricular Activities	2,686,830
41 General Administration	110,705
51 Facilities Maintenance and Operations	488,246
52 Security and Monitoring Services	3,534
Total Depreciation Expense-Governmental Activities	\$ 19,240,541

Grand Prairie Independent School District

Notes to the Financial Statements

Construction Commitments

The District has active construction projects as of August 31, 2017. The projects include the construction and equipment of school facilities. At year-end, the District's active commitments with contractors are as follows:

Project	Remaining Commitment
GPHS Additions and Renovations	\$ 5,460,088
Garner Fine Arts Academy	1,237,542
SGPHS Renovation	4,702,780
Austin Elementary Replacement	4,437,936
Young Womens Lead Academy Renovation	1,703,681
Bowie Elementary School Replacement	13,452,451
Bonham Early Education School HVAC	102,004
Barbara Bush Global Leadership Academy HVAC	225,214
Young Men's Leadership Academy HVAC	267,238
LED Replacements	1,012,045
Power Factor Correction	156,664
Stephen F. Austin Elementary School HVAC	796,000
Bowie Elementary School HVAC	1,640,000
Daniels Academy of Science and Math HVAC	1,759,250
Lee Elementary School HVAC	2,640,000
Total	\$ 39,592,893

E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, workers' compensation claims, compensated absences, and net pension liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Other long-term liabilities are generally liquidated with resources of the general fund.

1. Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2017, was as follows:

	Beginning Balance	Additions and (Provision Adjustment)	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 519,343,613	\$ 116,210,000	\$ (114,109,115)	\$ 521,444,498	\$ 21,714,498
Deferred Amounts:					
For Issuance Premiums (CIB's)	39,935,342	16,750,060	(3,594,603)	53,090,799	-
For Issuance Discount (CIB's)	(134,882)	-	134,882	-	-
For Accreted Interest (CAB's)	3,487,598	201,589	(2,900,885)	788,302	-
Total Bonds Payable, net	562,631,671	133,161,649	(120,469,721)	575,323,599	21,714,498
Workers' Compensation	1,104,083	583,833	(751,696)	936,220	936,220
Compensated Absences	209,188	-	(34,698)	174,490	174,490
Net Pension Liability	64,958,694	11,296,300	(5,925,090)	70,329,904	-
Governmental Activity Long-term Liabilities	\$ 628,903,636	\$ 145,041,782	\$ (127,181,205)	\$ 646,764,213	\$ 22,825,208

Grand Prairie Independent School District

Notes to the Financial Statements

2. General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school buildings (BLDG) and to refund general obligation bonds (REF).

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as 2-31 year current interest (CIB) or capital appreciation bonds (CAB) with various amounts of principal maturing each year. Rates may be fixed or variable.

The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2000A (REF)(CAB)	-	\$ 24,588,398	2018	\$ 2,263,613	\$ -	\$ (1,769,115)	\$ 494,498
2002 (REF)(CAB)	-	1,175,884	2017	20,000	-	(20,000)	-
2007 (REF)	4.00-4.50%	45,725,000	2031	42,450,000	-	(42,450,000)	-
2007A (BLDG)	4.00-5.00%	157,795,000	2037	2,125,000	-	(2,125,000)	-
2008 (BLDG)	2.00-4.77%	60,465,000	2037	54,675,000	-	(53,585,000)	1,090,000
2011 (BLDG)	2.00-4.00%	45,000,000	2029	25,075,000	-	(2,230,000)	22,845,000
2011 (REF)	2.00-5.00%	55,805,000	2026	54,670,000	-	-	54,670,000
2012 (BLDG)	2.00-3.00%	8,900,000	2029	7,515,000	-	(495,000)	7,020,000
2013 (BLDG)	2.00-4.00%	13,945,000	2030	12,025,000	-	(475,000)	11,550,000
2013 (REF)	0.23-2.04%	19,245,000	2020	15,185,000	-	(3,715,000)	11,470,000
2014 (REF)	2.00-4.00%	22,535,000	2024	20,695,000	-	(1,080,000)	19,615,000
2015 (REF)	3.00-5.25%	127,820,000	2037	126,720,000	-	-	126,720,000
2016 (REF)	2.00-4.00%	94,640,000	2033	94,030,000	-	(2,135,000)	91,895,000
2016 (BLDG)	2.00-5.00%	61,895,000	2041	61,895,000	-	(2,655,000)	59,240,000
2016A (REF)	4.00-5.00%	47,440,000	2041	-	47,440,000	(710,000)	46,730,000
2016B (REF)	2.00-5.00%	37,975,000	2031	-	37,975,000	(665,000)	37,310,000
2016 (BLDG)	4.00-5.00%	17,090,000	2041	-	17,090,000	-	17,090,000
2017 (MTN)	3.00-5.00%	13,705,000	2032	-	13,705,000	-	13,705,000
Totals				\$ 519,343,613	\$ 116,210,000	\$ (114,109,115)	\$ 521,444,498

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending August 31	Principal Value	Interest	Total Requirements
2018	21,714,498	24,011,420	45,725,918
2019	23,475,000	22,228,190	45,703,190
2020	24,130,000	21,363,341	45,493,341
2021	25,125,000	20,324,544	45,449,544
2022	25,065,000	19,238,744	44,303,744
2023-2027	139,185,000	79,124,901	218,309,901
2028-2032	147,435,000	48,663,226	196,098,226
2033-2037	96,675,000	19,093,950	115,768,950
2038-2041	18,640,000	1,922,250	20,562,250
Totals	\$ 521,444,498	\$ 255,970,566	\$ 777,415,064

As of August 31, 2017, the District did not have any authorized, but unissued bonds for school building purposes. The District does have \$32,319,011 of authorized, but unissued debt for refunding purposes which serves to replace interest cost with principal amortization when applicable.

Grand Prairie Independent School District

Notes to the Financial Statements

In November 2017, the District issued \$47,440,000 and \$37,975,000 of refunding bonds in separate issuances. The proceeds of the bonds were used to legally defease \$93,125,000 of previously issued District bonds in order to lower its overall debt service requirements. The refundings resulted in debt service savings of \$14,395,738.

The District defeased certain bonds through the issuance of new bonds and placed the proceeds in an irrevocable trust to provide for all future debt service payments of the old bonds. Securities being utilized to repay the refinanced debt as it becomes due consist solely of U.S. government obligations. Accordingly, the trust account securities and the liability for the defeased bonds are not included in the District's basic financial statements. As of August 31, 2017, the outstanding defeased bonds are noted below:

2008	Unlimited Tax School Building Bonds (maturing 2019-2037, callable February 15, 2018)	\$ 52,535,000
2009	Capital Appreciation Bonds (maturing 2017-2040, callable August 15, 2018)	60,055,553
		<u>\$ 112,590,553</u>

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of: (1) the amount earned on investments purchased with bond proceeds, or (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The District has estimated that it has no arbitrage liability as of August 31, 2017.

F. Revenues from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General	Debt Service	Capital Projects	Other Governmental Funds	Totals
Property Taxes	\$ 68,561,169	\$ 24,881,662	\$ -	\$ -	\$ 93,442,831
Investment Income	775,712	245,455	362,331	6,856	1,390,354
Food Sales	-	-	-	3,304,217	3,304,217
Extracurricular Activities	364,235	-	-	-	364,235
Other	5,955,084	-	21,460	1,678,697	7,655,241
Totals	<u>\$ 75,656,200</u>	<u>\$ 25,127,117</u>	<u>\$ 383,791</u>	<u>\$ 4,989,770</u>	<u>\$ 106,156,878</u>

Note 4. Other Information

A. Risk Management

1. Property/Liability

The District is exposed to various risks of loss related to property/liability losses for which the District participates in the Texas Association of Public Schools Property and Liability Fund (Fund) for property, liability, vehicle coverage, and crime. The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain competitive costs for coverages and develop a comprehensive loss control program. The District pays an annual premium to the Fund for its liability coverage and transfers the risk of loss to the Fund. The District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and may provide, through commercial companies, reinsurance contracts. In the event that the Fund was to discontinue operations, the member districts would be responsible for any eligible claims not funded by the Fund. In addition, there were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Grand Prairie Independent School District

Notes to the Financial Statements

2. Health Care Coverage

During the year ended August 31, 2017, employees of the District were covered by a health insurance plan. The District paid premiums of \$350 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The contract between the District and the licensed insurer is renewable annually and terms of coverage and premium costs are included in the contractual provisions.

3. Workers' Compensation

The District is self-insured for workers' compensation coverage and such transactions are accounted in a internal service fund. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other nonincremental claims adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$1,000,000. Settlements have not exceeded coverages for each of the past three fiscal years and there were no significant reductions in insurance coverage from the prior year. The workers' compensation claims liability is presented at a discounted rate of 3% in the amount of \$936,220.

Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended 8/31/2017	Year Ended 8/31/2016
Unpaid Claims, Beginning of Fiscal Year	\$ 1,104,083	\$ 959,731
Incurred Claims, including incremental provision for IBNRs	583,833	286,808
Claim Payments	(751,696)	(142,456)
Unpaid Claims, End of Fiscal Year	\$ 936,220	\$ 1,104,083

B. Litigation and Contingencies

The District is a defendant in various lawsuits arising principally in the normal course of operations. In the opinion of the District's management, the potential losses, after insurance coverage, on all allegations, claims, and lawsuits will not have a material effect on the District's financial position, results of operations or liquidity.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2017, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

Grand Prairie Independent School District

Notes to the Financial Statements

C. Defined Benefit Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

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

3. Benefits Provided

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

4. Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Grand Prairie Independent School District

Notes to the Financial Statements

	2016	2017
Member	7.2%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers/District	6.8%	6.8%

The contribution amounts for the District's fiscal year 2016 are as follows:

District Contributions	\$ 5,913,329
Member Contributions	14,683,079
NECE On-behalf Contributions (State)	8,728,784

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

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

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

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

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

Grand Prairie Independent School District

Notes to the Financial Statements

5. Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes During the Year	None
Ad hoc Post-employment Benefit Changes	None

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

6. Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Grand Prairie Independent School District

Notes to the Financial Statements

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below:

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

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

7. Discount Rate Sensitivity Analysis

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Proportionate Share of the Net Pension Liability	\$ 108,847,000	\$ 70,329,904	\$ 37,659,620

Grand Prairie Independent School District

Notes to the Financial Statements

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

At August 31, 2017, the District reported a liability of \$70,329,904 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate Share of the Net Pension Liability	\$ 70,329,904
State's Proportionate Share of the Net Pension Liability Associated with the District	103,609,317
Total	\$ 173,939,221

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 through August 31, 2016.

At August 31, 2016, the employer's proportion of the net pension liability was 0.1861145%, which was an increase of 1.28% from its proportionate share of 0.18376% measured as of August 31, 2016.

9. Changes Since the Prior Actuarial Valuation

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

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

For the year ended August 31, 2017, the District recognized pension expense of \$10,752,177 and revenue of \$5,170,157 for support provided by the state.

At August 31, 2017, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actuarial Experience	\$ 1,102,759	\$ 2,100,010
Changes of Assumptions	2,143,529	1,949,451
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,955,391	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions (Cost-Sharing Plan)	12,546,903	6,110
District Contribution after Measurement Date	5,820,497	-
Totals	\$ 27,569,079	\$ 4,055,571

Grand Prairie Independent School District

Notes to the Financial Statements

\$5,820,497 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2017. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Year Ending August 31:	
2017	\$ 3,028,684
2018	3,028,684
2019	6,827,322
2020	2,736,822
2021	1,638,704
Thereafter	432,795
Total	\$ 17,693,011

D. School District Retiree Health Plan

Plan Description. The Grand Prairie Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS website at www.trs.state.tx.us under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2017, 2016 and 2015. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2015-2017.

Contribution Rates						
Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2017	0.65%	\$ 1,239,481	1.00%	\$ 1,906,893	0.55%	\$ 1,048,791
2016	0.65%	1,187,038	1.00%	1,695,570	0.55%	1,004,417
2015	0.65%	1,015,001	1.00%	1,428,201	0.55%	929,164

In addition, the State of Texas contributed \$570,944, \$702,868 and \$688,409 in 2017, 2016, and 2015, respectively, for on-behalf payments for Medicare Part D and Early Retiree Reinsurance Program.

Grand Prairie Independent School District

Notes to the Financial Statements

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The contributions made by the State are on behalf of the District and have been recorded in the governmental funds' financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

E. Joint Ventures – Shared Service Agreement

Irving Regional School Program for the Deaf:

The District participates in the Regional Day School for the Deaf with Irving Independent School District acting as the fiscal agent and the District as a member district. The District's portion of expenditures for the year ended August 31, 2017, totaled \$405,013. The District does not account for the revenues or expenditures for this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in capital assets purchased by the fiscal agent, Irving Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal contingencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the Shared Service Arrangements.

F. Nonmonetary Transactions

During 2017, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$2,297,194. The District received the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$2,297,194 in a special revenue fund as both state revenues and expenditures, which represent the amount of consideration given by the State of Texas.

G. Line of Credit

In 2017, the District maintains a \$1 million line of credit agreement with a bank vendor payment and payment card system. The line is unsecured and both the bank and the District can exit the agreement at any time.

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Required Supplementary Information

Grand Prairie Independent School District

Exhibit E-1

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended August 31, 2017

Data Control Codes		1	2	3	Variance with
		Budgeted Amounts			Final Budget
		Original	Final	Actual	Positive (Negative)
REVENUES:					
5700	Local and Intermediate Sources	\$ 71,093,155	\$ 72,093,155	\$ 75,656,200	\$ 3,563,045
5800	State Program Revenues	189,138,582	187,438,582	188,729,100	1,290,518
5900	Federal Program Revenues	3,200,000	5,000,000	5,633,474	633,474
5020	Total Revenues	263,431,737	264,531,737	270,018,774	5,487,037
EXPENDITURES:					
Current:					
0011	Instruction	165,258,884	173,519,741	152,787,491	20,732,250
0012	Instructional Resources and Media services	2,875,208	2,927,016	2,889,991	37,025
0013	Curriculum and Staff Development	3,923,194	4,554,043	3,911,694	642,349
0021	Instructional Leadership	4,652,105	4,714,281	4,634,429	79,852
0023	School Leadership	18,771,330	18,928,639	18,782,959	145,680
0031	Guidance, Counseling, and Evaluation Services	11,675,728	11,743,885	11,582,362	161,523
0032	Social Work Services	213,940	344,940	254,380	90,560
0033	Health Services	3,577,866	3,577,822	3,519,476	58,346
0034	Student Transportation	6,533,791	7,033,041	5,732,614	1,300,427
0035	Food Services	-	350,000	343,951	6,049
0036	Extracurricular Activities	5,608,391	6,540,491	5,558,860	981,631
0041	General Administration	7,327,489	8,164,062	7,629,484	534,578
0051	Plant Maintenance and Operations	28,419,313	26,600,854	25,916,372	684,482
0052	Security and Monitoring Services	3,771,868	2,752,948	2,750,412	2,536
0053	Data Processing Services	5,349,644	5,648,043	4,838,957	809,086
0061	Community Services	5,349,644	5,343,399	5,190,893	152,506
0081	Facilities Acquisition and Construction	3,100,000	4,562,129	2,184,543	2,377,586
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Education Programs	95,000	95,000	42,066	52,934
0097	Payments to Tax Increment Fund	2,413,060	2,356,182	2,356,182	-
0099	Other Intergovernmental charges	765,220	344,860	324,858	20,002
6030	Total Expenditures	279,681,675	290,101,376	261,231,974	28,869,402
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,249,938)	(25,569,639)	8,786,800	34,356,439
OTHER FINANCING SOURCES:					
7912	Sale of Real or Personal Property	-	-	38,541	38,541
7080	Total Other Financing Sources	-	-	38,541	38,541
1200	Net Change in Fund Balance	(16,249,938)	(25,569,639)	8,825,341	34,394,980
0100	Fund Balance - Beginning	59,744,238	59,744,238	59,744,238	-
3000	Fund Balance - Ending	\$ 43,494,300	\$ 34,174,599	\$ 68,569,579	\$ 34,394,980

The Notes To The Required Supplementary Information Are An Integral Part Of This Statement.

Grand Prairie Independent School District**Exhibit E-2**

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net Pension Liability

of a Cost-Sharing Multiple-Employer Pension Plan

Teacher Retirement System of Texas (TRS)

For the Years Ended August 31, 2017 and 2016

	2017	2016	2015
District's Proportion of the Net Pension Liability	0.18611450%	0.18376600%	0.13153600%
District's Proportionate Share of the Net Pension Liability	\$ 70,329,904	\$ 64,958,694	\$ 35,135,085
State's Proportionate Share of the Net Pension Liability Associated with the District	103,609,317	95,800,077	78,026,611
Total	\$ 173,939,221	\$ 160,758,771	\$ 113,161,696
District's Covered-Employee Payroll	\$ 190,689,340	\$ 182,621,265	\$ 168,938,867
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	36.88%	35.57%	20.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.00%	78.43%	83.25%

Note: Only three years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Grand Prairie Independent School District**Exhibit E-3**

Required Supplementary Information

Schedule of the District's Contributions to the Teacher Retirement System

Pension Plan (TRS)

For Fiscal Years Ended August 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>	<u>2015</u>
TRS			
Contractually Required Contributions	\$ 5,913,329	\$ 5,441,379	\$ 5,717,003
Contributions in Relation to the Contractually Required Contributions	(5,913,329)	(5,441,379)	(5,717,003)
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 District's Covered-Employee Payroll	 \$ 190,689,340	 \$ 182,621,265	 \$ 168,938,867
 Contributions as a Percentage of Covered- Employee Payroll	 3.10%	 2.98%	 3.38%

Note: Only three years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Grand Prairie Independent School District

Notes to the Required Supplementary Information

August 31, 2017

Note 1. Budget

A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year end.

B. Variances with Final Budget

The District's general fund budget differs from the original budget due to budget revisions that were made during the fiscal period:

- Amendments approved shortly after the beginning of the new fiscal year period for amounts restricted, committed, or assigned in the prior year,
- Amendments in early and late spring to revise estimates for local and state revenues based on the latest information on student attendance numbers and tax collections, and
- Amendments during the year for unexpected occurrences.

The significant increase in appropriations was primarily in instruction (\$8,260,857) due to an adjustment to the 2016-2017 instructional staff work schedule, thereby accruing more payroll expenditures in the current period. Other appropriation increases include payroll for additional staffing.

C. Excess of Expenditures over Appropriations

For the year ended August 31, 2017, expenditures exceeded appropriations in the functions (the legal level of budgetary control) in the following funds and functions:

<u>Fund</u>	<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
National School Breakfast and Lunch Program	35	16,938,118	17,887,950	(949,832)

National School Breakfast and Lunch Program was in excess of final budget in the amount of \$949,832 which relates to donated food commodities and the final budget projection was under due to additional inventory used near yearend.

Grand Prairie Independent School District

Notes to the Required Supplementary Information

August 31, 2017

Note 2. Pension Liability

Actuarial Assumptions – The information presented in the required supplementary schedules was used in the actuarial valuation for determining the actuarially determined contribution rate and the net pension liability in accordance with GASB 67. Actuarial methods and assumptions used for funding purposes can be found in the Actuarial Section. The GASB 67 assumptions are as follows:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50%
Payroll growth rate	2.50%
Benefit Changes During the Year	None
Ad hoc Post-Employment Benefit Changes	None

Supplementary Information

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Combining and Individual Fund Financial Statements

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Nonmajor Governmental Funds

Special Revenue Funds

The Special Revenue Funds are used to account for financial resources restricted to or committed for specific purposes by a grantor. These funds may be locally, state, or federally funded.

Programs accounted for in the Special Revenue Funds include:

ESEA, Title X, Part C – Education for the Homeless Children and Youth

This fund classification is used to account, on a project basis, for funds granted for a variety of staff development and supplemental services, including in-service training, counseling, psychological services and tutoring.

ESEA, Title I, Part A – Improving Basic Programs

This fund classification is used to account, on a project basis, for funds to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

ESEA, Title I, Part C – Education of Migratory Children

This fund classification is used to account on a project basis for funds granted for programs benefiting children of migrant agriculture or agriculture-related workers and children of migrant fishermen.

IDEA – Part B, Formula

This fund classification is used to account, on a project basis, for funds granted to operate educational programs for children with disabilities.

IDEA – Part B, Preschool

This fund classification is used to account, on a project basis, for funds granted for preschool children with disabilities.

National School Breakfast and Lunch Program

This fund classification is used for programs using federal reimbursement revenues originating from the United States Department of Agriculture (USDA). The funds are used exclusively for allowable child nutrition program purposes.

Career and Technical – Basic Grant

This fund classification is used to account, on a project basis, for funds granted to provide Career and Technical education to develop new and/or improve Career and Technical education programs for paid and unpaid employment.

ESEA, Title II, Part A – Teacher and Principal Training and Recruiting

This fund classification is used to provide financial assistance to increase student academic achievement through improving teacher and principal quality and increase the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools; and, to hold schools accountable for improving student academic achievement.

ESEA, Title III, Part A – English Language Acquisition and Language Enhancement

This fund classification is used to account, on a project basis, for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet challenging State academic content and student academic achievement standards.

Teacher Professional Development Partnerships Advanced Math/Science

This fund classification is used to implement programs that give high-need LEA's and their campuses opportunities to increase teacher content knowledge in advanced math and science courses such that teachers are highly qualified to teach a variety of advanced courses and therefore allowing the campuses to offer more endorsement areas to students.

Dislocated Worker Formula Grant

The purpose of the program is to provide students opportunities to earn postsecondary course credit prior to high school graduation combined with applied learning opportunities in high demand occupations within targeted industry clusters, including opportunities for internships, externships, apprenticeships, mentorship programs, and career counseling.

National Institution for Excellence in Teaching

This fund classification is used to account, on a project basis, to unitize TAP evaluation and professional development content and processes using video capture and feedback by regional Master Teachers to TAP Leadership team. Also for participation in the Literacy, STEM, or Leadership Certificate Programs with Texas Tech University and for placement and support for students in completing their clinical field experience.

Improving Academic Achievement (Summer School LEP)

This fund classification is used to account for funds to provide summer school instruction for Limited English Proficient (LEP) students.

Indian Education Act Title V

This fund classification is used to account for funds on a project basis for funds granted for programs benefiting children of native Indians from the Office of Indian Education.

State Supplemental Visually Impaired (SSVI)

This fund classification is used to account for funds to support the education needs of students who have visual impairments.

Advanced Placement Incentives

This fund classification is used to account, on a project basis, for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC, and is used to reward students, teachers, and campuses for high achievement. Campuses are awarded money for each student who scores three or above on an AP examination or four or above on an IB examination.

Texas High School Project

This fund classification is used to account, on a project basis, for funds granted for schools to implement programs to support the improvement of high school graduation rates and post-secondary readiness.

State Textbook Fund

This fund classification is used to account, on a project basis, for state funds awarded to school districts under the textbook allotment.

Educator Excellence Grants

The goal of the Educator Excellence Innovation Program grant is to improve educator effectiveness in Texas public schools through the funding of innovative practices that target the entire timeline of a teacher's career. Grant awardees will improve student performance by fostering open, supportive, and collaborative campus cultures that allow teachers to seek and attain growth within their fields.

Campus Activity Funds

This fund classification is used to account for transactions related to a campus or principals' activity funds.

Crime Stopper

This fund classification is used to account for funds received through donations which flow through the City of Grand Prairie and are used to reward students for any tips or information regarding criminal activity.

Scholarship Fund

This fund classification is used to account for funds received through donations for the purpose of college scholarships for graduating seniors of the district.

Meadows Foundation Grant

This fund classification is used to account, on a project basis, for campuses that submit and get approved charitable projects. The funds are donated from the Meadows Foundation.

Camp Invention Program

This fund classification is used to account, on a project basis, for Camp Invention, a STEM summer camp to ensure student success through engaging learning experiences, collaborative leadership, and a focus on maximizing student achievement.

Commit

To help cradle career network members build capacity to dramatically improve outcomes for every child, from cradle to career. Strengthen and improve financial aid completion rates through the use of results based leadership techniques, disaggregated data, continuous improvement tools and coaching.

Fund Raisers

Funds generated from campus/departments through local community events to purchase various item for student activities, etc.

HoltCat Caterpillar Foundation

A partnership between the Caterpillar Foundation and eligible secondary/post-secondary schools. To strengthen curriculum and faculty development, and to increase the pool of qualified service technicians in the industry.

Project Lead the Way Grant

This fund classification is used to account, on a project basis, for rigorous STEM and college readiness environment that promotes lifelong learning and success.

Foundation for the Education of Young Women

This fund classification is used to account, on a project basis, a college-preparatory academy for young women in grades six through twelve. These funds are to assist the school to nurture the intellectual curiosity and creativity of young women and to address their developmental needs. Its mission is to cultivate dynamic, participatory learning, enabling students to experience great academic success at many levels, especially in the fields of math, science and technology.

Gen YOUth Foundation

This fund classification is used to account, on a project basis, for local instructional initiatives at the campus level; each project unique in its own creation.

Early Head Start Program

This fund classification is used to account, on a project basis, for services to enhance and support early learning setting; provide new, full-day, center based comprehensive services that meet the needs of working families; and prepare children for the transition into preschool.

Dart Foundation

This fund classification is used to account for a project at the campus level involving a 3D printer allowing students to literally draw in the air as instructionally driven.

Lockheed Martin Grant

This fund classification is used to account, on a project basis, several activities including the Project Lead the Way Aerospace Program.

Donations

Funds donated from various local sources/business/community to further enhance the education of our students.

Texas Parks and Wildlife Grant

To assist in the development of our students into young women who are more confident, possess strong character, and demonstrate self-reliance.

Partners in Education

This fund classification is used to account for donations received by the District to be used for various expenditures not covered by local funds including, but not limited to, students in need, items needed for the district, and various incentives for students and staff.

Lowes Grant

This fund classification is used to account for school improvement projects to help improve the community. Each school campus that receives this grant will be funded to help the local community. There is a preference for funding that has a permanent impact such as facility enhancement as well as landscaping/clean up type projects. These projects are to encourage parent involvement and build stronger community spirit.

Education Foundation Grants

A local foundation that awards financial support to various campuses that submit a proposal to support educators in Grand Prairie ISD striving to improve student achievement.

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Grand Prairie Independent School District

Combining Balance Sheet

Nonmajor Governmental Funds - Special Revenue Funds

August 31, 2017

Data Control Codes		206	211	212
			ESEA Title 1	
		ESEA Title X Part C Homeless	Part A Improving Basic Programs	ESEA Title 1 Part C Migratory Children
	ASSETS:			
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1120	Current Investments	-	-	-
1240	Due from Other Governments	30,457	472,070	458
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	-	-
1300	Inventories	-	-	-
1000	Total Assets	\$ 30,457	\$ 472,070	\$ 458
	LIABILITIES:			
2110	Accounts Payable	\$ -	\$ 1,681	\$ -
2160	Accrued Wages Payable	3,431	330,734	-
2170	Due to Other Funds	27,026	139,655	458
2180	Due to Other Governments	-	-	-
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	30,457	472,070	458
	FUND BALANCES:			
	Nonspendable:			
3410	Inventories	-	-	-
	Restricted:			
3450	Grant Funds	-	-	-
	Committed:			
3545	Other	-	-	-
3000	Total Fund Balances	-	-	-
4000	Total Liabilities and Fund Balances	\$ 30,457	\$ 472,070	\$ 458

224	225	240	244	255
IDEA Part B Formula	IDEA Part B Preschool	National School Breakfast and Lunch Program	Career and Technical Basic Grant	ESEA Title II Part A Teacher & Principal Training & Recruiting
\$ -	\$ -	\$ 3,727,723	\$ -	\$ -
-	-	-	-	-
1,604,879	13,711	-	50,134	107,951
-	-	-	-	-
-	-	707,254	-	-
-	-	308,422	-	-
\$ 1,604,879	\$ 13,711	\$ 4,743,399	\$ 50,134	\$ 107,951
\$ -	\$ -	\$ 898,905	\$ -	\$ -
354,445	5,584	361,170	-	-
1,250,434	8,127	-	50,134	107,951
-	-	-	-	-
-	-	13,361	-	-
<u>1,604,879</u>	<u>13,711</u>	<u>1,273,436</u>	<u>50,134</u>	<u>107,951</u>
-	-	308,422	-	-
-	-	3,161,541	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>3,469,963</u>	<u>-</u>	<u>-</u>
\$ 1,604,879	\$ 13,711	\$ 4,743,399	\$ 50,134	\$ 107,951

Continued

Grand Prairie Independent School District

Combining Balance Sheet

Nonmajor Governmental Funds - Special Revenue Funds

August 31, 2017

		263	273	287
Data Control Codes		Part A English Language Acquisition and Enhancement	Professional Development Partnerships Advances Math/Science	Dislocated Worker Formula Grant
	ASSETS:			
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1120	Current Invesments	-	-	-
1240	Due from Other Governm ents	278,731	-	23,366
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	-	-
1300	Inventories	-	-	-
1000	Total Assets	\$ 278,731	\$ -	\$ 23,366
LIABILITIES:				
2110	Accounts Payable	\$ -	\$ -	\$ 1,861
2160	Accrued Wages Payable	15,369	-	-
2170	Due to Other Funds	263,362	-	21,505
2180	Due to Other Governm ents	-	-	-
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	278,731	-	23,366
FUND BALANCES:				
Nonspendable:				
3410	Inventories	-	-	-
Restricted:				
3450	Grant Funds	-	-	-
Committed:				
3545	Other	-	-	-
3000	Total Fund Balances	-	-	-
4000	Total Liabilities and Fund Balances	\$ 278,731	\$ -	\$ 23,366

Exhibit G-1

Page 2 of 4

488	288	289	385	397	409
National Institution for Excellence in Teaching	Improving Academic Achievement (Summer School LEP)	Indian Education Act Title V	Supplemental Visually Impaired	Advanced Placement Incentives	Texas High School Project
\$ -	\$ -	\$ -	\$ -	\$ 19,385	\$ -
-	-	-	-	-	-
40,971	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 40,971</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,385</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
40,971	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	19,385	-
<u>40,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,385</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 40,971</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,385</u>	<u>\$ -</u>

Continued

Grand Prairie Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
August 31, 2017

	410	429	461
Data Control Codes	State Textbook Fund	Educator Excellence Grants	Campus Activity Funds
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ -	\$ 4,266	\$ 486,311
1120 <i>Current Investments</i>	-	-	709,292
1240 <i>Due from Other Governments</i>	637,274	262,230	-
1260 <i>Due from Other Funds</i>	-	-	-
1290 <i>Other Receivables</i>	-	-	17,993
1300 <i>Inventories</i>	-	-	-
1000 Total Assets	\$ 637,274	\$ 266,496	\$ 1,213,596
LIABILITIES:			
2110 <i>Accounts Payable</i>	\$ 17,006	\$ 64,344	\$ 9,066
2160 <i>Accrued Wages Payable</i>	-	48,262	-
2170 <i>Due to Other Funds</i>	620,268	149,624	47,470
2180 <i>Due to Other Governments</i>	-	-	-
2300 <i>Unearned Revenue</i>	-	4,266	-
2000 Total Liabilities	637,274	266,496	56,536
FUND BALANCES:			
Nonspendable:			
3410 <i>Inventories</i>	-	-	-
Restricted:			
3450 <i>Grant Funds</i>	-	-	1,157,060
Committed:			
3545 <i>Other</i>	-	-	-
3000 Total Fund Balances	-	-	1,157,060
4000 Total Liabilities and Fund Balances	\$ 637,274	266,496	1,213,596

477	478	480	484	481	482	486	489
Crime Stopper	Scholarship Fund	Meadows Foundation Grant	Camp Invention Program	Commit	Fund Raisers	HoltCat Caterpillar Foundation	Project Lead the Way Grant
1,875	\$ 10,000	\$ 204	\$ -	\$ 1,000	\$ 1,740	\$ 865	\$ 15,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,875</u>	<u>\$ 10,000</u>	<u>\$ 204</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 1,740</u>	<u>\$ 865</u>	<u>\$ 15,000</u>
-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	204	-	1,000	1,740	865	15,000
<u>-</u>	<u>-</u>	<u>204</u>	<u>-</u>	<u>1,000</u>	<u>1,740</u>	<u>865</u>	<u>15,000</u>
-	-	-	-	-	-	-	-
1,875	10,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,875</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,875</u>	<u>10,000</u>	<u>204</u>	<u>-</u>	<u>1,000</u>	<u>1,740</u>	<u>865</u>	<u>15,000</u>

Grand Prairie Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
August 31, 2017

		490	491	492
Data Control Codes		Foundation for the Education of Young Women	Gen YOUth Foundation	Early Head Start Program
ASSETS:				
1110	Cash and Cash Equivalents	\$ -	\$ 1,551	\$ -
1120	Current Investments	-	-	-
1240	Due from Other Governments	-	-	19,492
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	-	34,260
1300	Inventories	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 1,551</u>	<u>\$ 53,752</u>
LIABILITIES:				
2110	Accounts Payable	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-
2170	Due to Other Funds	-	-	53,752
2180	Due to Other Governments	-	-	-
2300	Unearned Revenue	-	1,551	-
2000	Total Liabilities	<u>-</u>	<u>1,551</u>	<u>53,752</u>
FUND BALANCES:				
Nonspendable:				
3410	Inventories	-	-	-
Restricted:				
3450	Grant Funds	-	-	-
Committed:				
3545	Other	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 1,551</u>	<u>\$ 53,752</u>

Exhibit G-1

Page 4 of 4

493	494	495	496	497	498	499	
Dart Foundation	Lockheed Martin Grant	Donations	Texas Parks and Wildlife Grant	Partners in Education	Lowes Grant	Education Foundation Grants	Total Nonmajor Funds (See Exhibit B-1)
\$ 804	\$ 28,555	\$ 1,283	\$ -	\$ 799	\$ 1,792	\$ 88,624	\$ 4,391,777
-	-	-	-	-	-	-	709,292
-	-	-	14,792	-	-	-	3,556,516
-	-	105,558	-	-	-	-	105,558
-	-	1,000	-	-	-	-	760,507
-	-	-	-	-	-	-	308,422
<u>\$ 804</u>	<u>\$ 28,555</u>	<u>\$ 107,841</u>	<u>\$ 14,792</u>	<u>\$ 799</u>	<u>\$ 1,792</u>	<u>\$ 88,624</u>	<u>\$ 9,832,072</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,626	\$ 994,489
-	-	-	-	-	-	-	1,118,995
-	-	-	14,792	-	-	-	2,795,529
-	-	-	-	-	-	-	-
804	28,555	107,841	-	-	1,792	86,998	283,362
<u>804</u>	<u>28,555</u>	<u>107,841</u>	<u>14,792</u>	<u>-</u>	<u>1,792</u>	<u>88,624</u>	<u>5,192,375</u>
-	-	-	-	-	-	-	308,422
-	-	-	-	799	-	-	4,331,275
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>799</u>	<u>-</u>	<u>-</u>	<u>4,639,697</u>
<u>\$ 804</u>	<u>\$ 28,555</u>	<u>\$ 107,841</u>	<u>\$ 14,792</u>	<u>\$ 799</u>	<u>\$ 1,792</u>	<u>\$ 88,624</u>	<u>\$ 9,832,072</u>

Grand Prairie Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
For the Year Ended August 31, 2017

		206	211	212
Data Control Codes		ESEA Title X Part C Homeless	ESEA Title 1 Part A Improving Basic Programs	ESEA Title 1 Part C Migratory Children
	REVENUES:			
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	113,518	6,459,983	17,883
5020	Total Revenues	113,518	6,459,983	17,883
EXPENDITURES:				
Current:				
0011	Instruction	-	1,272,584	-
0012	Instructional Resources and Media Services	-	2,997	-
0013	Curriculum and Staff Development	-	3,589,654	-
0021	Instructional Leadership	-	224,588	-
0023	School Leadership	-	154,059	-
0031	Guidance, Counseling, and Evaluation Services	-	1,278	-
0032	Social Work Services	113,518	453,648	-
0034	Student Transportation	-	92,012	-
0035	Food Service	-	-	-
0036	Extracurricular Activities	-	-	-
0041	General Administration	-	3,312	-
0051	Plant Maintenance and Operations	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	665,851	17,883
Intergovernmental:				
0093	Payments to Shared Services Arrangements			
6030	Total Expenditures	113,518	6,459,983	17,883
1200	Net Change in Fund Balances	-	-	-
0100	Fund Balances - Beginning	-	-	-
3000	Fund Balances - Ending	\$ -	\$ -	\$ -

224	225	240	244	255
IDEA Part B Formula	IDEA Part B Preschool	National School Breakfast and Lunch Program	Career and Technical Basic Grant	ESEA Title II Part A Teacher & Principal Training & Recruiting
\$ -	\$ -	\$ 3,304,217	\$ -	\$ -
-	-	16,523	-	-
5,311,533	65,806	14,667,212	345,447	523,589
<u>5,311,533</u>	<u>65,806</u>	<u>17,987,952</u>	<u>345,447</u>	<u>523,589</u>
2,531,591	65,806	-	51,721	-
-	-	-	-	-
-	-	-	-	523,589
1,084	-	-	-	-
-	-	-	-	-
2,048,892	-	-	293,726	-
-	-	-	-	-
324,953	-	-	-	-
-	-	17,887,950	-	-
-	-	-	-	-
-	-	-	-	-
-	-	300,000	-	-
-	-	-	-	-
-	-	-	-	-
405,013				
<u>5,311,533</u>	<u>65,806</u>	<u>18,187,950</u>	<u>345,447</u>	<u>523,589</u>
-	-	(199,998)	-	-
-	-	3,669,961	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,469,963</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

Grand Prairie Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
For the Year Ended August 31, 2017

Data Control Codes		263	273	287
		Part A English Language Acquisition and Enhancement	Professional Development Partnerships Advances Math/Science	Dislocated Worker Formula Grant
REVENUES:				
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	689,755	1,853	23,366
5020	Total Revenues	<u>689,755</u>	<u>1,853</u>	<u>23,366</u>
EXPENDITURES:				
Current:				
0011	Instruction	184,875	-	23,366
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Staff Development	472,987	1,853	-
0021	Instructional Leadership	7,299	-	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling, and Evaluation Services	24,594	-	-
0032	Social Work Services	-	-	-
0034	Student Transportation	-	-	-
0035	Food Service	-	-	-
0036	Extracurricular Activities	-	-	-
0041	General Administration	-	-	-
0051	Plant Maintenance and Operations	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	-	-
Intergovernmental:				
0093	Payments to Shared Services Arrangements	-	-	-
6030	Total Expenditures	<u>689,755</u>	<u>1,853</u>	<u>23,366</u>
1200	Net Change in Fund Balances	-	-	-
0100	Fund Balances - Beginning	-	-	-
3000	Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit G-2

Page 2 of 4

488	288	289	385	397	409
National Institution for Excellence in Teaching	Improving Academic Achievement (Summer School LEP)	Indian Education Act Title V	Supplemental Visually Impaired	Advanced Placement Incentives	Texas High School Project
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	3,200	19,645	1,186
230,972	25,627	12,494	-	-	-
<u>230,972</u>	<u>25,627</u>	<u>12,494</u>	<u>3,200</u>	<u>19,645</u>	<u>1,186</u>
-	25,627	11,276	3,200	-	1,186
-	-	-	-	-	-
226,262	-	700	-	19,645	-
-	-	-	-	-	-
4,710	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	518	-	-	-
-	-	-	-	-	-
<u>230,972</u>	<u>25,627</u>	<u>12,494</u>	<u>3,200</u>	<u>19,645</u>	<u>1,186</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

Grand Prairie Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
For the Year Ended August 31, 2017

	410	429	461
Data Control Codes	State Textbook Fund	Educator Excellence Grants	Campus Activity Funds
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -	\$ 1,220,601
5800 <i>State Program Revenues</i>	2,297,194	1,728,423	-
5900 <i>Federal Program Revenues</i>	-	-	-
5020 Total Revenues	<u>2,297,194</u>	<u>1,728,423</u>	<u>1,220,601</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	2,297,194	426,135	46,206
0012 <i>Instructional Resources and Media Services</i>	-	-	11,368
0013 <i>Curriculum and Staff Development</i>	-	1,081,450	15,996
0021 <i>Instructional Leadership</i>	-	107,042	11,837
0023 <i>School Leadership</i>	-	2,208	521,717
0031 <i>Guidance, Counseling, and Evaluation Services</i>	-	-	444
0032 <i>Social Work Services</i>	-	-	-
0034 <i>Student Transportation</i>	-	-	3,018
0035 <i>Food Service</i>	-	-	-
0036 <i>Extracurricular Activities</i>	-	-	488,594
0041 <i>General Administration</i>	-	-	5,181
0051 <i>Plant Maintenance and Operations</i>	-	-	-
0053 <i>Data Processing Services</i>	-	-	-
0061 <i>Community Services</i>	-	111,588	3,414
Intergovernmental:			
0093 <i>Payments to Shared Services Arrangements</i>	-	-	-
6030 Total Expenditures	<u>2,297,194</u>	<u>1,728,423</u>	<u>1,107,775</u>
1200 Net Change in Fund Balances	-	-	112,826
0100 Fund Balances - Beginning	-	-	1,044,234
3000 Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,157,060</u>

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Grand Prairie Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
For the Year Ended August 31, 2017

		490	491	492
Data Control Codes		Foundation for the Education of Young Women	Gen YOUth Foundation	Early Head Start Program
REVENUES:				
5700	Local and Intermediate Sources	\$ 25,360	\$ 1,449	\$ 248,726
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	-	-	-
5020	Total Revenues	25,360	1,449	248,726
EXPENDITURES:				
Current:				
0011	Instruction	922	1,449	-
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Staff Development	480	-	-
0021	Instructional Leadership	-	-	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling, and Evaluation Services	23,958	-	-
0032	Social Work Services	-	-	-
0034	Student Transportation	-	-	-
0035	Food Service	-	-	-
0036	Extracurricular Activities	-	-	-
0041	General Administration	-	-	-
0051	Plant Maintenance and Operations	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	-	248,726
Intergovernmental:				
0093	Payments to Shared Services Arrangements	-	-	-
6030	Total Expenditures	25,360	1,449	248,726
1200	Net Change in Fund Balances	-	-	-
0100	Fund Balances - Beginning	-	-	-
3000	Fund Balances - Ending	\$ -	\$ -	\$ -

493	494	495	496	497	498	499	
Dart Foundation	Lockheed Martin Grant	Donations	Texas Parks and Wildlife Grant	Partners in Education	Lowes Grant	Education Foundation Grants	Total Nonmajor Funds (See Exhibit B-2)
\$ 7,250	\$ 41,943	\$ 8,856	\$ 18,686	\$ -	\$ 7,313	\$ 91,548	\$ 4,989,770
-	-	-	-	-	-	-	4,066,171
-	-	-	-	-	-	-	28,489,038
<u>7,250</u>	<u>41,943</u>	<u>8,856</u>	<u>18,686</u>	<u>-</u>	<u>7,313</u>	<u>91,548</u>	<u>37,544,979</u>
7,250	29,613	437	18,686	-	-	85,824	7,097,383
-	-	-	-	-	-	-	14,365
-	12,330	-	-	-	-	4,724	5,949,670
-	-	-	-	-	-	-	351,850
-	-	-	-	-	-	-	682,694
-	-	-	-	-	-	1,000	2,393,892
-	-	-	-	-	-	-	567,166
-	-	-	-	-	-	-	419,983
-	-	-	-	-	-	-	17,887,950
-	-	-	-	-	-	-	488,594
-	-	-	-	-	-	-	8,493
-	-	-	-	-	-	-	300,000
-	-	-	-	-	-	-	-
-	-	8,419	-	-	7,313	-	1,065,098
-	-	-	-	-	-	-	405,013
<u>7,250</u>	<u>41,943</u>	<u>8,856</u>	<u>18,686</u>	<u>-</u>	<u>7,313</u>	<u>91,548</u>	<u>37,632,151</u>
-	-	-	-	-	-	-	(87,172)
-	-	-	-	799	-	-	4,726,869
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,639,697</u>

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Fiduciary Fund

Agency Fund

The District's agency fund is used to account for assets held by the District as an agent for student organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Grand Prairie Independent School District
Statement of Changes in Assets and Liabilities
Fiduciary Fund
For the Year Ended August 31, 2017

Exhibit H-1

AGENCY FUND:

Data Control Codes		Beginning Balance 9/1/2016	Additions	Deductions	Ending Balance 8/31/2017
ASSETS:					
1110	<i>Cash and Cash Equivalents</i>	\$ 282,991	\$ 1,776,264	\$ (1,756,011)	\$ 303,244
1120	<i>Current Investments</i>	300,979	3,004	-	303,983
1290	<i>Other Receivables</i>	16,200	-	-	16,200
1000	Total Assets	\$ 600,170	\$ 1,779,268	\$ (1,756,011)	\$ 623,427
LIABILITIES:					
2170	<i>Due to Other Funds</i>	\$ 8,059	\$ 6,288	\$ -	\$ 14,347
2190	<i>Due to Student Groups</i>	592,111	1,772,980	(1,756,011)	609,080
2000	Total Liabilities	\$ 600,170	\$ 1,779,268	\$ (1,756,011)	\$ 623,427

Compliance Schedules

Compliance schedules are required by Texas Education Agency and are not required disclosures in the Comprehensive Annual Financial Report.

Grand Prairie Independent School District

Schedule of Delinquent Taxes Receivable

For the Year Ended August 31, 2017

Year Ended August 31	1		2		3	
	Tax Rates				Actual Taxable Value For School Tax Purposes	
	Maintenance		Debt Service			
2008 and Prior Years	\$	Various	\$	Various	\$	Various
2009		1.0400		0.4250		5,982,899,701
2010		1.0400		0.4250		4,797,819,113
2011		1.0400		0.4250		4,784,353,678
2012		1.0400		0.4250		4,734,829,420
2013		1.0400		0.4250		4,598,635,222
2014		1.0400		0.4250		4,801,502,799
2015		1.0400		0.4250		5,175,669,488
2016		1.1700		0.4250		5,243,894,357
2017 (School Year Audit)		1.1700		0.4250		5,901,543,746

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

Exhibit I-1

10 Beginning Balance 9/1/16	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/17
669,990	-	16,239	3,576	(214,188)	435,987
129,292	-	3,561	1,455	(2,145)	122,131
152,783	-	5,288	2,162	(3,386)	141,947
174,127	-	5,723	2,339	(2,088)	163,977
240,055	-	15,400	6,293	(59,020)	159,342
256,482	-	48,965	20,010	81,496	269,003
296,504	-	61,681	25,206	76,074	285,691
398,440	-	100,635	41,125	63,201	319,881
1,229,327	-	289,816	105,275	(76,445)	757,791
-	92,324,460	66,416,776	24,125,759	(574,102)	1,207,823
\$ 3,547,000	\$ 92,324,460	\$ 66,964,084	\$ 24,333,200	\$ (710,603)	\$ 3,863,573
		\$ 2,356,182	\$ 750,883		

Grand Prairie Independent School District
National School Breakfast and Lunch Program
Budgetary Comparison Schedule
For the Year Ended August 31, 2017

Exhibit I-2

Data		1	2	3	Variance with
Control Codes		Budgeted Amounts		Actual	Final Budget
		Original	Final		Positive
					(Negative)
REVENUES:					
5700	Local and Intermediate Sources	\$ 1,627,215	\$ 1,627,215	\$ 3,304,217	\$ 1,677,002
5800	State Program Revenues	1,127,582	1,127,582	16,523	(1,111,059)
5900	Federal Program Revenues	14,428,321	14,428,321	14,667,212	238,891
5020	Total Revenues	17,183,118	17,183,118	17,987,952	804,834
EXPENDITURES:					
Current:					
0035	Food Service	17,183,118	16,938,118	17,887,950	(949,832)
0051	Plant Maintenance and Operations	-	300,000	300,000	-
6030	Total Expenditures	17,183,118	17,238,118	18,187,950	(949,832)
1200	Net Change in Fund Balance	-	(55,000)	(199,998)	(144,998)
0100	Fund Balance - Beginning	3,669,961	3,669,961	3,669,961	-
3000	Fund Balance - Ending	\$ 3,669,961	\$ 3,614,961	\$ 3,469,963	\$ (144,998)

Grand Prairie Independent School District

Exhibit I-3

Debt Service Fund

Budgetary Comparison Schedule

For the Year Ended August 31, 2017

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 25,417,062	\$ 25,417,062	\$ 25,127,117	\$ (289,945)
5800	State Program Revenues	16,692,196	19,292,196	18,675,652	(616,544)
5020	Total Revenues	42,109,258	44,709,258	43,802,769	(906,489)
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-term Debt	19,609,115	20,984,115	20,984,115	-
0072	Interest on Long-term Debt	20,435,547	22,100,532	21,821,549	278,983
0073	Issuance Costs and Fees	249,998	1,510,898	997,360	513,538
Intergovernmental:					
0097	Payments to Tax Increment Fund	770,000	770,000	750,883	19,117
6030	Total Expenditures	41,064,660	45,365,545	44,553,907	811,638
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	1,044,598	(656,287)	(751,138)	(94,851)
OTHER FINANCING SOURCES (USES):					
7911	Issuance of Bonds	-	-	85,415,000	85,415,000
7916	Premium on Issuance of Bonds	-	-	12,854,156	12,854,156
8940	Payment to bond refunding escrow agent	-	-	(97,262,617)	(97,262,617)
	Total Other Financing Sources (Uses)	-	-	1,006,539	1,006,539
1200	Net Change in Fund Balance	1,044,598	(656,287)	255,401	911,688
0100	Fund Balance - Beginning	9,716,776	9,716,776	9,716,776	-
3000	Fund Balance - Ending	\$ 10,761,374	\$ 9,060,489	\$ 9,972,177	\$ 911,688

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Federal Awards Section

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

To the Board of Trustees
Grand Prairie Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Prairie Independent School District (the District), as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report dated January 25, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit, we did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs (2017-001 and 2017-002) that we consider to be a material weakness.

Compliance and Other Matters

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

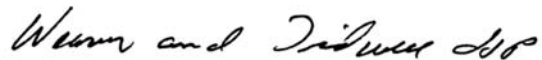
To the Board of Trustees
Grand Prairie Independent School District

Grand Prairie Independent School District's Response to Findings

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

Purpose of this Report

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

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

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 25, 2018



Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

To the Board of Trustees
Grand Prairie Independent School District

Report on Compliance for Each Major Federal Program

We have audited Grand Prairie Independent School District's (the District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2017. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of finding and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2017.

To the Board of Trustees
Grand Prairie Independent School District

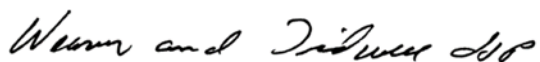
Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 25, 2018

Grand Prairie Independent School District

Schedule of Findings and Questioned Costs

For the Year Ended August 31, 2017

I. Summary of Auditor's Results

Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
- Material weakness(es) identified? ☒ Yes ☐ No
 - Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported
- c. Noncompliance which is material to the financial Statements noted? ☐ Yes ☒ No

Major Programs

- d. Internal controls over major federal programs:
- Material weakness(es) identified? ☐ Yes ☒ No
 - Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported
- e. An unmodified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported in accordance with Uniform Guidance? ☐ Yes ☒ No
- g. Identification of major programs:
- | | |
|---------------------------|------------------------|
| Child Nutrition Cluster | 10.553, 10.555, 10.559 |
| Special Education Cluster | 84.027A, 84.173A |
- h. The dollar threshold used to distinguish between Type A and Type B programs: \$862,899
- i. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

Grand Prairie Independent School District

Schedule of Findings and Questioned Costs - Continued

For the Year Ended August 31, 2017

II. Findings Relating To The Financial Statements Which Are To Be Reported In Accordance With Generally Accepted Government Auditing Standards:

2017-001 Unreconciled Differences Between General Ledger Cash Balances and Bank Cash Balances

Material Weakness in Internal Controls over Financial Reporting

Criteria:

The District did not timely reconcile each month's General Ledger cash balance to the Bank cash balance for their Local Maintenance account throughout the year.

Condition:

During the current audit, it was noted that the District's General Ledger cash balance was different than the District's bank reconciliation balance, and that the District had not identified the reconciling items within the audit year.

Cause:

The District was unable to resolve its issues with the bank reconciliation process during the current fiscal year.

Effect:

Not timely reconciling the District's General Ledger to the Bank balance each month affects the District's ability to detect and correct errors.

Recommendation:

We recommend that the District review internal control policies and procedures to ensure all balance sheet accounts are being properly and timely reconciled each month along with proper review of the reconciliations by appropriate District personnel.

Corrective Action:

Contact Person:

Robb Welch

Assistant Superintendent of Business and Finance

Response:

New accounting leadership began late in the audit year. Since that time, the staff has been analyzing the software system (both locally and third-party compatibility), policies, procedures, and staffing responsibilities and making adjustments to the processing to facilitate a timely and accurate bank reconciliation process. During the audit year, the district began planning a move from manual reconciliations to a software solution. This will improve as the flow of banking transactions continue to be phased in during the 2017-2018 fiscal year. The adjustments at both the banking level combined with changes to the software setup will simplify the reconciliation process. New procedures for supporting accounting processes are continually being implemented for the 2017-2018 fiscal year.

Estimated Date of Completion:

The district has implemented adjustments to the system for current transactions to facilitate timely bank reconciliation processes during the 2017-2018 fiscal year and new procedures for supporting timely accounting processes are continuing to be implemented with training of staff.

Grand Prairie Independent School District

Schedule of Findings and Questioned Costs - Continued

For the Year Ended August 31, 2017

2017-002 Timely and Accurate Closing of Books

Material Weakness in Internal Controls over Financial Reporting

Criteria:

The District proposed a significant number and dollar amount of journal entries subsequent to the start of the audit. Substantial journal entries were being made a week prior to the deadline for submission of the audited financial statements to Texas Education Agency (TEA).

Condition:

Significant adjustments were made to numerous accounts throughout the audit.

Cause:

Accounts were not reconciled on a timely basis.

Effect:

Significant adjustments during the audit make the audit process more difficult and time consuming.

Recommendation:

We recommend that the District reconcile significant balance sheet accounts before the audit process begins.

Corrective Action:

Contact Person:

Robb Welch

Assistant Superintendent of Business and Finance

Response:

As an extension of the complexities within the reconciliation process, the district proposed journal entries to offset system generated balances and provide appropriate account balances for year end. The district made one-time adjustments to interfund balance sheet accounts as part of the migration to enhanced accounting processes and software adjustments in the 2017-2018 fiscal year. The district has been in the continued process of identifying and restructuring the flow of transaction processing within the accounting software as it relates to fund accounting. New procedures for supporting accounting processes are continually being implemented for the 2017-2018 and future fiscal years.

Estimated Date of Completion:

The district has implemented and is continuing to implement multiple enhancements to the accounting system during the 2017-2018 fiscal year.

III. Findings And Questioned Costs For Federal Awards Including Audit Findings As Described Above In I.b:

None

Grand Prairie Independent School District

Schedule of Findings and Questioned Costs - Continued

For the Year Ended August 31, 2017

IV. Prior Year Findings and Questioned Costs:

2016-0001 Unreconciled differences between general ledger and bank cash balance

Condition:

During the prior year audit, it was noted that the District's General Ledger cash balance was different than the District's bank reconciliation balance, and that the District had not identified the reconciling items within the audit year.

Corrective Action:

New administration in the Finance Department began reviewing policies, procedures, and staffing responsibilities to ensure all bank reconciliations are being properly and timely reconciled. An initial review of the process prompted a more in-depth review by a consultant. Additional staffing resources have been devoted to breakdown and account for the complex and voluminous interactions of the past and current transactions in a detailed reconciliation during the audit year. While requiring more time, the detailed reconciliations allowed for the analysis necessary to resolve any processing issues. New procedures for supporting accounting processes are continually being implemented for the 2016-2017 and 2017-2018 fiscal year based on this review.

Status:

Not corrected.

Grand Prairie Independent School District
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2017

Exhibit K-1

(1) Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. Department of Education			
<u>Direct Programs</u>			
Indian Education Act, Title V	84.060A	S060A151185	\$ 12,494
Texas SEED Grant	84.367D	U367D130024	230,972
Total Direct Programs			243,466
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	17610101057910	\$ 6,100,397
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101057910	390,182
ESEA, Title I - Priority and Focus School Grant	84.010A	17610112057910000	105,492
Total Title I, Part A			6,596,071
Special Education Cluster (IDEA)*			
IDEA - Part B, Formula	84.027A	176600010579106000	4,999,109
IDEA - Part B, Formula	84.027A	186600010579106000	423,195
IDEA - Part B, Preschool	84.173A	176610010579106000	60,222
IDEA - Part B, Preschool	84.173A	186610010579106000	5,584
Total Special Education Cluster (IDEA)			5,488,110
Career and Technical - Basic Grant	84.048A	17420006057910	295,313
Career and Technical - Basic Grant	84.048A	18420006057910	50,134
Total Career and Technical - Basic Grant			345,447
Mathematics and Science Partnerships	84.366B	156944187110008	1,853
Industry Cluster TWC Dislocated	17.278	173920017110012	23,366
Title III, Part A - English Language Acquisition	84.365A	17671001057910	689,720
Title III, Part A - English Language Acquisition	84.365A	18671001057910	15,369
Total Title III, Part A			705,089
ESEA, Title II, Part A - Teacher and Principal Training	84.367A	17694501057910	535,673
Improving Academic Achievement, Summer School LEP	84.369A	17694501057910	25,627
Title I, Part C - Migrant Education Program	84.011A	17694501057910	17,882
McKinney-Vento Homeless Education	84.196A	17-059	109,737
McKinney-Vento Homeless Education	84.196A	18-059	3,781
Total McKinney-Vento Homeless Education			113,518
Total Passed Through State Department of Education			13,852,636
Total U.S. Department of Education			14,096,102
U.S. Department of Agriculture			
<u>Passed Through the State Department of Agriculture</u>			
Child Nutrition Cluster*			
National School Breakfast Program	10.553	71401601	3,913,989
National School Lunch Program - Cash Assistance	10.555	71301601	9,334,198
National School Lunch Prog. - Non-Cash Assistance	10.555	00280	1,321,647
Total Child Nutrition Cluster			14,569,834
Direct Certification Award	10.589	00280	97,378
Total Passed Through the State Department of Agriculture			14,667,212
Total U.S. Department of Agriculture			14,667,212
Total Expenditures of Federal Awards			\$ 28,763,314

* Denotes Major Federal Program

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Grand Prairie Independent School District

Notes to Schedule of Expenditures of Federal Awards

Year Ended August 31, 2017

1. The District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

3. The District participates in numerous State and Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2017, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.
4. The following table reconciles total expenditures per the schedule of expenditures of federal awards (Exhibit K-1) to the federal program revenues per Exhibit B-2:

Total Expenditures of Federal Awards per Exhibit K-1	\$ 28,763,314
General Fund - Federal Revenue	
SHARS	2,763,555
E-Rate	2,255,569
Medical Assistance Program	73,117
ROTC	266,957
Total Federal Revenues per Exhibit B-2	\$ 34,122,512

5. The District has elected not to use the 10% de minimis indirect cost rate.