

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

AUGUST 31, 2013

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

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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, 2013 at a meeting of the Board of Trustees of such school district on the 21st day of November, 2013.



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):

FINANCIAL SECTION

HLSK

Hereford, Lynch, Sellars & Kirkham

Certified Public Accountants • A Professional Corporation

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INDEPENDENT AUDITORS' 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Managements 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.

Auditors' 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 auditors' judgment, including the assessments of the risk 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.

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, 2013, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note I. F. *Accounting Changes* in the notes to the financial statements for August 31, 2013, the District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 Government 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grand Prairie Independent School District basic financial statements. The combining funds financial statements and other supplementary information, including the schedule of required responses to selected school first indicators, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining funds financial statements and other supplementary information, including the schedule of required responses to selected school first indicators 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 combining funds financial statements and other supplementary information, including the schedule of required responses to selected school first indicators 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2013, 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, Texas' internal control over financial reporting and compliance.

Respectfully,

Hereford, Lynch, Sellars & Kirkham, P.C.

HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.
Certified Public Accountants

Conroe, Texas
November 13, 2013

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, 2013. (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 and claims payable of the District's self-insured workers' compensation program.)

Financial Highlights

- Governmental Activities assets exceeded liabilities at year-end by \$25,845,271.
- The District's total net position increased by \$1,412,705 from current operations.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$66,542,608, a decrease of \$3,123,062 as compared to the preceding year.
- At the end of the year, unassigned fund balance of the general fund was \$43,887,721, or 23 percent of the year's total general fund expenditures.
- The District's total bonded debt increased by \$12,207,279 (2 percent) during the year.

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 other 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 between the two 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).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type 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 Service, 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, Facilities Repair and Maintenance, 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 cash resources*, as well as on *balances of cash 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 thirty-four 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 thirty-one 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 are 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 basic financial statements are noted in the table of contents of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report presents other supplementary information, including schedules required by the Texas Education Agency. Other supplementary information is 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. At the close of the District's most recent fiscal year, assets and deferred outflows of resources exceeded liabilities in the amount of \$25,845,271, an decrease of \$1,843,381 over the preceding year.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S NET POSITION

	Governmental Activities					
	2013		2012		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and Other Assets	\$ 78,716,275	14	\$ 91,072,598	17	\$ (12,356,323)	(14)
Capital Assets, net of Depreciation	475,814,908	86	458,207,617	83	17,607,291	4
Total Assets	554,531,183	100	549,280,215	100	5,250,968	
Total Deferred Outflows of Resources	9,294,951	100	9,602,305	100	(307,354)	(3)
Noncurrent Liabilities Outstanding	528,701,668	98	516,362,090	97	12,339,578	2
Other Liabilities	9,279,195	2	14,831,778	3	(5,552,583)	(37)
Total Liabilities	537,980,863	100	531,193,868	100	6,786,995	
Net Position:						
Net Investment in Capital Assets	(1,477,387)	(6)	(1,937,419)	(7)	460,032	(24)
Unrestricted (Deficit)	27,322,658	106	29,626,071	107	(2,303,413)	(8)
Total Net Position	\$ 25,845,271	100	\$ 27,688,652	100	\$ (1,843,381)	

The District's invested 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 \$(1,477,387). 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.

The remaining balance, *unrestricted net position* \$27,322,658, may be used to meet future obligations to students and creditors.

Governmental activities. Governmental activities increased the District's net position by \$1,412,705. 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					
	2013		2012		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue:						
Program Revenues:						
Charges for Services	\$ 5,158,754	2	\$ 4,786,812	2	\$ 371,942	8
Operating Grants and Contributions	53,440,159	20	54,298,985	21	(858,826)	(2)
General Revenues:						
Property Taxes, Levied for General Purpose	49,512,362	19	50,514,674	19	(1,002,312)	(2)
Property Taxes, Levied for Debt Service	20,185,207	8	20,549,988	8	(364,781)	(2)
Grants and Contributions Not Restricted to Specific Programs	132,277,340	49	130,134,362	49	2,142,978	2
Investment Earnings	146,944	-	158,844	-	(11,900)	(7)
Miscellaneous	4,853,999	2	1,727,119	1	3,126,880	181
Transfers	-	-	-	-	-	100
Total Revenues	265,574,765	100	262,170,784	100	3,403,981	
Expenses:						
Instruction	136,758,543	53	126,213,019	53	10,545,524	8
Instructional Resources and Media Services	2,764,116	1	2,597,450	1	166,666	6
Curriculum and Staff Development	6,295,374	3	5,722,171	2	573,203	10
Instructional Leadership	3,641,954	1	3,177,293	1	464,661	15
School Leadership	14,118,138	5	14,284,628	6	(166,490)	(1)
Guidance, Counseling, and Evaluation Services	10,237,528	4	9,751,608	4	485,920	5
Social Work Services	715,752	-	681,870	-	33,882	5
Health Services	2,456,136	1	2,715,087	1	(258,951)	(10)
Student Transportation	4,267,183	2	3,780,221	2	486,962	13
Food Service	14,009,283	5	12,597,959	5	1,411,324	11
Extracurricular Activities	5,929,767	2	5,644,132	2	285,635	5
General Administration	6,452,388	3	4,652,733	2	1,799,655	39
Plant Maintenance and Operations	20,832,601	8	20,242,255	8	590,346	3
Security and Monitoring Services	886,040	-	892,431	-	(6,391)	(1)
Data Processing Services	2,767,977	1	2,532,381	1	235,596	9
Community Services	2,770,496	1	2,207,584	1	562,912	25
Interest on Long-term Debt	24,778,170	9	23,480,781	10	1,297,389	6
Issuance Costs and Fees	595,460	-	623,575	-	(28,115)	(5)
Facilities Repair and Maintenance	375,343	-	-	-	375,343	100
Payments Related to Shared Services Arrangements	223,125	-	215,000	-	8,125	4
Payments to Juvenile Justice Alternative Education Programs	86,982	-	127,338	-	(40,356)	(32)
Payments to Tax Increment Fund	2,919,542	1	2,896,669	1	22,873	1
Other Intergovernmental Charges	280,162	-	283,765	-	(3,603)	(1)
Total Expenses	264,162,060	100	245,319,950	100	18,842,110	
Change in Net Position	1,412,705		16,850,834		(15,438,129)	
Net Position - Beginning	27,688,652		10,837,818		16,850,834	
Prior Period Adjustments - Implement GASB 65 for Bond Issuance Costs	(3,256,086)		-		(3,256,086)	
Net Position - Beginning, as restated	24,432,566		10,837,818		13,594,748	
Net Position - Ending	\$ 25,845,271		\$ 27,688,652		\$ (1,843,381)	

The increase in governmental activities net position was primarily the result of increases in miscellaneous revenues resulting from insurance recoveries was sufficient to cover the increase in instruction expenditures.

Revenues, aggregating \$265,574,765, were generated primarily from two sources. Property taxes \$69,697,569 represent 27 percent of total revenues while grants and contributions (including those not restricted for program-specific use as well as for general operations, totaling \$185,717,499), represent 69 percent of total revenues. The remaining 4 percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expense of the District is *Instruction* \$136,758,543, which represents 53 percent of total expenses, while 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 \$66,542,608, a decrease of \$3,123,062 from the preceding year. Comments as to each individual fund's change in fund balance follow.

The general fund is the primary operating fund of the District. At year-end, unassigned fund balance of the general fund was \$43,887,721, while total fund balance was \$47,832,808. 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 fund balance represents 23 percent of total general fund expenditures, while total fund balance represents 25 percent of that same total. The fund balance of the general fund increased \$3,650,294 during the year from current activities, primarily due to the increase in local revenues (insurance proceeds), state revenues and other items exceeded the increase in instruction expenditures.

The debt service fund ending fund balance of \$12,790,510 is reserved for the payment of principal and interest on debt. The debt service fund balance decreased \$1,484,762 during the year, primarily due to the District's plan to utilize a portion of fund balance for debt requirements.

The capital projects fund ending fund balance of \$1,484,443 is restricted for capital expenditures. The net decrease in fund balance during the current year in the capital projects fund was \$6,004,322. The decrease was due to expenditure of funds as authorized per the bond issue.

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 \$17,920,372. 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 Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of August 31, 2013 was \$475,814,908 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The increase in net investment in capital assets for governmental activities for the current fiscal year was \$17,607,291.

Major capital asset activity during the year included the following:

- An addition of \$32,487,983 in construction to build school buildings and renovate and equip such school buildings.
- \$1,865,930 in purchase of vehicles

Commitments. At the end of the current fiscal year, the District's commitments with construction contractors totaled \$709,074.

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

	Governmental Activities					
	2013		2012		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land	\$ 18,601,206	4	\$ 18,499,088	4	\$ 102,118	1
Buildings and Improvements	438,710,157	92	408,737,358	90	29,972,799	7
Furniture and Equipment	17,123,816	4	10,818,503	2	6,305,313	58
Construction in Progress	1,379,729	-	20,152,668	4	(18,772,939)	(93)
Totals	\$ 475,814,908	100	\$ 458,207,617	100	\$ 17,607,291	

Additional information on the District's capital assets can be found in the notes to the financial statements per the table of contents.

Noncurrent Liabilities. At year-end, the District had a liability for bonded debt of \$526,133,798. The debt is supported by the full faith and credit of the District, as further guaranteed by the Permanent School Fund of the State of Texas. Other long-term obligations, representing claims expense of the self-funded workers' compensation program of \$2,381,466 and compensated absences of \$186,404.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S OUTSTANDING NONCURRENT LIABILITIES

	Governmental Activities					
	2013		2012		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General Obligation Bonds (Net)	\$ 526,133,798	100	\$ 513,426,519	99	\$ 12,707,279	2
Workers' Compensation Claims	2,381,466	-	2,776,321	1	(394,855)	(14)
Compensated Absences	186,404	-	159,250	-	27,154	17
Totals	\$ 528,701,668	100	\$ 516,362,090	100	\$ 12,339,578	

The District's total bonded debt increased by \$12,707,279. The key factor was the issuance of new debt.

The District's general obligation debt is backed by the full faith and credit 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 the notes to the financial statements per the table of contents of this report.

Economic and Other Factors and Fiscal Year 2013-14 Budgets and Rates

- School year (2013-14) student enrollment is 27,708.
- District staff totals 3,216 employees in 2013-14, excluding substitutes and other part-time employees, which consist of 1,757 teachers and 331 are teacher aides and secretaries.
- The District maintains thirty-nine regular education campuses.
- The unemployment rate for the County is currently 6.9 percent, which is favorable compared to 7.4 percent a year ago. This compares unfavorably to the state's average unemployment rate of 6.4 percent, which was 7.1 percent a year ago.
- Property values of the District are projected to remain stable for the 2013-14 year.
- A maintenance and operations tax rate of \$1.04 and a debt service tax rate of \$.425, a total rate of \$1.465 was adopted for 2013-14.

All of these factors and others were considered in preparing the District's budget for the 2013-14 fiscal year.

During 2012-13, fund balance in the general fund increased to \$47,832,808. Due to the uncertainty of state school funding, the District plans to set-aside these additional funds to ensure operating expenses are met in the 2013-14 and 2014-15 fiscal years.

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 Deputy Superintendent of Finance/Business Operations, Grand Prairie Independent School District, 2602 S. Beltline Rd. Grand Prairie, Texas 75052.

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BASIC FINANCIAL STATEMENTS

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2013

EXHIBIT A-1

1

Data Control Codes		Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 5,423,931
1120	Current Investments	62,652,817
1225	Property Taxes Receivables (Net)	3,721,756
1240	Due from Other Governments	4,955,764
1267	Due from Fiduciary	5,609
1290	Other Receivables (Net)	15,620
1300	Inventories	737,022
1410	Prepaid Items	1,203,756
Capital Assets:		
1510	Land	18,601,206
1520	Buildings and Improvements (Net)	438,710,157
1530	Furniture and Equipment (Net)	17,123,816
1580	Construction in Progress	1,379,729
1000	Total Assets	<u>554,531,183</u>
DEFERRED OUTFLOWS OF RESOURCES:		
1700	Deferred Charge on Refunding	<u>9,294,951</u>
	Total Deferred Outflows of Resources	<u>9,294,951</u>
LIABILITIES:		
2110	Accounts Payable	846,086
2140	Interest Payable	827,284
2165	Accrued Wages Payable	6,375,304
2180	Due to Other Governments	47,413
2200	Accrued Expenditures	749,080
2300	Unearned Revenue	434,028
Noncurrent Liabilities:		
2501	Due Within One Year	14,245,438
2502	Due in More Than One Year	<u>514,456,230</u>
2000	Total Liabilities	<u>537,980,863</u>
NET POSITION:		
3200	Net Investment in Capital Assets	(1,477,387)
3900	Unrestricted	<u>27,322,658</u>
3000	Total Net Position	<u>\$ 25,845,271</u>

The accompanying notes are an integral part of this statement.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT B-1

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
	Governmental Activities:				
0011	Instruction	\$ 136,758,543	\$ 885,470	\$ 12,642,708	\$ (123,230,365)
0012	Instructional Resources and Media Services	2,764,116	-	261,861	(2,502,255)
0013	Curriculum and Staff Development	6,295,374	-	4,629,524	(1,665,850)
0021	Instructional Leadership	3,641,954	-	828,068	(2,813,886)
0023	School Leadership	14,118,138	741,558	699,928	(12,676,652)
0031	Guidance, Counseling, and Evaluation Services	10,237,528	-	2,215,496	(8,022,032)
0032	Social Work Services	715,752	-	513,060	(202,692)
0033	Health Services	2,456,136	-	134,722	(2,321,414)
0034	Student Transportation	4,267,183	-	618,641	(3,648,542)
0035	Food Service	14,009,283	3,017,766	12,195,393	1,203,876
0036	Extracurricular Activities	5,929,767	358,871	100,659	(5,470,237)
0041	General Administration	6,452,388	-	374,371	(6,078,017)
0051	Plant Maintenance and Operations	20,832,601	155,089	920,552	(19,756,960)
0052	Security and Monitoring Services	886,040	-	16,615	(869,425)
0053	Data Processing Services	2,767,977	-	172,587	(2,595,390)
0061	Community Services	2,770,496	-	690,537	(2,079,959)
0072	Interest on Long-term Debt	24,778,170	-	16,202,312	(8,575,858)
0073	Issuance Costs and Fees	595,460	-	-	(595,460)
0081	Facilities Repair and Maintenance	375,343	-	-	(375,343)
0093	Payments Related to Shared Services Arrangements	223,125	-	223,125	-
0095	Payments to Juvenile Justice Alternative Education Programs	86,982	-	-	(86,982)
0097	Payments to Tax Increment Fund	2,919,542	-	-	(2,919,542)
0099	Other Intergovernmental Charges	280,162	-	-	(280,162)
TG	Total Governmental Activities	<u>264,162,060</u>	<u>5,158,754</u>	<u>53,440,159</u>	<u>(205,563,147)</u>
TP	Total Primary Government	<u>\$ 264,162,060</u>	<u>\$ 5,158,754</u>	<u>\$ 53,440,159</u>	<u>(205,563,147)</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				49,512,362
DT	Property Taxes, Levied for Debt Services				20,185,207
GC	Grants and Contributions Not Restricted to Specific Programs				132,277,340
IE	Investment Earnings				146,944
MI	Miscellaneous				4,853,999
TR	Total General Revenues				<u>206,975,852</u>
CN	Change in Net Position				<u>1,412,705</u>
NB	Net Position - Beginning				27,688,652
PA	Prior Period Adjustment - Implement GASB 65 for Bond Issuance Costs				<u>(3,256,086)</u>
	Net Position - Beginning, as Restated				<u>24,432,566</u>
NE	Net Position - Ending				<u>\$ 25,845,271</u>

The accompanying notes are an integral part of this statement.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2013

Data Control Codes		199	599
		General Fund	Debt Service Fund
ASSETS:			
1110	Cash and Cash Equivalents	\$ 1,204,713	\$ 1,121
1120	Current Investments	47,585,363	12,836,802
1225	Property Taxes Receivable (Net)	2,771,359	950,397
1240	Due from Other Governments	1,977,802	-
1260	Due from Other Funds	3,049,697	-
1290	Other Receivables (Net)	15,525	-
1300	Inventories	237,665	-
1410	Prepaid Items	517,701	-
1000	Total Assets	<u>\$ 57,359,825</u>	<u>\$ 13,788,320</u>
LIABILITIES:			
2110	Accounts Payable	\$ 380,354	\$ -
2160	Accrued Wages Payable	6,375,304	-
2170	Due to Other Funds	-	-
2180	Due to Other Governments	-	47,413
2200	Accrued Expenditures	-	-
2300	Unearned Revenue	-	-
2000	Total Liabilities	<u>6,755,658</u>	<u>47,413</u>
DEFERRED INFLOWS OF RESOURCES:			
2600	Unavailable Revenue - Property Taxes	<u>2,771,359</u>	<u>950,397</u>
	Total Deferred Inflows of Resources	<u>2,771,359</u>	<u>950,397</u>
FUND BALANCES:			
3410	Nonspendable - Inventories	237,665	-
3430	Nonspendable - Prepaid Items	517,701	-
3470	Restricted - Capital Acquisitions and Contractual Obligations	-	-
3480	Restricted - Debt Service	-	12,790,510
3545	Committed - Other	-	-
3590	Assigned - Technology Operating Leases	3,189,721	-
3600	Unassigned	<u>43,887,721</u>	<u>-</u>
3000	Total Fund Balances	<u>47,832,808</u>	<u>12,790,510</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 57,359,825</u>	<u>\$ 13,788,320</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

699	Other Governmental Funds	98 Total Governmental Funds
Capital Projects Fund		
\$ 2,971	\$ 4,215,126	\$ 5,423,931
2,230,652	-	62,652,817
-	-	3,721,756
-	2,977,962	4,955,764
-	-	3,049,697
-	95	15,620
-	499,357	737,022
-	686,055	1,203,756
\$ <u>2,233,623</u>	\$ <u>8,378,595</u>	\$ <u>81,760,363</u>
\$ -	\$ 465,732	\$ 846,086
-	-	6,375,304
100	3,043,988	3,044,088
-	-	47,413
749,080	-	749,080
-	434,028	434,028
<u>749,180</u>	<u>3,943,748</u>	<u>11,495,999</u>
-	-	3,721,756
-	-	<u>3,721,756</u>
-	106,181	343,846
-	686,055	1,203,756
1,484,443	-	1,484,443
-	-	12,790,510
-	3,642,611	3,642,611
-	-	3,189,721
-	-	43,887,721
<u>1,484,443</u>	<u>4,434,847</u>	<u>66,542,608</u>
\$ <u>2,233,623</u>	\$ <u>8,378,595</u>	\$ <u>81,760,363</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, 2013

EXHIBIT C-1R

Total Fund Balances - Governmental Funds (Exhibit C-1)

\$ 66,542,608

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	\$ 672,919,695	
Accumulated Depreciation of Governmental Capital Assets	<u>(197,104,787)</u>	475,814,908

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.	3,721,756
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Long-term liabilities 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	\$ (476,159,830)	
Premium on Bonds Payable	(12,613,342)	
Discount on Bonds Payable	701,483	
Accreted Interest	(38,062,109)	
Defeasance Costs	9,294,951	
Accrued Interest on the Bonds	(827,284)	
Workers' Compensation	(2,381,466)	
Compensated Absences	<u>(186,404)</u>	<u>(520,234,001)</u>

Total Net Position - Governmental Activities (Exhibit A-1)

\$ 25,845,271

The accompanying notes are an integral part of this statement.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		199	599
		General Fund	Debt Service Fund
REVENUES:			
5700	Local and Intermediate Sources	\$ 55,302,584	\$ 20,322,340
5800	State Program Revenues	135,388,231	16,202,312
5900	Federal Program Revenues	4,838,422	-
5020	Total Revenues	195,529,237	36,524,652
EXPENDITURES:			
Current:			
0011	Instruction	116,800,403	-
0012	Instructional Resources and Media Services	2,624,782	-
0013	Curriculum and Staff Development	1,730,272	-
0021	Instructional Leadership	2,966,450	-
0023	School Leadership	13,043,129	-
0031	Guidance, Counseling, and Evaluation Services	8,396,139	-
0032	Social Work Services	215,090	-
0033	Health Services	2,461,565	-
0034	Student Transportation	5,090,202	-
0035	Food Service	-	-
0036	Extracurricular Activities	3,608,925	-
0041	General Administration	6,364,810	-
0051	Plant Maintenance and Operations	20,754,498	-
0052	Security and Monitoring Services	903,846	-
0053	Data Processing Services	2,765,463	-
0061	Community Services	2,152,353	-
Debt Service:			
0071	Principal on Long-term Debt	-	13,730,934
0072	Interest on Long-term Debt	-	23,073,713
0073	Issuance Costs and Fees	-	258,573
Capital Outlay:			
0081	Facilities Acquisition and Construction	20,500	-
Intergovernmental:			
0093	Payments to Shared Services Arrangements	-	-
0095	Payments to Juvenile Justice Alternative Education Programs	86,982	-
0097	Payments to Tax Increment Fund	2,213,978	705,564
0099	Other Intergovernmental Charges	280,162	-
6030	Total Expenditures	192,479,549	37,768,784
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	3,049,688	(1,244,132)
OTHER FINANCING SOURCES (USES):			
7911	Issuance of Bonds	-	19,440,000
7916	Premium or Discount on Issuance of Bonds	-	722,407
7918	Proceeds from Legal Settlement	600,606	-
8949	Payments to Escrow Agent	-	(20,403,037)
7080	Total Other Financing Sources (Uses)	600,606	(240,630)
1200	Net Change in Fund Balances	3,650,294	(1,484,762)
0100	Fund Balances - Beginning	44,182,514	14,275,272
3000	Fund Balances - Ending	\$ 47,832,808	\$ 12,790,510

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

699	Other Governmental Funds	98 Total Governmental Funds
Capital Projects Fund		
\$ 159,124	\$ 3,883,587	\$ 79,667,635
-	1,758,470	153,349,013
-	27,488,534	32,326,956
<u>159,124</u>	<u>33,130,591</u>	<u>265,343,604</u>
1,039,828	7,692,351	125,532,582
-	144,539	2,769,321
-	4,575,698	6,305,970
-	682,672	3,649,122
-	619,061	13,662,190
-	1,858,434	10,254,573
-	502,210	717,300
-	-	2,461,565
-	447,450	5,537,652
-	14,555,202	14,555,202
-	45,125	3,654,050
-	1,590	6,366,400
280,693	373,733	21,408,924
-	-	903,846
329,226	71,795	3,166,484
-	621,878	2,774,231
-	-	13,730,934
-	-	23,073,713
336,887	-	595,460
29,513,699	-	29,534,199
-	223,125	223,125
-	-	86,982
-	-	2,919,542
-	-	280,162
<u>31,500,333</u>	<u>32,414,863</u>	<u>294,163,529</u>
<u>(31,341,209)</u>	<u>715,728</u>	<u>(28,819,925)</u>
22,845,000	-	42,285,000
2,491,887	-	3,214,294
-	-	600,606
-	-	(20,403,037)
<u>25,336,887</u>	<u>-</u>	<u>25,696,863</u>
(6,004,322)	715,728	(3,123,062)
7,488,765	3,719,119	69,665,670
<u>\$ 1,484,443</u>	<u>\$ 4,434,847</u>	<u>\$ 66,542,608</u>

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-3

**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, 2013**

Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-2) **\$ (3,123,062)**

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 Assets <i>increased</i>	\$ 34,353,913.00	
Depreciation Expense	<u>(16,371,281)</u>	17,982,632

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is a increase (decrease) to net position. (375,341)

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. (369,445)

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	\$ (42,285,000)	
(Premium) Discount	<u>(3,214,294)</u>	(45,499,294)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 13,730,934

Payments to escrow agent to refund bonds from refunding proceeds. 20,403,037

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>) decreased	\$ (55,147)	
Accreted Interest Paid	5,809,067	
Interest Accreted on the Capital Appreciation Bonds	(7,680,763)	
Amortization of Bond Premium and Discount	856,937	
Amortization of Defeasance Costs	<u>(634,551)</u>	(1,704,457)

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. 394,855

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. (27,154)

Change in Net Position for Governmental Activities (Exhibit B-1) **\$ 1,412,705**

The accompanying notes are an integral part of this statement.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-4

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)		
	Budgeted Amounts								
	Original		Final		Actual				
REVENUES:									
5700	Local and Intermediate Sources	\$	50,838,545	\$	55,264,824	\$	55,302,584	\$	37,760
5800	State Program Revenues		126,559,847		134,384,033		135,388,231		1,004,198
5900	Federal Program Revenues		515,000		5,584,301		4,838,422		(745,879)
5020	Total Revenues		177,913,392		195,233,158		195,529,237		296,079
EXPENDITURES:									
Current:									
Instruction & Instructional Related Services:									
0011	Instruction		110,078,705		116,348,969		116,800,403		(451,434)
0012	Instructional Resources and Media Services		2,105,000		2,609,843		2,624,782		(14,939)
0013	Curriculum and Staff Development		1,435,000		1,774,057		1,730,272		43,785
	Total Instruction & Instructional Related Services		113,618,705		120,732,869		121,155,457		(422,588)
Instructional and School Leadership:									
0021	Instructional Leadership		2,780,000		3,024,779		2,966,450		58,329
0023	School Leadership		13,371,574		13,792,207		13,043,129		749,078
	Total Instructional & School Leadership		16,151,574		16,816,986		16,009,579		807,407
Support Services - Student (Pupil):									
0031	Guidance, Counseling, and Evaluation Services		7,460,000		9,225,247		8,396,139		829,108
0032	Social Work Services		283,000		198,117		215,090		(16,973)
0033	Health Services		2,447,900		2,664,836		2,461,565		203,271
0034	Student Transportation		2,810,000		5,110,078		5,090,202		19,876
0036	Extracurricular Activities		3,585,000		3,625,706		3,608,925		16,781
	Total Support Services - Student (Pupil)		16,585,900		20,823,984		19,771,921		1,052,063
Administrative Support Services:									
0041	General Administration		5,712,000		6,074,355		6,364,810		(290,455)
	Total Administrative Support Services		5,712,000		6,074,355		6,364,810		(290,455)
Support Services - Nonstudent Based:									
0051	Plant Maintenance and Operations		18,891,713		20,898,710		20,754,498		144,212
0052	Security and Monitoring Services		983,500		957,421		903,846		53,575
0053	Data Processing Services		2,200,000		3,304,386		2,765,463		538,923
	Total Support Services - Nonstudent Based		22,075,213		25,160,517		24,423,807		736,710
Ancillary Services:									
0061	Community Services		1,070,000		2,144,387		2,152,353		(7,966)
	Total Ancillary Services		1,070,000		2,144,387		2,152,353		(7,966)
Capital Outlay:									
0081	Facilities Acquisition and Construction		25,000		1,500,000		20,500		1,479,500
	Total Capital Outlay		25,000		1,500,000		20,500		1,479,500
Intergovernmental Charges:									
0095	Payments to Juvenile Justice Alternative Education Programs		175,000		86,526		86,982		(456)
0097	Payments to Tax Increment Fund		2,250,000		2,213,978		2,213,978		-
0099	Other Intergovernmental Charges		250,000		280,162		280,162		-
	Total Intergovernmental Charges		2,675,000		2,580,666		2,581,122		(456)
6030	Total Expenditures		177,913,392		195,833,764		192,479,549		3,354,215
1100	Excess (Deficiency) of Revenues Over (Under)								
1100	Expenditures		-		(600,606)		3,049,688		3,650,294
OTHER FINANCING SOURCES (USES):									
7915	Transfers In		-		-		-		-
7918	Proceeds from Legal Settlement		-		600,606		600,606		-
7080	Total Other Financing Sources (Uses)		-		600,606		600,606		-
1200	Net Change in Fund Balances		-		-		3,650,294		3,650,294
0100	Fund Balances - Beginning		44,182,514		44,182,514		44,182,514		-
3000	Fund Balances - Ending	\$	44,182,514	\$	44,182,514	\$	47,832,808	\$	3,650,294

The accompanying notes are an integral part of this statement.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
AUGUST 31, 2013

EXHIBIT E-1

Data Control Codes		Agency Fund
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 674,548
1000	Total Assets	\$ <u>674,548</u>
LIABILITIES:		
Current Liabilities:		
2170	<i>Due to Other Funds</i>	\$ 5,609
2190	<i>Due to Student Groups</i>	<u>668,939</u>
2000	Total Liabilities	\$ <u>674,548</u>

The accompanying notes are an integral part of this statement.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

I. 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*, which normally are 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.

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.

Additionally, the District reports the following fund types:

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.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

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 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.

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

F. Accounting Changes

Change in Accounting Principles – As the result of implementing GASB Statement Nos. 63 and 65, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of September 1, 2012 by \$3,256,086. The decrease results from no longer deferring and amortizing bond issuance costs. Further, the District has restated its long-term liabilities to reflect that a component of those liabilities as of August 31, 2012 – deferred charge of refunding – is now reported as a deferred outflow of resources on the government-wide Statement of Net Position. The effect of this change, as of August 31, 2012, is an increase of \$9,602,305 in long-term liabilities and a corresponding increase in deferred outflows of resources.

G. 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

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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 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:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings and Improvements	7-50
Furniture and Equipment	3-50

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue - property taxes*, is reported only in the governmental funds balance sheet. The amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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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.

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. 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 in minutes or by adoption of an resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by such action remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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.

H. 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.

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3. *Compensated Absences*

It is the District's policy to permit employees to accumulate earned but unused sick leave benefits. Payment for unused 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.

The District does not have a liability for unpaid vacation at year end due to the District's policy does not allow a carryover of vacation not taken at August 31.

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.

II. Stewardship, Compliance, and Accountability

A. *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.

B. *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 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.
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.

C. *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.

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D. Excess of Expenditures Over Appropriations

For the year ended August 31, 2013, expenditures exceeded appropriations in the function (the legal level of budgetary control) of the following funds:

Fund	Function	Final Budget	Actual	Variance
General Fund	Instruction	\$ 116,348,969	\$ 116,800,403	\$ (451,434)
General Fund	Instructional Resources and Media Services	2,609,843	2,624,782	(14,939)
General Fund	Social Work Services	198,117	215,090	(16,973)
General Fund	General Administration	6,074,355	6,364,810	(290,455)
General Fund	Community Services	2,144,387	2,152,353	(7,966)
General Fund	Payments to Juvenile Justice Alternative Education Programs	86,526	86,982	(456)
National School Breakfast and Lunch Program	Plant Maintenance and Operations	-	373,071	(373,071)

These excess expenditures in the general fund were funded by excess funds available in other functions.

III. 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 are approved by the TEA and 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; 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) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 5) 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. 6) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 7) Public funds investment pools which meets the requirements of the Public Funds Investment Act. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations.

As of August 31, 2013, the District had the following governmental investments:

Investment Type	Standard & Poor's Rating	Fair Value	Percentage of Total Investments	Weighted Average Maturity (Years)
Texpool	AAAm	\$ 49,584,271	79%	0.19
Texas Class	AAAm	7,948,021	13%	0.13
Lonestar	AAAm	4,007,790	6%	0.07
TexStar	AAAm	1,112,735	2%	0.59
Total Fair Value		\$ 62,652,817	100%	
Portfolio Weighted Average Maturity				0.19

Credit risk. For fiscal year 2013, 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 invest on in securities allowed by the Texas Public Funds Investment Act. Texas Class carries a letter of credit that ensures the integrity of the fund. 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

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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 shall not 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, 2013, District's bank balances of \$7,542,533 were not exposed to custodial credit risk because the balance was secured by FDIC Insurance and pledged securities.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. District policy requires investments to be in the District's name or held by the District's agent in the District's name. The District is not exposed to custodial risk due to the investments are held by the District's agent in the District's name.

B. Receivables

Receivables as of year end for the District's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Nonmajor Governmental Funds	Total
Receivables:				
Property Taxes	\$ 2,857,071	\$ 979,791	\$ -	\$ 3,836,862
Due From Other Governments	1,977,802	-	2,977,962	4,955,764
Other	15,525	-	95	15,620
Gross Receivables	4,850,398	979,791	2,978,057	8,808,246
Less: Allowance for Uncollectibles	(85,712)	(29,394)	-	(115,106)
Net Total Receivables	\$ 4,764,686	\$ 950,397	\$ 2,978,057	\$ 8,693,140

Tax revenues of the general and debt service fund are reported net of estimated uncollectible amounts. Total uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Uncollectibles Related to General Fund Property Taxes	\$ 9,334
Uncollectibles Related to Debt Service Property Taxes	2,092
Total Uncollectibles of the Current Fiscal Year	\$ 11,426

Approximately \$3,087,000 of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

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C. Interfund Receivables, Payables, and Transfers

Receivables/Payables

The composition of interfund balances as of August 31, 2013, is as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 3,049,697	\$ -
Capital Projects Fund	-	100
Other Governmental Funds - Nonmajor	-	3,043,988
Agency Fund	-	5,609
Totals	\$ 3,049,697	\$ 3,049,697

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are 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.

Transfers

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The District did not have transfers during the year ended August 31, 2013.

D. Capital Assets

Capital asset activity for the year ended August 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions and Transfers</u>	<u>Prior Period Adjustment</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	\$ 18,499,088	\$ 102,118	\$ -	\$ -	\$ 18,601,206
Construction in Progress	20,152,668	32,385,865	(51,158,804)	-	1,379,729
Total Capital Assets, not being Depreciated	38,651,756	32,487,983	(51,158,804)	-	19,980,935
Capital Assets, being Depreciated:					
Buildings	570,230,371	-	41,460,462	-	611,690,833
Furniture and Equipment	33,086,701	1,865,930	6,295,296	-	41,247,927
Total Capital Assets, being Depreciated	603,317,072	1,865,930	47,755,758	-	652,938,760
Less Accumulated Depreciation for:					
Buildings	(161,493,012)	(14,293,058)	2,805,394	-	(172,980,676)
Furniture and Equipment	(22,268,199)	(2,078,223)	222,311	-	(24,124,111)
Total Accumulated Depreciation	(183,761,211)	(16,371,281)	3,027,705	-	(197,104,787)
Total Capital Assets, being Depreciated, net	419,555,861	(14,505,351)	50,783,463	-	455,833,973
Governmental Activities Capital Assets, net	\$ 458,207,617	\$ 17,982,632	\$ (375,341)	\$ -	\$ 475,814,908

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

Governmental Activities:		
11 Instruction		\$ 12,254,279
23 School Leadership		484,344
31 Instructional Leadership		2,400
34 Student Transportation		535,549
35 Food Service		295,915
36 Extracurricular Activities		2,286,155
41 General Administration		94,196
51 Facilities Maintenance and Operations		415,436
52 Security and Monitoring Services		3,007
Total Depreciation Expense-Governmental Activities		\$ 16,371,281

Construction Commitments

The District has active construction projects as of August 31, 2013. The projects include the construction and equipment of school facilities. At year end, the District's total commitments with contractors totals \$709,074. The commitment for construction and equipment of school facilities is being financed by general obligation bonds secured by tax revenues and local funds.

E. Long-term Liabilities

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

Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 467,045,764	\$ 42,285,000	\$ (33,170,934)	\$ 476,159,830	\$ 13,195,438
Deferred Amounts:					
For Issuance Premiums (CIB's)	10,925,267	3,214,294	(1,526,219)	12,613,342	-
For Issuance Discount (CIB's)	(734,925)	-	33,442	(701,483)	-
For Accreted Interest (CAB's)	36,190,413	7,680,763	(5,809,067)	38,062,109	-
Total Bonds Payable, net	513,426,519	53,180,057	(40,472,778)	526,133,798	13,195,438
Workers' Compensation	2,776,321	360,542	(755,397)	2,381,466	1,000,000
Compensated Absences	159,250	47,709	(20,555)	186,404	50,000
Governmental Activity Long-term Liabilities	\$ 516,362,090	\$ 53,588,308	\$ (41,248,730)	\$ 528,701,668	\$ 14,245,438

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities and to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as 9-31 year current interest (CIB) or capital appreciation bonds (CAB) with various amounts of principal maturing each year. Rates may be fixed or variable.

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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
1994 (CAB)	-	\$ 110,000	2014	\$ 110,000	\$ -	\$ (55,000)	\$ 55,000
1996 (CAB)	-	52,236,409	2014	265,426	-	(180,000)	85,426
2000A (CAB)	-	24,588,398	2018	10,455,506	-	(2,195,691)	8,259,815
2002 (CAB)	-	1,175,884	2017	110,000	-	(25,000)	85,000
2003	3.00-5.75%	60,050,000	2013	1,400,000	-	(1,400,000)	-
2004A	3.00-5.00%	21,950,000	2020	19,490,000	-	(19,465,000)	25,000
2004A (CAB)	-	636,630	2015	636,630	-	-	636,630
2005	5.00%	17,080,000	2024	17,080,000	-	-	17,080,000
2005 (CAB)	-	249,623	2021	249,623	-	-	249,623
2006	4.00-4.25%	9,105,000	2024	8,995,000	-	(25,000)	8,970,000
2007	4.00-4.50%	45,725,000	2031	42,870,000	-	(420,000)	42,450,000
2007 (CAB)	-	1,495,000	2016	1,495,000	-	-	1,495,000
2007A	4.00-5.00%	157,795,000	2037	143,285,000	-	(5,240,000)	138,045,000
2008	2.00-4.77%	60,465,000	2037	58,280,000	-	(690,000)	57,590,000
2009 (CAB)	-	71,335,393	2040	66,978,579	-	(610,243)	66,368,336
2011	2.00-4.00%	45,000,000	2029	40,675,000	-	(2,865,000)	37,810,000
2011	2.00-5.00%	55,805,000	2026	54,670,000	-	-	54,670,000
2012	2.00-3.00%	8,900,000	2029	-	8,900,000	-	8,900,000
2013	2.00-4.00%	13,945,000	2030	-	13,945,000	-	13,945,000
2013	0.23-2.04%	19,245,000	2020	-	19,245,000	-	19,245,000
2013 (CAB)	-	195,000	2015	-	195,000	-	195,000
Totals				\$ 467,045,764	\$ 42,285,000	\$ (33,170,934)	\$ 476,159,830

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

Year Ending August 31	Principal Value	Interest	Total Requirements
2014	\$ 13,195,438	\$ 16,960,986	\$ 30,156,424
2015	14,873,490	16,680,829	31,554,319
2016	16,612,113	16,410,344	33,022,457
2017	16,371,085	16,079,594	32,450,679
2018	18,788,836	15,639,972	34,428,808
2019	19,995,210	15,072,781	35,067,991
2020	20,452,304	14,427,827	34,880,131
2021	21,175,250	13,646,775	34,822,025
2022	22,139,980	12,755,462	34,895,442
2023	22,763,393	11,879,412	34,642,805
2024	23,470,391	10,928,869	34,399,260
2025	24,799,186	9,849,310	34,648,496
2026	23,279,495	8,832,500	32,111,995
2027	16,829,435	8,094,181	24,923,616
2028	16,705,556	7,530,681	24,236,237
2029	16,496,994	6,963,381	23,460,375
2030	17,201,623	6,358,994	23,560,617
2031	25,490,210	5,455,319	30,945,529
2032	20,732,962	4,409,500	25,142,462
2033	14,656,036	3,674,000	18,330,036
2034	18,555,273	3,007,250	21,562,523
2035	19,216,136	2,199,500	21,415,636
2036	19,925,105	1,350,250	21,275,355
2037	20,547,077	457,500	21,004,577
2038	4,217,070	-	4,217,070
2039	3,957,271	-	3,957,271
2040	3,712,911	-	3,712,911
Totals	\$ 476,159,830	\$ 228,665,217	\$ 704,825,047

As of August 31, 2013, the District did not have any authorized, but unissued bonds.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

In prior years 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, 2013, the outstanding defeased bonds are noted below:

2004A General Obligation Bonds (maturing 2015-2020, callable February 15, 2014) \$ 19,440,000

In

June 2013, the District issued \$19,440,000 of refunding bonds. The proceeds of the refunding bonds were used to legally defease \$19,440,000 of previously issued District bonds in order to lower its overall debt service requirements. The reacquisition price exceeded the net carrying value of the old debt by \$822,184. The District advance-refunded the bonds in order to reduce its future debt service payments by \$2,076,337 and to obtain an economic gain (differences between the present values of the debt service payments on the old and new debt) of \$2,011,394.

Operating Leases

The District is committed under various noncancelable operating leases, primarily personal computers, servers, and networking equipment (principally in the General Fund). Future minimum operating lease commitments are as follows:

Year Ending August 31	Amount
2014	\$ 705,741
2015	705,741
Totals	\$ 1,411,482

F. Fund Balance

Other committed of fund balance includes the following commitments of funds:

Other Governmental Funds - National School Breakfast/Lunch Program	\$ 2,990,365
Other Governmental Funds - Campus Activity Funds	640,371
Other Governmental Funds - Crime Stoppers	1,875
Other Governmental Funds - Scholarship Fund	10,000
Total Other Committed Fund Balance	\$ 3,642,611

G. 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 Funds	Totals
Property Taxes	\$ 49,814,144	\$ 20,252,870	\$ -	\$ -	\$ 70,067,014
Investment Income	105,441	15,513	25,990	-	146,944
Food Sales	-	-	-	3,017,766	3,017,766
Extracurricular Student Activities	289,913	-	-	68,958	358,871
Rental Income	112,452	-	-	42,637	155,089
Other	4,980,634	53,957	133,134	754,226	5,921,951
Total	\$ 55,302,584	\$ 20,322,340	\$ 159,124	\$ 3,883,587	\$ 79,667,635

IV. Other Information

A. Risk Management

Property/Liability

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance and 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

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

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.

Health Care Coverage

During the year ended August 31, 2013, the District contributed \$301 per month per employee towards the cost of health care for those who elected to participate in the TRS health care plan.

Workers' Compensation

During the year ended August 31, 2013, Grand Prairie ISD met its statutory workers' compensation obligations by participating as a self-funded member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

As a self-funded member of the TASB Risk Management Fund, Grand Prairie ISD is solely responsible for all claim costs, both reported and unreported. The Fund provides administrative services to its self-funded members including claims administration and customer service.

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 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 \$400,000 and statutory limit 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 non-discounted amount of \$2,381,466. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended 8/31/2013	Year Ended 8/31/2012
Unpaid Claims, Beginning of Fiscal Year	\$ 2,776,321	\$ 3,224,644
Incurred Claims (including IBNRs and changes in provisions)	360,542	291,116
Claim Payments	(755,397)	(739,439)
Unpaid Claims, End of Fiscal Year	\$ 2,381,466	\$ 2,776,321

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, 2013, 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.

C. 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, 2013, totaled \$220,000.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

Title I, Part C Migrant Shared Service-Region 10:

Under this agreement, Region 10 acts as the fiscal agent for the Title I, Part C Migrant Education Program. This arrangement allows members LEAs to be included in the Consolidated Application for Federal Funds and receive financial accounting services, exemption from NCLB monitoring, and district/campus services related to identification and recruitment of migrant students. The fee is 10% of the allocation for these services. The remaining funds will be kept in the District's account and used to reimburse allowable expenses by the District. The District's portion of expenditures for the year ended August 31, 2013, totaled \$3,523.

D. Defined Benefit Pension Plan

Pension Plan for Employees Participating in Teacher Retirement System

Plan Description. The Grand Prairie Independent School District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS Internet website, 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 TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year; (2) state statute 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.

Contributions. Contribution rates and contributions for fiscal years 2013-2011 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceeded the statutory minimum.

Contribution Rates and Contribution Amounts

Year	Member		State		School District Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2013	6.4%	\$ 9,390,706	6.400%	\$ 6,566,424	\$ 1,900,019
2012	6.4%	\$ 8,868,601	6.000%	\$ 6,065,985	\$ 1,493,689
2011	6.4%	\$ 9,316,100	6.644%	\$ 7,359,929	\$ 1,482,775

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. 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

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

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 Web site 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. Funding for free basic coverage is provided by the program based upon public school district payroll. 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 2013-2011.

Contribution Rates

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2013	0.65%	\$ 953,744	0.50%	\$ 667,953	0.55%	\$ 807,014
2012	0.65%	\$ 900,717	1.00%	\$ 1,259,909	0.55%	\$ 762,145
2011	0.65%	\$ 946,166	1.00%	\$ 1,330,926	0.55%	\$ 800,602

In addition, the State of Texas contributed \$559,504, \$647,340 and \$357,076 in 2013, 2012, and 2011, respectively, for on-behalf payments for Medicare Part D and Early Retiree Reinsurance Program.

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.

F. Nonmonetary Transactions

During 2013, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$93,914. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$93,914 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

COMBINING FUNDS FINANCIAL STATEMENTS

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2013

	206	211
Data Control Codes	ESEA Title X Part C Homeless	ESEA Title I Part A Improving Basic Programs
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ -	\$ -
1240 <i>Due from Other Governments</i>	22,037	1,178,446
1290 <i>Other Receivables (Net)</i>	-	-
1300 <i>Inventories</i>	-	-
1410 <i>Prepaid Items</i>	-	-
1000 Total Assets	<u>\$ 22,037</u>	<u>\$ 1,178,446</u>
LIABILITIES:		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ -	\$ -
2170 <i>Due to Other Funds</i>	22,037	1,178,446
2300 <i>Unearned Revenue</i>	-	-
2000 Total Liabilities	<u>22,037</u>	<u>1,178,446</u>
FUND BALANCES:		
3410 <i>Nonspendable - Inventories</i>	-	-
3430 <i>Nonspendable - Prepaid Items</i>	-	-
3545 <i>Committed - Other</i>	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 22,037</u>	<u>\$ 1,178,446</u>

212	224	225	240	244	255
ESEA Title I Part C Migratory Children	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
\$ -	\$ -	\$ -	\$ 3,507,434	\$ -	\$ -
16,144	672,863	10,751	321,734	44,347	115,206
-	-	-	-	-	-
-	-	-	499,357	-	-
-	-	-	686,055	-	-
<u>\$ 16,144</u>	<u>\$ 672,863</u>	<u>\$ 10,751</u>	<u>\$ 5,014,580</u>	<u>\$ 44,347</u>	<u>\$ 115,206</u>
\$ -	\$ -	\$ -	\$ 465,732	\$ -	\$ -
16,144	672,863	10,751	373,071	44,347	115,206
-	-	-	393,176	-	-
<u>16,144</u>	<u>672,863</u>	<u>10,751</u>	<u>1,231,979</u>	<u>44,347</u>	<u>115,206</u>
-	-	-	106,181	-	-
-	-	-	686,055	-	-
-	-	-	2,990,365	-	-
-	-	-	3,782,601	-	-
<u>\$ 16,144</u>	<u>\$ 672,863</u>	<u>\$ 10,751</u>	<u>\$ 5,014,580</u>	<u>\$ 44,347</u>	<u>\$ 115,206</u>

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2013

Data Control Codes		258 Public Charter Schools Start- Up	263 ESEA Title III Part A English Language Acquisition and Enhancement
ASSETS:			
1110	Cash and Cash Equivalents	\$ -	\$ -
1240	Due from Other Governments	122,630	124,675
1290	Other Receivables (Net)	-	-
1300	Inventories	-	-
1410	Prepaid Items	-	-
1000	Total Assets	\$ <u>122,630</u>	\$ <u>124,675</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ -	\$ -
2170	Due to Other Funds	122,630	124,675
2300	Unearned Revenue	-	-
2000	Total Liabilities	<u>122,630</u>	<u>124,675</u>
FUND BALANCES:			
3410	Nonspendable - Inventories	-	-
3430	Nonspendable - Prepaid Items	-	-
3545	Committed - Other	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	\$ <u>122,630</u>	\$ <u>124,675</u>

276	286	287	288	289	385
Texas Title I Priority Schools	Title I School Improvement Program	Teacher Incentive Fund	Improving Academic Achievement (Summer LEP)	Indian Education Act Title V	Supplemental Visually Impaired
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
228,029	10,856	92,668	-	4,786	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 228,029</u>	<u>\$ 10,856</u>	<u>\$ 92,668</u>	<u>\$ -</u>	<u>\$ 4,786</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
228,029	10,856	92,668	-	4,786	-
-	-	-	-	-	-
<u>228,029</u>	<u>10,856</u>	<u>92,668</u>	<u>-</u>	<u>4,786</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 228,029</u>	<u>\$ 10,856</u>	<u>\$ 92,668</u>	<u>\$ -</u>	<u>\$ 4,786</u>	<u>\$ -</u>

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2013

397

404

Data
Control
Codes

Advanced
Placement
Incentives

Student
Success
Initiative

ASSETS:

1110 *Cash and Cash Equivalents*
 1240 *Due from Other Governments*
 1290 *Other Receivables (Net)*
 1300 *Inventories*
 1410 *Prepaid Items*
 1000 *Total Assets*

\$	-	\$	-
	-		12,790
	-		-
	-		-
	-		-
\$	-	\$	12,790

LIABILITIES:

Current Liabilities:

2110 *Accounts Payable*
 2170 *Due to Other Funds*
 2300 *Unearned Revenue*
 2000 *Total Liabilities*

\$	-	\$	-
	-		12,790
	-		-
	-		12,790

FUND BALANCES:

3410 *Nonspendable - Inventories*
 3430 *Nonspendable - Prepaid Items*
 3545 *Committed - Other*
 3000 *Total Fund Balances*

	-		-
	-		-
	-		-
	-		-

4000 *Total Liabilities and Fund Balances*

\$	-	\$	12,790
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409	410	427	429	461	477
<u>Texas High School Project</u>	<u>State Textbook Fund</u>	<u>One Community One Child</u>	<u>State Funded Special Revenue Fund</u>	<u>Campus Activity Funds</u>	<u>Crime Stopper</u>
\$ 33,144	\$ 1,997	\$ -	\$ 295	\$ 654,965	\$ 1,875
-	-	-	-	-	-
-	-	-	-	95	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 33,144</u>	<u>\$ 1,997</u>	<u>\$ -</u>	<u>\$ 295</u>	<u>\$ 655,060</u>	<u>\$ 1,875</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	14,689	-
33,144	1,997	-	295	-	-
<u>33,144</u>	<u>1,997</u>	<u>-</u>	<u>295</u>	<u>14,689</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	640,371	1,875
-	-	-	-	640,371	1,875
<u>\$ 33,144</u>	<u>\$ 1,997</u>	<u>\$ -</u>	<u>\$ 295</u>	<u>\$ 655,060</u>	<u>\$ 1,875</u>

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2013

	478	480
Data Control Codes	Scholarship Fund	Meadows Foundation Grant
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ 10,000	\$ -
1240 <i>Due from Other Governments</i>	-	-
1290 <i>Other Receivables (Net)</i>	-	-
1300 <i>Inventories</i>	-	-
1410 <i>Prepaid Items</i>	-	-
1000 Total Assets	<u>\$ 10,000</u>	<u>\$ -</u>
LIABILITIES:		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ -	\$ -
2170 <i>Due to Other Funds</i>	-	-
2300 <i>Unearned Revenue</i>	-	-
2000 Total Liabilities	<u>-</u>	<u>-</u>
FUND BALANCES:		
3410 <i>Nonspendable - Inventories</i>	-	-
3430 <i>Nonspendable - Prepaid Items</i>	-	-
3545 <i>Committed - Other</i>	10,000	-
3000 Total Fund Balances	<u>10,000</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 10,000</u>	<u>\$ -</u>

481	483	484	487	495	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
Watershed Stem Initiative	Target Field Trip Grant	Camp Invention Program	Raytheon Scholarship	Metrotex Association of Realtors	
\$ -	\$ -	\$ 3,308	\$ -	\$ 2,108	\$ 4,215,126
-	-	-	-	-	2,977,962
-	-	-	-	-	95
-	-	-	-	-	499,357
-	-	-	-	-	686,055
\$ -	\$ -	\$ 3,308	\$ -	\$ 2,108	\$ 8,378,595
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 465,732
-	-	-	-	-	3,043,988
-	-	3,308	-	2,108	434,028
-	-	3,308	-	2,108	3,943,748
-	-	-	-	-	106,181
-	-	-	-	-	686,055
-	-	-	-	-	3,642,611
-	-	-	-	-	4,434,847
\$ -	\$ -	\$ 3,308	\$ -	\$ 2,108	\$ 8,378,595

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	206	211
	ESEA Title X	ESEA Title I
	Part C	Part A
Data Control Codes	Homeless	Improving Basic Programs
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -
5800 <i>State Program Revenues</i>	-	-
5900 <i>Federal Program Revenues</i>	107,800	5,858,066
5020 <i>Total Revenues</i>	107,800	5,858,066
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	-	1,802,198
0012 <i>Instructional Resources and Media Services</i>	-	13,977
0013 <i>Curriculum and Staff Development</i>	-	2,894,923
0021 <i>Instructional Leadership</i>	-	182,026
0023 <i>School Leadership</i>	-	8,162
0031 <i>Guidance, Counseling, and Evaluation Services</i>	-	5,582
0032 <i>Social Work Services</i>	107,800	330,022
0034 <i>Student Transportation</i>	-	39,467
0035 <i>Food Service</i>	-	-
0036 <i>Extracurricular Activities</i>	-	-
0041 <i>General Administration</i>	-	1,328
0051 <i>Plant Maintenance and Operations</i>	-	-
0053 <i>Data Processing Services</i>	-	41,266
0061 <i>Community Services</i>	-	539,115
Intergovernmental:		
0093 <i>Payments to Shared Services Arrangements</i>	-	-
6030 <i>Total Expenditures</i>	107,800	5,858,066
1200 <i>Net Change in Fund Balances</i>	-	-
0100 <i>Fund Balances - Beginning</i>	-	-
3000 <i>Fund Balances - Ending</i>	\$ -	\$ -

212	224	225	240	244	255
ESEA Title I Part C Migratory Children	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 &
\$ -	\$ -	\$ -	\$ 3,017,766	\$ -	\$ -
-	-	-	85,489	-	-
31,152	4,867,092	61,675	12,422,490	345,990	648,884
<u>31,152</u>	<u>4,867,092</u>	<u>61,675</u>	<u>15,525,745</u>	<u>345,990</u>	<u>648,884</u>
11,882	2,342,823	61,675	-	46,807	-
-	-	-	-	-	-
-	3,300	-	-	-	648,884
-	305,401	-	-	-	-
-	-	-	-	-	-
-	1,553,669	-	-	299,183	-
-	-	-	-	-	-
-	407,983	-	-	-	-
-	-	-	14,555,202	-	-
-	-	-	-	-	-
-	262	-	-	-	-
-	-	-	373,071	-	-
-	30,529	-	-	-	-
19,270	-	-	-	-	-
-	223,125	-	-	-	-
<u>31,152</u>	<u>4,867,092</u>	<u>61,675</u>	<u>14,928,273</u>	<u>345,990</u>	<u>648,884</u>
-	-	-	597,472	-	-
-	-	-	3,185,129	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,782,601</u>	<u>\$ -</u>	<u>\$ -</u>

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	258	263
	Public Charter Schools Start- Up	ESEA Title III Part A English Language Acquisition and
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -
5800 <i>State Program Revenues</i>	-	-
5900 <i>Federal Program Revenues</i>	122,630	751,687
5020 <i>Total Revenues</i>	122,630	751,687
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	90,549	230,892
0012 <i>Instructional Resources and Media Services</i>	-	-
0013 <i>Curriculum and Staff Development</i>	27,882	482,487
0021 <i>Instructional Leadership</i>	1,971	19,350
0023 <i>School Leadership</i>	2,228	18,296
0031 <i>Guidance, Counseling, and Evaluation Services</i>	-	-
0032 <i>Social Work Services</i>	-	-
0034 <i>Student Transportation</i>	-	-
0035 <i>Food Service</i>	-	-
0036 <i>Extracurricular Activities</i>	-	-
0041 <i>General Administration</i>	-	-
0051 <i>Plant Maintenance and Operations</i>	-	662
0053 <i>Data Processing Services</i>	-	-
0061 <i>Community Services</i>	-	-
Intergovernmental:		
0093 <i>Payments to Shared Services Arrangements</i>	-	-
6030 <i>Total Expenditures</i>	122,630	751,687
1200 <i>Net Change in Fund Balances</i>	-	-
0100 <i>Fund Balances - Beginning</i>	-	-
3000 <i>Fund Balances - Ending</i>	\$ -	\$ -

276	286	287	288	289	385
Texas Title I Priority Schools	Title I School Improvement Program	Teacher Incentive Fund	Improving Academic Achievement (Summer LEP)	Indian Education Act Title V	Supplemental Visually Impaired
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	5,400
1,587,777	23,908	639,782	1,115	18,486	-
<u>1,587,777</u>	<u>23,908</u>	<u>639,782</u>	<u>1,115</u>	<u>18,486</u>	<u>5,400</u>
881,336	13,058	566,123	1,115	6,627	5,400
-	-	-	-	-	-
442,038	10,850	44,429	-	20	-
162,979	-	10,945	-	-	-
8,727	-	18,285	-	-	-
-	-	-	-	-	-
64,388	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
28,309	-	-	-	11,839	-
-	-	-	-	-	-
<u>1,587,777</u>	<u>23,908</u>	<u>639,782</u>	<u>1,115</u>	<u>18,486</u>	<u>5,400</u>
-	-	-	-	-	-
-	-	-	-	-	-
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	397	404
Data		
Control	Advanced	Student
Codes	Placement	Success
	Incentives	Initiative
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ -
5800 <i>State Program Revenues</i>	100	73,476
5900 <i>Federal Program Revenues</i>	-	-
5020 <i>Total Revenues</i>	<u>100</u>	<u>73,476</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	-	73,476
0012 <i>Instructional Resources and Media Services</i>	-	-
0013 <i>Curriculum and Staff Development</i>	100	-
0021 <i>Instructional Leadership</i>	-	-
0023 <i>School Leadership</i>	-	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	-	-
0032 <i>Social Work Services</i>	-	-
0034 <i>Student Transportation</i>	-	-
0035 <i>Food Service</i>	-	-
0036 <i>Extracurricular Activities</i>	-	-
0041 <i>General Administration</i>	-	-
0051 <i>Plant Maintenance and Operations</i>	-	-
0053 <i>Data Processing Services</i>	-	-
0061 <i>Community Services</i>	-	-
Intergovernmental:		
0093 <i>Payments to Shared Services Arrangements</i>	-	-
6030 <i>Total Expenditures</i>	<u>100</u>	<u>73,476</u>
1200 <i>Net Change in Fund Balances</i>	-	-
0100 <i>Fund Balances - Beginning</i>	-	-
3000 <i>Fund Balances - Ending</i>	<u>\$ -</u>	<u>\$ -</u>

409	410	427	429	461	477
<u>Texas High School Project</u>	<u>State Textbook Fund</u>	<u>One Community One Child</u>	<u>State Funded Special Revenue Fund</u>	<u>Campus Activity Funds</u>	<u>Crime Stopper</u>
\$ -	\$ -	\$ -	\$ -	\$ 853,153	\$ -
21,087	1,555,226	17,658	34	-	-
-	-	-	-	-	-
<u>21,087</u>	<u>1,555,226</u>	<u>17,658</u>	<u>34</u>	<u>853,153</u>	<u>-</u>
21,087	1,411,077	-	-	116,343	-
-	124,149	-	34	6,379	-
-	20,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	563,363	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	45,125	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	17,658	-	3,687	-
-	-	-	-	-	-
<u>21,087</u>	<u>1,555,226</u>	<u>17,658</u>	<u>34</u>	<u>734,897</u>	<u>-</u>
-	-	-	-	118,256	-
-	-	-	-	522,115	1,875
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 640,371</u>	<u>\$ 1,875</u>

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	478	480
Data		
Control		
<u>Codes</u>	<u>Scholarship</u>	<u>Meadows</u>
	<u>Fund</u>	<u>Foundation</u>
		<u>Grant</u>
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ -	\$ 2,000
5800 <i>State Program Revenues</i>	-	-
5900 <i>Federal Program Revenues</i>	-	-
5020 <i>Total Revenues</i>	<u>-</u>	<u>2,000</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	-	-
0012 <i>Instructional Resources and Media Services</i>	-	-
0013 <i>Curriculum and Staff Development</i>	-	-
0021 <i>Instructional Leadership</i>	-	-
0023 <i>School Leadership</i>	-	-
0031 <i>Guidance, Counseling, and Evaluation Services</i>	-	-
0032 <i>Social Work Services</i>	-	-
0034 <i>Student Transportation</i>	-	-
0035 <i>Food Service</i>	-	-
0036 <i>Extracurricular Activities</i>	-	-
0041 <i>General Administration</i>	-	-
0051 <i>Plant Maintenance and Operations</i>	-	-
0053 <i>Data Processing Services</i>	-	-
0061 <i>Community Services</i>	-	2,000
Intergovernmental:		
0093 <i>Payments to Shared Services Arrangements</i>	<u>-</u>	<u>-</u>
6030 <i>Total Expenditures</i>	<u>-</u>	<u>2,000</u>
1200 <i>Net Change in Fund Balances</i>	-	-
0100 <i>Fund Balances - Beginning</i>	10,000	-
3000 <i>Fund Balances - Ending</i>	<u>\$ 10,000</u>	<u>\$ -</u>

481	483	484	487	495	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Watershed Stem Initiative	Target Field Trip Grant	Camp Invention Program	Raytheon Scholarship	Metrotex Association of Realtors	
\$ 1,432	\$ 1,300	\$ 5,686	\$ 2,250	\$ -	\$ 3,883,587
-	-	-	-	-	1,758,470
-	-	-	-	-	27,488,534
<u>1,432</u>	<u>1,300</u>	<u>5,686</u>	<u>2,250</u>	<u>-</u>	<u>33,130,591</u>
1,432	1,300	5,686	1,465	-	7,692,351
-	-	-	-	-	144,539
-	-	-	785	-	4,575,698
-	-	-	-	-	682,672
-	-	-	-	-	619,061
-	-	-	-	-	1,858,434
-	-	-	-	-	502,210
-	-	-	-	-	447,450
-	-	-	-	-	14,555,202
-	-	-	-	-	45,125
-	-	-	-	-	1,590
-	-	-	-	-	373,733
-	-	-	-	-	71,795
-	-	-	-	-	621,878
-	-	-	-	-	223,125
<u>1,432</u>	<u>1,300</u>	<u>5,686</u>	<u>2,250</u>	<u>-</u>	<u>32,414,863</u>
-	-	-	-	-	715,728
-	-	-	-	-	3,719,119
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,434,847</u>

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OTHER SUPPLEMENTARY INFORMATION

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2013

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2004 and Prior Years	\$	Various	\$	Various	\$	Various
2005		1.4625		0.2886		3,773,411,468
2006		1.4900		0.2686		4,048,510,651
2007		1.3611		0.2686		4,330,790,557
2008		1.0400		0.4250		4,741,559,318
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 (School Year Audit)		1.0400		0.4250		4,598,635,222

1000 Totals

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

EXHIBIT J-1

10 Beginning Balance 9/1/12	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/13
\$ 823,226	\$ -	\$ 32,430	\$ 6,506	\$ (141,449)	\$ 642,841
161,730	-	6,572	1,297	(6,889)	146,972
153,660	-	10,879	1,961	(14,473)	126,347
188,622	-	20,326	4,011	(17,118)	147,167
200,042	-	25,182	10,290	(11,896)	152,674
422,442	-	38,893	15,894	(149,179)	218,476
453,087	-	58,849	24,049	(5,302)	364,887
586,375	-	109,707	44,832	(25,060)	406,776
1,228,549	-	292,978	119,725	(124,886)	690,960
-	67,370,006	47,769,148	19,521,046	859,950	939,762
<u>\$ 4,217,733</u>	<u>\$ 67,370,006</u>	<u>\$ 48,364,964</u>	<u>\$ 19,749,611</u>	<u>\$ 363,698</u>	<u>\$ 3,836,862</u>
		\$ 2,213,978	\$ 705,564		

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2014-2015 GENERAL AND SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2013

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ -	\$ -	\$ 442,257	\$ 2,473,098	\$ 822,194	\$ -	\$ 3,737,549
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	-	-	-	-	-	-	-
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	-	-	-	-	-	-	-
6211	Legal Services	-	-	26,600	-	25,220	-	51,820
6212	Audit Services	-	-	-	71,725	-	-	71,725
6213	Tax Appraisal and Collection	-	333,792	-	-	-	-	333,792
621X	Other Prof. Services	-	-	-	-	-	-	-
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	1,000	-	3,550	3,500	-	-	8,050
6240	Contr. Maint. and Repair	-	-	-	-	176,487	-	176,487
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	-	-	-	-
6290	Miscellaneous Contr.	-	-	-	397,935	8,398	-	406,333
6310	Operational Supplies, Materials	-	-	-	-	-	-	-
6320	Textbooks and Reading	857	-	246	-	1,079	-	2,182
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies, Materials	1,237	-	654	39,585	596,544	-	638,020
6410	Travel, Subsistence, Stipends	6,073	-	13,205	18,694	10,904	-	48,876
6420	Ins. and Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	63,921	-	-	-	-	-	63,921
6490	Miscellaneous Operating	6,166	-	21,936	1,215,243	9,766	-	1,253,111
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-

Total \$ 79,254 \$ 333,792 \$ 508,448 \$ 4,219,780 \$ 1,650,592 \$ 6,791,866

Total Expenditures for General and Special Revenue Funds (9) \$ 224,894,412

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 4,009,494
Total Debt & Lease (6500)	(11)	\$ -
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 19,912,345
Food (Function 35, 6341 and 6499)	(13)	\$ 5,731,405
Stipends (6413)	(14)	\$ -
Column 4 (above) - Total Indirect Cost		\$ 4,219,780

Subtotal 33,873,024

Net Allowed Direct Cost \$ 191,021,388

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 611,690,833
Historical Cost of Buildings over 50 years old	(16)	43,421,876
Amount of Federal Money in Building Cost (Net of #16)	(17)	-
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	41,247,927
Historical Cost of Furniture & Equipment over 16 years old	(19)	8,940,142
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 3,206,586

(8) Note A - \$145,304 in Function 53 expenditures and \$280,162 in Function 99 expenditures are included in this report on administrative costs.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT J-3

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 3,000,000	\$ 3,220,684	\$ 3,017,766	\$ (202,918)
5800	State Program Revenues	90,000	90,000	85,489	(4,511)
5900	Federal Program Revenues	9,910,000	10,910,000	12,422,490	1,512,490
5020	Total Revenues	13,000,000	14,220,684	15,525,745	1,305,061
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0035	Food Service	13,000,000	14,778,139	14,555,202	222,937
Support Services - Nonstudent Based					
0051	Plant Maintenance and Operations	-	-	373,071	(373,071)
6030	Total Expenditures	13,000,000	14,778,139	14,928,273	(150,134)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(557,455)	597,472	1,154,927
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balance	-	(557,455)	597,472	1,154,927
0100	Fund Balance - Beginning	3,185,129	3,185,129	3,185,129	-
3000	Fund Balance - Ending	\$ 3,185,129	\$ 2,627,674	\$ 3,782,601	\$ 1,154,927

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 20,739,093	\$ 20,739,093	\$ 20,322,340	\$ (416,753)
5800	State Program Revenues	16,835,580	16,835,580	16,202,312	(633,268)
5020	Total Revenues	<u>37,574,673</u>	<u>37,574,673</u>	<u>36,524,652</u>	<u>(1,050,021)</u>
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0071	Principal on Long-term Debt	13,730,934	13,730,934	13,730,934	-
0072	Interest on Long-term Debt	23,073,713	23,073,713	23,073,713	-
0073	Issuance Costs and Fees	20,026	403,321	258,573	144,748
	Total Debt Service	<u>36,824,673</u>	<u>37,207,968</u>	<u>37,063,220</u>	<u>144,748</u>
Intergovernmental Charges:					
0097	Payments to Tax Increment Fund	-	750,000	705,564	44,436
	Total Intergovernmental Charges	<u>-</u>	<u>750,000</u>	<u>705,564</u>	<u>44,436</u>
6030	Total Expenditures	<u>36,824,673</u>	<u>37,957,968</u>	<u>37,768,784</u>	<u>189,184</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>750,000</u>	<u>(383,295)</u>	<u>(1,244,132)</u>	<u>(860,837)</u>
OTHER FINANCING SOURCES (USES):					
7911	Issuance of Bonds	-	19,440,000	19,440,000	-
7916	Premium or Discount on Issuance of Bonds	-	722,407	722,407	-
8949	Payments to Escrow Agent	-	(20,403,037)	(20,403,037)	-
	Total Other Financing Sources (Uses)	<u>-</u>	<u>(240,630)</u>	<u>(240,630)</u>	<u>-</u>
1200	Net Change in Fund Balance	750,000	(623,925)	(1,484,762)	(860,837)
0100	Fund Balance - Beginning	<u>14,275,272</u>	<u>14,275,272</u>	<u>14,275,272</u>	<u>-</u>
3000	Fund Balance - Ending	<u>\$ 15,025,272</u>	<u>\$ 13,651,347</u>	<u>\$ 12,790,510</u>	<u>\$ (860,837)</u>

OVERALL COMPLIANCE, INTERNAL CONTROL SECTION AND FEDERAL AWARDS

HLSK

Hereford, Lynch, Sellars & Kirkham

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INDEPENDENT AUDITORS' 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

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

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 (District) as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise Grand Prairie Independent School District's basic financial statements and have issued our report thereon dated November 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Grand Prairie Independent School 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 Grand Prairie Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Grand Prairie Independent School 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 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 not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grand Prairie Independent School 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*.

Purpose of this Report

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

Respectfully,

Hereford, Lynch, Sellars & Kirkham, P.C.

HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.
Certified Public Accountants

Conroe, Texas
November 13, 2013

HLSK

Hereford, Lynch, Sellars & Kirkham

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Grand Prairie Independent School District's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Grand Prairie Independent School District's major federal programs for the year ended August 31, 2013. Grand Prairie Independent School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Grand Prairie Independent School 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Grand Prairie Independent School 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 Grand Prairie Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Grand Prairie Independent School District's, 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, 2013.

Report on Internal Control Over Compliance

Management of Grand Prairie Independent School District's 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 Grand Prairie Independent School District's internal control over compliance with the requirements that could have a direct and material effect on a 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 OMB Circular A-133, 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 Grand Prairie Independent School 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully,

Hereford, Lynch, Sellars & Kirkham, P.C.

HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.
Certified Public Accountants

Conroe, Texas
November 13, 2013

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2013**

SECTION I – SUMMARY OF AUDITORS' RESULTS	
FINANCIAL STATEMENTS	
1. Type of auditors' report issued	Unmodified
2. Internal Control over Financial Reporting:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
3. Noncompliance material to the Financial Statements noted?	No
FEDERAL AWARDS	
4. Internal control over major programs:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
5. Type of auditors' report issued on compliance with major programs?	Unmodified
6. Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of OMB Circular A-133?	No
7. Identification of Major Programs	84.010 Title I, Part A 84.377A Texas Title I Priority Schools
8. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs	\$835,357
9. Auditee Qualified as a Low-Risk Auditee?	Yes
SECTION II –FINANCIAL STATEMENT FINDINGS	
None reported	
SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS	
None reported	

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2013

PRIOR YEAR FINDINGS

2012-1 CHILD NUTRITION CLUSTER - CFDA NO. 10.553 and NO. 10.555; Grant NO. 71301201 and 71401201.

Statement of Condition: District's staff incorrectly evaluated an application for free or reduced meals and a student was placed on the reduced meal roster.

Criteria: Eligibility Requirements per the OMB Circular A-133 Compliance Supplement and USDA Income Eligibility Guidelines

Cause: Procedures are in place to verify eligibility; however, a calculation of family income error occurred.

Effect: District received reimbursement of meals for an ineligible student.

Context: A sample of 25 eligible students were selected from a population of 12,601 eligible students. The test found that one student was approved for reduced meals due to an error in the calculation of family income. The noncompliance resulted in one student being served meals at a reduced price for a known questioned costs of \$648.

Recommendation: We recommend that the District implement a second review of calculations for free and reduced meals per application, prior to designating such application for free or reduced meals.

Current Status: In May 2012, the District implemented a cross check of documents so that this clerical error does not occur in the future.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2013

CURRENT YEAR FINDINGS

None reported.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT K-1

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Total Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Direct:			
Indian Education Act, Title V	84.060A	S060A121185	\$ 18,486
Passed Through State Department of Education:			
ESEA Title I, Part A - Improving Basic Programs	84.010A	14610101057910	332,127
ESEA Title I, Part A - Improving Basic Programs	84.010A	13610101057910	5,610,219
Title I - School Improvement Program	84.010A	13610104057910113	13,224
Title I - School Improvement Program	84.010A	13610104057910041	11,064
Total Program 84.010A			5,966,634
Special Education Cluster (IDEA):			
IDEA - Part B, Formula	84.027A	136600010579106600	4,922,877
IDEA - Part B, Preschool	84.173A	136610010579106610	62,609
Total Special Education Cluster (IDEA)			4,985,486
Career and Technical - Basic Grant	84.048A	14420006057910	44,348
Career and Technical - Basic Grant	84.048A	13420006057910	306,791
Total Program 84.048A			351,139
Public Charter Schools	84.282A	135900017110002	122,630
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	14671001057910	17,000
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	13671001057910	745,909
Total Program 84.365A			762,909
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	14694501057910	4,030
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	13694501057910	654,632
Total Program 84.367A			658,662
Improving Academic Achievement, Summer School LEP	84.369A	69551202	1,115
Texas Title I Priority Schools	84.377A	126107047110011	1,605,763
Passed Through Region X Education Service Center:			
Title I, Part C - Migrant Education Program	84.011A	13615001057950	31,152
McKinney-Vento Homeless Education	84.196A	13-043	107,800
Passed Through Region XVIII Education Service Center:			
Teacher Incentive Fund TIF/TAP Grant	84.374A	S374A110176	639,782
TOTAL U.S. DEPARTMENT OF EDUCATION			15,251,558
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Cluster:			
Passed Through State Department of Agriculture - Non-Cash Assistance:			
National School Lunch Program	10.555	00280	853,402
Passed Through State Department of Education - Cash Assistance:			
National School Lunch Program	10.555	71301301	8,284,061
School Breakfast Program	10.553	71401301	3,285,027
TOTAL U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER			12,422,490
<u>U.S. DEPARTMENT OF DEFENSE</u>			
Reserve Officers' Training Corps	12.000	N/A	171,173
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 27,845,221

The accompanying notes are an integral part of this schedule.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AUGUST 31, 2013

Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Grand Prairie Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 and *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Presented below is a reconciliation of federal revenues:

<i>Total Expenditures of Federal Awards per Exhibit K-1</i>	\$ 27,845,221
General Fund - Federal Revenue	
SHARS	4,371,757
E-Rate	23,863
Medical Assistance Program	86,115
<i>Total Federal Revenues per Exhibit C-2</i>	<u>\$ 32,326,956</u>

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2013

EXHIBIT L-1

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 38,062,109