

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

AUGUST 31, 2011

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

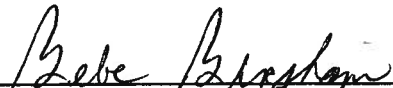
057-910
Co.-Dist Number

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

☒ **APPROVED** --- ☐ **DISAPPROVED**
(Check One)

for the year ended August 31, 2011 at a meeting of the Board of Trustees of such school district on the 15th day of December, 2011.


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



Hereford, Lynch, Sellars & Kirkham

Certified Public Accountants

A Professional Corporation

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Conroe, Texas 77304
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Private Companies Practice Section
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Cleveland, Texas 77327
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INDEPENDENT AUDITORS' REPORT

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

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Grand Prairie Independent School District (District), as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2011, on our consideration of the 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying 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 other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

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

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

Conroe, Texas
December 12, 2011

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, 2011. (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

- Assets exceeded liabilities at year-end by \$10,837,818.
- The District's total net assets increased by \$11,101,220, which includes prior period adjustments totaling \$3,450,540.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$93,264,439, an increase of \$51,097,707 as compared to the preceding year, which includes a prior period adjustment of \$3,289,015.
- At the end of the year, unassigned fund balance of the general fund was \$27,929,235, or 16 percent of the year's total general fund expenditures.
- The District's total bonded debt increased by \$38,063,015 (8 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 Assets* (Exhibit A-1) presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the year. Changes in net assets 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, Cocurricular/Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Current Debt 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 three categories: governmental funds, proprietary 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 forty-three 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 forty 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.

Proprietary fund. The District maintains one type of proprietary fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. The District used the internal service fund to account for workers' compensation to allocate to the individual funds. The activity was transferred to the General Fund effective September 1, 2010 and the internal service fund was closed. Because this service predominantly benefits governmental operations, their financial activities have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide essentially the same type of information as the government-wide financial statements, only in more detail. The internal service fund financial statements are provided with the basic financial statements and provide information for the self-funded workers' compensation program. The basic proprietary 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 the only financial statement presented for fiduciary funds, 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 assets 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 exceeded liabilities in the amount of \$10,837,818, an increase of \$11,101,220 over the preceding year.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S NET ASSETS

	Governmental Activities					
	2011		2010		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and Other Assets	\$ 115,278,966	21	\$ 66,013,269	13	\$ 49,265,697	75
Capital Assets, net of Depreciation	432,529,555	79	435,494,005	87	(2,964,450)	(1)
Total Assets	547,808,521	100	501,507,274	100	46,301,247	
Noncurrent Liabilities Outstanding	521,558,726	97	483,639,209	96	37,919,517	8
Other Liabilities	15,411,977	3	18,131,467	4	(2,719,490)	(15)
Total Liabilities	536,970,703	100	501,770,676	100	35,200,027	
Net Assets:						
Invested in Capital Assets, net of Related Debt	68,895,551	636	60,274,523	(22,883)	8,621,028	14
Restricted	10,000	-	10,000	(4)	-	-
Unrestricted (Deficit)	(58,067,733)	(536)	(60,547,925)	22,987	2,480,192	(4)
Total Net Assets	\$ 10,837,818	100	\$ (263,402)	100	\$ 11,101,220	

Restricted net assets totaled \$10,000 were restricted for scholarships to students graduating from the District.

The District's invested in capital assets (e.g., capitalized bond and debt issuance cost, 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 \$68,895,551. 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 deficit fund balance of net assets, *unrestricted net assets* \$58,067,733, result from construction activities due to growth and the cost of opening new schools.

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The remaining deficit fund balance of net assets, *unrestricted net assets* \$58,067,733, result from construction activities due to growth and the cost of opening new schools.

Governmental activities. Governmental activities increased the District's net assets by \$10,837,818, which included a prior period adjustment of \$3,450,540 primarily resulting from the recoding of construction in progress omitted from capital assets. The elements giving rise to this change may be determined from the table below.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET ASSETS

	Governmental Activities					
	2011		2010		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue:						
Program Revenues:						
Charges for Services	\$ 3,604,321	1	\$ 4,335,104	2	\$ (730,783)	(17)
Operating Grants and Contributions	70,967,139	28	64,360,802	25	6,606,337	10
General Revenues:						
Property Taxes, Levied for General Purpose	51,125,698	19	50,697,004	20	428,694	1
Property Taxes, Levied for Debt Service	20,864,438	8	20,606,736	8	257,702	1
Investment Earnings	88,347	-	388,313	-	(299,966)	(77)
Grants and Contributions Not Restricted to Specific Programs	116,886,465	44	113,622,839	44	3,263,626	3
Miscellaneous	77,180	-	3,541,242		(3,464,062)	(98)
Transfers	-	-	1,212,125	1	(1,212,125)	(100)
Total Revenues	263,613,588	100	258,764,165	100	4,849,423	
Expenses:						
Instruction	131,540,831	52	132,063,162	51	(522,331)	-
Instructional Resources and Media Services	3,495,058	1	4,052,836	2	(557,778)	(14)
Curriculum and Staff Development	3,930,432	2	3,451,203	1	479,229	14
Instructional Leadership	3,924,656	2	3,754,669	1	169,987	5
School Leadership	12,862,024	5	13,747,275	5	(885,251)	(6)
Guidance, Counseling, and Evaluation Services	10,430,569	4	9,890,663	4	539,906	5
Social Work Services	795,430	-	612,305	-	183,125	30
Health Services	2,681,263	1	2,382,305	1	298,958	13
Student Transportation	3,639,838	1	3,212,320	1	427,518	13
Food Service	12,948,004	5	12,331,511	5	616,493	5
Cocurricular/Extracurricular Activities	6,618,071	3	5,076,928	2	1,541,143	30
General Administration	5,507,453	2	6,572,359	3	(1,064,906)	(16)
Plant Maintenance and Operations	23,116,198	9	21,689,248	8	1,426,950	7
Security and Monitoring Services	1,001,951	-	1,488,218	1	(486,267)	(33)
Data Processing Services	2,558,252	1	4,483,140	2	(1,924,888)	(43)
Community Services	2,144,967	1	1,731,904	1	413,063	24
Interest on Long-term Debt	24,840,682	10	25,176,706	10	(336,024)	(1)
Current Debt Fees	202,620	-	367,297	-	(164,677)	(45)
Facilities Repair and Maintenance	206,047	-	3,610,961	1	(3,404,914)	(94)
Payments Related to Shared Services Arrangements	118,500	-	-	-	118,500	100
Payments to Juvenile Justice Alternative Education Programs	78,318	-	138,600	-	(60,282)	(43)
Payments to Tax Increment Fund	3,046,048	1	2,956,298	1	89,750	3
Other Intergovernmental Charges	275,696	-	141,420	-	134,276	95
Total Expenses	255,962,908	100	258,931,328	100	(2,968,420)	
Change in Net Assets	7,650,680		(167,163)		7,817,843	
Net Assets - Beginning	(263,402)		(46,190,493)		45,927,091	
Prior Period Adjustments	3,450,540		46,094,254		(42,643,714)	
Net Assets - Ending	\$ 10,837,818		\$ (263,402)		\$ 11,101,220	

The increase in governmental activities net assets was primarily the result of increases in operating grants and contributions (program and general) revenues and decreases in expenditures related to general administration, data processing services and facilities repair and maintenance.

Revenues, aggregating \$263,613,577, were generated primarily from two sources. Property taxes \$71,990,136 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 \$187,853,604), represent 72 percent of total revenues. The remaining 1 percent is generated from investment earnings, charges for services, miscellaneous revenues and transfers.

The primary functional expense of the District is *Instruction* \$131,540,831, which represents 52 percent of total expenses, while all remaining expense categories are individually 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 \$93,264,439, an increase of \$51,097,707 from the preceding year, which includes a prior year adjustment of \$3,289,015. 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 \$27,929,235, while total fund balance was \$28,645,258. 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 16 percent of total general fund expenditures, while total fund balance represents 17 percent of that same total. The fund balance of the general fund increased \$6,346,189 during the year from current activities, primarily due to the increase in state revenues and decreases in instructional related expenses which could be expensed to a grant and reduction of general administrative expenditures.

The debt service fund ending fund balance of \$17,069,556, all of which is reserved for the payment of principal and interest on debt. The debt service fund balance increased \$2,938,933 during the year, primarily due to the decrease in debt requirements expenditures exceeded the decrease in state funding debt allotment.

The capital projects fund ending fund balance of \$44,536,168, all of which is reserved for capital expenditures. The net increase in fund balance during the current year in the capital projects fund was \$41,899,315. The increase was due to the issuance of new debt.

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

Proprietary funds. The District's proprietary fund financial statements reflect the internal service fund which was created for its self-funded workers' compensation program to provide information as to profitability of that program. The net change in assets of the internal service fund is eliminated and allocated to the governmental expenses in the government-wide financial statements. The internal service fund, self-funded workers' compensation program, was reclassified to the general fund September 1, 2010.

General Fund Budgetary Highlights

Differences between the originally-adopted budget and the final amended budget of the general fund were to increase appropriations \$3,117,435. The most significant changes were to increase capital outlay and payments to tax increment fund appropriations. Amendments were approved by the governing body.

The most significant variations between the final budget and actual expenditures are as follows:

- Instruction reported \$6,219,727 of unused appropriations primarily due to reclass of expenditures to the special revenue stimulus funds.
- Plant Maintenance and Operations reported \$5,138,029 of unused appropriations due to maintenance not performed as of year end.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of August 31, 2011 was \$432,529,555 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The decrease in net investment in capital assets for governmental activities for the current fiscal year was \$2,964,450.

Major capital asset activity during the year included the following:

- An addition of \$3,450,540 of capital assets previously not accounted for primarily in construction in progress.
- An addition of \$4,659,789 in construction in progress for various additions and renovations.
- Major expenditures completed in the current year totaling \$35,274,634 were transferred from construction in progress to buildings and improvements.

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

	Governmental Activities					
	2011		2010		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land	\$ 18,499,088	4	\$ 18,499,088	4	\$ -	-
Buildings and Improvements	404,135,623	94	381,969,232	88	22,166,391	6
Furniture and Equipment	8,993,051	2	6,959,587	2	2,033,464	29
Construction in Progress	901,793	-	28,066,098	6	(27,164,305)	(97)
Totals	\$ 432,529,555	100	\$ 435,494,005	100	\$ (2,964,450)	

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 \$518,124,422. 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 \$3,224,644 and compensated absences of \$209,660.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S OUTSTANDING NONCURRENT LIABILITIES

	Governmental Activities					
	2011		2010		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General Obligation Bonds (Net)	\$ 518,124,422	99	\$ 480,061,407	99	\$ 38,063,015	8
Workers' Compensation Claims	3,224,644	1	3,289,004	1	(64,360)	(2)
Compensated Absences	209,660	-	288,798	-	(79,138)	(27)
Totals	\$ 521,558,726	100	\$ 483,639,209	100	\$ 37,919,517	

The District's total bonded debt increased by \$38,063,015. The key factor was the issuance of new debt.

The District is rated "AAA" by Standard and Poor's and "AAA" by Fitch's for the general obligation debt, which reflected the guarantee of the State of Texas Permanent School Fund.

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 2011-12 Budgets

- School year (2011-12) student enrollment is 26,334.
- District staff totals 2,949 employees in 2011-12, excluding substitutes and other part-time employees, which consist of 1,736 teachers and 489 are teacher aides and secretaries.
- The District maintains thirty-eight regular education campuses.
- The unemployment rate for the County is currently 8.8 percent, which is the same rate of 8.8 percent a year ago. This compares unfavorably to the state's average unemployment rate of 8.4 percent, which is the same rate of 8.4 percent a year ago.
- Property values of the District are projected to increase .42% for the 2011-12 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 2011-12.

All of these factors and others were considered in preparing the District's budget for the 2011-12 fiscal year.

During 2010-11, fund balance in the general fund increased to \$28,645,258. 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 2011-12 and 2012-13 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 Assistant Superintendent of 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

EXHIBIT A-1

STATEMENT OF NET ASSETS

AUGUST 31, 2011

1

Data Control Codes		Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 3,115,280
1120	Current Investments	95,932,842
1225	Property Taxes Receivable (Net)	4,153,553
1240	Due from Other Governments	6,571,833
1290	Other Receivables	150,000
1310	Inventories	1,121,723
1410	Deferred Expenses	955,345
1420	Capitalized Bond and Other Debt Issuance Costs	3,268,390
Capital Assets:		
1510	Land	18,499,088
1520	Buildings and Improvements, Net	404,135,623
1530	Furniture and Equipment, Net	8,993,051
1580	Construction in Progress	901,793
1800	Restricted Assets	10,000
1000	Total Assets	<u>547,808,521</u>
LIABILITIES:		
2110	Accounts Payable	1,561,208
2140	Interest Payable	819,393
2165	Accrued Liabilities	6,679,555
2180	Due to Other Governments	5,907,813
2200	Accrued Expenditures	5,606
2300	Unearned Revenue	438,402
Noncurrent Liabilities:		
2501	Due within One Year	18,547,830
2502	Due in More Than One Year	503,010,896
2000	Total Liabilities	<u>536,970,703</u>
NET ASSETS		
3200	Invested in Capital Assets, Net of Related Debt	68,895,551
Restricted for:		
Scholarships		
3880	Nonexpendable	10,000
3900	Unrestricted (Deficit)	(58,067,733)
3000	Total Net Assets	<u>\$ 10,837,818</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, 2011

EXHIBIT B-1

		1	3	4	Net (Expense) Revenue and Changes in Net Assets
Data Control Codes	Functions/Programs	Expenses	Program Revenues		Governmental Activities
			Charges for Services	Operating Grants and Contributions	
	Governmental Activities:				
11	Instruction	\$ 131,540,831	\$ 496,801	\$ 23,433,006	\$ (107,611,024)
12	Instructional Resources and Media Services	3,495,058	-	2,049,537	(1,445,521)
13	Curriculum and Staff Development	3,930,432	9,401	3,003,645	(917,386)
21	Instructional Leadership	3,924,656	-	1,004,823	(2,919,833)
23	School Leadership	12,862,024	691	1,719,266	(11,142,067)
31	Guidance, Counseling, and Evaluation Services	10,430,569	-	2,550,645	(7,879,924)
32	Social Work Services	795,430	-	569,649	(225,781)
33	Health Services	2,681,263	-	848,541	(1,832,722)
34	Student Transportation	3,639,838	3	1,649,173	(1,990,662)
35	Food Service	12,948,004	2,619,226	10,467,889	139,111
36	Cocurricular/Extracurricular Activities	6,618,071	285,393	195,145	(6,137,533)
41	General Administration	5,507,453	76,523	1,236,608	(4,194,322)
51	Plant Maintenance and Operations	23,116,198	100,173	5,368,062	(17,647,963)
52	Security and Monitoring Services	1,001,951	-	5,122	(996,829)
53	Data Processing Services	2,558,252	-	595,266	(1,962,986)
61	Community Services	2,144,967	16,110	985,468	(1,143,389)
72	Interest on Long-term Debt	24,840,682	-	14,650,292	(10,190,390)
73	Current Debt Fees	202,620	-	-	(202,620)
81	Facilities Repair and Maintenance	206,047		489,817	283,770
93	Payments Related to Shared Services Arrangements	118,500	-	118,500	-
95	Payments to Juvenile Justice Alternative Education Programs	78,318	-	26,685	(51,633)
97	Payments to Tax Increment Fund	3,046,048	-	-	(3,046,048)
99	Other Intergovernmental Charges	275,696	-	-	(275,696)
TG	Total Governmental Activities	255,962,908	3,604,321	70,967,139	(181,391,448)
TP	Total Primary Government	\$ 255,962,908	\$ 3,604,321	\$ 70,967,139	(181,391,448)
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				51,125,698
DT	Property Taxes, Levied for Debt Service				20,864,438
IE	Investment Earnings				88,347
GC	Grants and Contributions Not Restricted to Specific Programs				116,886,465
MI	Miscellaneous				77,180
TR	Total General Revenues				189,042,128
CN	Change in Net Assets				7,650,680
NB	Net Assets - Beginning				(263,402)
PA	Prior Period Adjustment				3,450,540
	Net Assets - Beginning, as Restated				3,187,138
NE	Net Assets - Ending			\$	10,837,818

The accompanying notes are an integral part of this statement.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2011

Data Control Codes		199	599
		General Fund	Debt Service Fund
ASSETS:			
1110	Cash and Cash Equivalents	\$ 552,337	\$ 569
1120	Current Investments	33,230,289	17,454,835
1225	Taxes Receivable, Net	3,150,862	1,002,691
1240	Due from Other Governments	360,203	1,373,159
1260	Due from Other Funds	4,425,306	-
1290	Other Receivables	150,000	-
1310	Inventories	446,733	-
1410	Deferred Expenditures	269,290	-
1800	Restricted Assets	-	-
1000	Total Assets	\$ 42,585,020	\$ 19,831,254
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ 230,256	\$ -
2160	Accrued Wages Payable	6,406,115	-
2170	Due to Other Funds	-	-
2180	Due to Other Governments	4,144,119	1,759,007
2200	Accrued Expenditures	-	-
2300	Deferred Revenue	3,159,272	1,002,691
2000	Total Liabilities	13,939,762	2,761,698
FUND BALANCES:			
3410	Nonspendable Inventories	446,733	-
3430	Nonspendable Prepaid Items	269,290	-
3470	Restricted for Capital Acquisition Program and Contractual Obligations	-	-
3480	Restricted for Retirement of Long-term Debt	-	17,069,556
3490	Other Restrictions of Fund Balance	-	-
3545	Other Committed Fund Balance	-	-
3600	Unassigned Fund Balance	27,929,235	-
3000	Total Fund Balances	28,645,258	17,069,556
4000	Total Liabilities and Fund Balances	\$ 42,585,020	\$ 19,831,254

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

699			98
Capital	Other		Total
Projects Fund	Governmental		Governmental
	Funds		Funds
\$ -	\$ 2,562,374	\$ 3,115,280	
45,247,718	-	95,932,842	
-	-	4,153,553	
-	4,838,471	6,571,833	
-	-	4,425,306	
-	-	150,000	
-	674,990	1,121,723	
-	686,055	955,345	
-	10,000	10,000	
<u>\$ 45,247,718</u>	<u>\$ 8,771,890</u>	<u>\$ 116,435,882</u>	
\$ 705,844	\$ 625,108	\$ 1,561,208	
-	273,440	6,679,555	
100	4,425,206	4,425,306	
-	4,687	5,907,813	
5,606	-	5,606	
-	429,992	4,591,955	
<u>711,550</u>	<u>5,758,433</u>	<u>23,171,443</u>	
-	323,124	769,857	
-	686,055	955,345	
44,536,168	-	44,536,168	
-	-	17,069,556	
-	10,000	10,000	
-	1,994,278	1,994,278	
-	-	27,929,235	
<u>44,536,168</u>	<u>3,013,457</u>	<u>93,264,439</u>	
<u>\$ 45,247,718</u>	<u>\$ 8,771,890</u>	<u>\$ 116,435,882</u>	

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GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
AUGUST 31, 2011

EXHIBIT C-1R

Total Fund Balances - Governmental Funds (Exhibit C-1) **\$ 93,264,439**

Amounts reported for governmental activities in the statement of net assets 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	\$ 602,614,559	
Accumulated Depreciation of Governmental Capital Assets	<u>(170,085,004)</u>	432,529,555

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.	4,153,553
---	-----------

Issuance cost related to debt is not a financial resource and, therefore, is not reported in the funds. Issuance cost is amortized over the life of the debt.	3,268,390
---	-----------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to bonds payable, consist of:

Bonds Payable, at Original Par	\$ (487,079,290)	
Premium on Bonds Payable	(5,843,769)	
Discount on Bonds Payable	1,295,406	
Accreted Interest	(34,336,462)	
Defeasance Costs	7,839,693	
Accrued Interest on the Bonds	(819,393)	
Workers' Compensation	(3,224,644)	
Compensated Absences	<u>(209,660)</u>	<u>(522,378,119)</u>

Total Net Assets - Governmental Activities (Exhibit A-1) **\$ 10,837,818**

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, 2011

		199	599
Data Control Codes		General Fund	Debt Service Fund
REVENUES:			
5700	Local and Intermediate Revenue	\$ 52,536,695	\$ 20,981,998
5800	State Program Revenues	123,949,116	14,650,292
5900	Federal Program Revenues	2,227,110	-
5020	Total Revenues	178,712,921	35,632,290
EXPENDITURES:			
Current:			
0011	Instruction	107,772,430	-
0012	Instructional Resources and Media Services	1,428,883	-
0013	Curriculum and Staff Development	948,616	-
0021	Instructional Leadership	3,107,109	-
0023	School Leadership	11,675,054	-
0031	Guidance, Counseling, and Evaluation Services	8,538,887	-
0032	Social Work Services	239,525	-
0033	Health Services	1,941,459	-
0034	Student Transportation	3,030,840	-
0035	Food Service	-	-
0036	Cocurricular/Extracurricular Activities	3,451,140	-
0041	General Administration	5,423,245	-
0051	Plant Maintenance and Operations	14,684,912	-
0052	Security and Monitoring Services	960,622	-
0053	Data Processing Services	2,622,719	-
0061	Community Services	1,190,787	-
0071	Principal on Long-term Debt	-	10,109,679
0072	Interest on Long-term Debt	-	22,128,019
0073	Issuance Costs and Fees	-	219,472
0081	Capital Outlay	1,399,851	-
0093	Payments to Shared Service Arrangements	-	-
0095	Payments to Juvenile Justice Alternative Education Programs	78,318	-
0097	Payments to Tax Increment Fund	2,309,911	736,137
0099	Other Intergovernmental Charges	275,696	-
6030	Total Expenditures	171,080,004	33,193,307
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	7,632,917	2,438,983
Other Financing Sources and (Uses):			
7911	Issuance of Bonds	-	-
7915	Transfers In	227,946	-
7916	Premium or Discount on Issuance of Bonds	-	499,950
8911	Transfers Out	(1,514,663)	-
7080	Total Other Financing Sources and (Uses)	(1,286,717)	499,950
1200	Net Change in Fund Balances	6,346,200	2,938,933
0100	Fund Balances - Beginning	19,010,054	14,130,623
1300	Prior Period Adjustment	3,289,004	-
	Fund Balances - Beginning, as Restated	22,299,058	14,130,623
3000	Fund Balances - Ending	\$ 28,645,258	\$ 17,069,556

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

699	Other Governmental Funds	98 Total Governmental Funds
Capital Projects Fund		
\$ 123,835	\$ 2,746,847	\$ 76,389,375
-	1,745,752	140,345,160
-	45,281,334	47,508,444
<u>123,835</u>	<u>49,773,933</u>	<u>264,242,979</u>
52,891	17,984,606	125,809,927
73,436	1,999,548	3,501,867
-	2,993,028	3,941,644
-	833,399	3,940,508
-	991,571	12,666,625
-	2,136,712	10,675,599
-	556,270	795,795
-	741,103	2,682,562
-	1,496,995	4,527,835
-	12,989,220	12,989,220
-	83,209	3,534,349
50	33,621	5,456,916
13,232	4,714,950	19,413,094
63,793	4,010	1,028,425
40,209	511,190	3,174,118
-	954,968	2,145,755
-	-	10,109,679
-	-	22,128,019
-	-	219,472
2,980,909	489,817	4,870,577
-	118,500	118,500
-	-	78,318
-	-	3,046,048
-	-	275,696
<u>3,224,520</u>	<u>49,632,717</u>	<u>257,130,548</u>
<u>(3,100,685)</u>	<u>141,216</u>	<u>7,112,431</u>
45,000,000	-	45,000,000
-	-	227,946
-	-	499,950
-	(227,946)	(1,742,609)
<u>45,000,000</u>	<u>(227,946)</u>	<u>43,985,287</u>
41,899,315	(86,730)	51,097,718
2,636,853	3,100,187	38,877,717
-	-	3,289,004
<u>2,636,853</u>	<u>3,100,187</u>	<u>42,166,721</u>
<u>\$ 44,536,168</u>	<u>\$ 3,013,457</u>	<u>\$ 93,264,439</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, 2011

Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-2) **\$ 51,097,718**

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>	\$ 8,277,502	
Depreciation Expense	<u>(14,667,228)</u>	(6,389,726)

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is a increase (decrease) to net assets. (25,264)

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. (604,127)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Bond Issuance Costs <i>increased</i>	\$ 199,700	
Amortization of Issuance Costs	<u>(182,848)</u>	16,852

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

Par Value	\$ (45,000,000)	
(Premium) Discount	<u>(499,950)</u>	(45,499,950)

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

Bond Payable Principal payment	\$ 10,109,679	
Accreted Interest payment	<u>4,615,321</u>	14,725,000

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>	\$ (72,350)	
Interest Accreted on the Capital Appreciation Bonds	(7,098,712)	
Amortization of Bond Premium and Discount	343,442	
Amortization of Defeasance Costs	<u>(500,364)</u>	(7,327,984)

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. 64,360

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. 79,138

Previously, an internal service fund was used by the District to charge the cost of workers' compensation benefits to the individual funds. In 2011 fiscal year, the District accounts for workers' compensation in the general fund and allocates cost to the individual governmental funds. The District reported the following transfer to the internal service fund to close that fund.

1,514,663

Change in Net Assets for Governmental Activities (Exhibit B-1) **\$ 7,650,680**

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, 2011

Data Control Codes	1		2		3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual	
	Original		Final			
REVENUES:						
5700	Local and Intermediate Revenue	\$ 51,415,560	\$ 51,828,636	\$ 52,536,695	\$ 708,059	
5800	State Program Revenues	134,066,813	134,066,813	123,949,116	(10,117,697)	
5900	Federal Program Revenues	-	495,000	2,227,110	1,732,110	
5020	Total Revenues	185,482,373	186,390,449	178,712,921	(7,677,528)	
EXPENDITURES:						
Current:						
Instruction & Instructional Related Services:						
0011	Instruction	113,050,984	113,992,157	107,772,430	6,219,727	
0012	Instructional Resources and Media Services	3,456,895	3,266,895	1,428,883	1,838,012	
0013	Curriculum and Staff Development	1,304,412	1,215,522	948,616	266,906	
	Total Instruction & Instr. Related Services	117,812,291	118,474,574	110,149,929	8,324,645	
Instructional and School Leadership:						
0021	Instructional Leadership	2,520,538	2,391,123	3,107,109	(715,986)	
0023	School Leadership	12,253,610	12,441,519	11,675,054	766,465	
	Total Instructional & School Leadership	14,774,148	14,832,642	14,782,163	50,479	
Support Services - Student (Pupil):						
0031	Guidance, Counseling, and Evaluation Services	8,304,063	8,645,963	8,538,887	107,076	
0032	Social Work Services	526,277	478,431	239,525	238,906	
0033	Health Services	2,489,190	2,499,190	1,941,459	557,731	
0034	Student Transportation	4,163,656	4,167,456	3,030,840	1,136,616	
0036	Cocurricular/Extracurricular Activities	2,736,395	2,956,710	3,451,140	(494,430)	
	Total Support Services - Student (Pupil)	18,219,581	18,747,750	17,201,851	1,545,899	
Administrative Support Services:						
0041	General Administration	6,839,332	6,817,720	5,423,245	1,394,475	
	Total Administrative Support Services	6,839,332	6,817,720	5,423,245	1,394,475	
Support Services - Nonstudent Based:						
0051	Plant Maintenance and Operations	19,606,678	19,822,941	14,684,912	5,138,029	
0052	Security and Monitoring Services	1,264,826	1,164,826	960,622	204,204	
0053	Data Processing Services	3,406,649	3,106,649	2,622,719	483,930	
	Total Support Services - Nonstudent Based	24,278,153	24,094,416	18,268,253	5,826,163	
Ancillary Services:						
0061	Community Services	821,347	1,074,625	1,190,787	(116,162)	
	Total Ancillary Services	821,347	1,074,625	1,190,787	(116,162)	
Capital Outlay:						
0081	Capital Outlay	70,000	1,477,499	1,399,851	77,648	
	Total Capital Outlay	70,000	1,477,499	1,399,851	77,648	
Intergovernmental Charges:						
0095	Payments to Juvenile Justice Alternative Education Programs	185,000	185,000	78,318	106,682	
0097	Payments to Tax Increment Fund	1,646,850	2,309,911	2,309,911	-	
0099	Other Intergovernmental Charges	750,000	500,000	275,696	224,304	
	Total Intergovernmental Charges	2,581,850	2,994,911	2,663,925	330,986	
6030	Total Expenditures	185,396,702	188,514,137	171,080,004	17,434,133	
1100	Excess (Deficiency) of Revenues Over (Under)					
1100	Expenditures	85,671	(2,123,688)	7,632,917	9,756,605	
Other Financing Sources (Uses):						
7915	Transfers In	-	-	227,946	227,946	
8911	Transfers Out	1,514,663	1,514,663	(1,514,663)	(3,029,326)	
7080	Total Other Financing Sources and (Uses)	1,514,663	1,514,663	(1,286,717)	(2,801,380)	
1200	Net Change in Fund Balances	1,600,334	(609,025)	6,346,200	6,955,225	
0100	Fund Balances - Beginning	19,010,054	19,010,054	19,010,054	-	
1300	Prior Period Adjustment	3,289,004	3,289,004	3,289,004	-	
3000	Fund Balances - Ending	\$ 23,899,392	\$ 21,690,033	\$ 28,645,258	\$ 6,955,225	

The accompanying notes are an integral part of this statement.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-1

STATEMENT OF NET ASSETS

PROPRIETARY FUND

AUGUST 31, 2011

Data Control Codes			Nonmajor Internal Service Fund
			Internal Service Fund
	ASSETS:		
	Current Assets:		
1110	Cash and Cash Equivalents	\$	-
1120	Current Investments		-
	Receivables		
1260	Due from Other Funds		-
	Total Current Assets		-
1000	Total Assets		-
	LIABILITIES:		
	Noncurrent Liabilities:		
2530	Claims Payable - Due within one year		-
	Total Noncurrent Liabilities		-
	Total Liabilities		-
	NET ASSETS:		
3900	Unrestricted		-
3000	Total Net Assets	\$	-

The accompanying notes are an integral part of this statement.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET ASSETS - PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes		Nonmajor Internal Service Fund
		Internal Service Fund
OPERATING REVENUES:		
5700	Local and Intermediate Revenue	\$ -
5020	Total Revenues	-
OPERATING EXPENSES:		
6200	Professional and Contracted Services	-
6400	Other Operating Costs	-
6030	Total Expenses	-
	Operating Income	-
NON-OPERATING REVENUES (EXPENSES):		
7955	Earnings from Temp. Deposits and Investments	-
8030	Total Non-operating Revenues (Expenses)	-
	Income before Transfers	-
7915	Transfers In	1,514,663
1300	Change in Net Assets	1,514,663
0100	Total Net Assets - Beginning	(1,514,663)
3300	Total Net Assets - Ending	\$ -

The accompanying notes are an integral part of this statement.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-3

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE YEAR ENDED AUGUST 31, 2011

	Nonmajor Internal Service Fund
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Receipts for Interfund Services	\$ 8,559
Cash Payments to Employees and Vendors for Employee Benefits	(3,289,004)
Net Cash Provided by (Used for) Operating Activities	(3,280,445)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfer from the General Fund	1,514,663
Net Cash Provided by (Used for) NonCapital Financing Activities	1,514,663
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Investments	1,757,619
Net Cash Provided by (Used For) Investing Activities	1,757,619
Net Increase (Decrease) in Cash and Cash Equivalents	(8,163)
Cash and Cash Equivalents at Beginning of Year	8,163
Cash and Cash Equivalents at End of Year	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	\$ -
CHANGE IN ASSETS AND LIABILITIES:	
Decrease (Increase) in Due From Other Funds	8,559
Increase (Decrease) in Claims Payable	(3,289,004)
Net Cash Provided (Used) by Operating Activities	\$ (3,280,445)

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, 2011

EXHIBIT E-1

Data Control Codes		Agency Fund
		Student Activity
	ASSETS:	
1110	<i>Cash and Cash Equivalents</i>	\$ 615,118
1000	Total Assets	\$ 615,118
	LIABILITIES:	
	Current Liabilities:	
2190	<i>Due to Student Groups</i>	\$ 615,118
2000	Total Liabilities	\$ 615,118

The accompanying notes are an integral part of this statement.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

I. Summary of Significant Accounting Policies

A. 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. Because 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. There are no component units, entities for which the District is considered to be financially accountable, included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding sources.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues that are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Depreciation expense and workers' compensation have been allocated to all applicable functions in order to present the expenditures of District more accurately in the Statement of Activities. *Program revenues* include 1) charges to students or users 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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period 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 claims and judgments, are recorded only when payment is due.

Grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

The District reports the following major governmental funds:

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

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* is used to account for proceeds from sales of bonds and other revenues to be used for authorization construction.

Additionally, the District reports the following fund types:

The *internal service fund* accounts for workers' compensation claims and administrative expenses provided for other funds of the District on a cost reimbursement basis. Effective September 1, 2010, the District reclassified its self-funded workers' compensation program to the governmental funds.

The *agency fund* is used to account for assets held by the District as an agent for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operation.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the governmental fund balance sheet and proprietary fund statement of net assets and as other resources and other uses on the governmental fund statement of revenues, expenditures and changes in fund balance and on the proprietary fund statement of revenues, expenses and changes in fund net assets. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide statement of activities.

Amounts reported as *program revenues* include 1) charges to students or users for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and investment income.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise and internal service funds are charges to the funds for sales and services. Operating expenses for enterprise and internal service funds include the cost of services, administrative expenses and depreciation on capital assets expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted (committed, assigned, or unassigned) resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. The District considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any unrestricted fund balance classification could be used.

D. Assets, Liabilities, and Equity

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand or time 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 collateral, which complies with state law. The collateral is approved by the Texas Education Agency 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 collateral is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

State statutes authorize the District to invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, or investment pools. Investments are held by the District's agent in the District's name.

Investments for the District are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All property tax receivables are shown net of estimated allowance for uncollectible amounts. The property tax receivable allowance approximates 3 percent of outstanding property taxes at August 31, 2011. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of financial statements.

Property values are determined by the County Central 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 the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures 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 government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, and construction in progress, are reported in the 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 which equals or exceeds \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	7-50
Furniture and Equipment	3-25

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

5. 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.

6. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and proprietary fund type statement of net assets. Effective September 1, 2001, bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund Equity

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Beginning fund balances for the District's governmental funds have been restated to reflect the above classifications.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Superintendent or his designee through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

8. 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.

9. 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 insure accuracy in building a statewide data base for policy development and funding plans.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, *national school breakfast/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 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. The supplemental budgetary amendments made in the general fund totaled \$3,117,435. The primary increases were to increase capital outlay and payments to tax increment fund.

The supplemental budgetary increases made in the National School Breakfast and Lunch Program totaled \$385,012. The supplemental budgetary appropriations made in the National School Breakfast and Lunch Program special revenue fund were to appropriate funds for the purchase of additional food supplies.

The supplemental budgetary increases made in the debt service fund for debt services totaled \$331,137.

B. Excess of Expenditures Over Appropriations

For the year ended August 31, 2011, expenditures exceeded appropriations in the function (the legal level of budgetary control) of the following fund:

Fund	Function	Final Budget	Actual	Variance
General Fund	Instructional Leadership	\$ 2,391,123	\$ 3,107,109	\$ (715,986)
General Fund	Cocurricular/Extracurricular Activities	2,956,710	3,451,140	(494,430)
General Fund	Community Services	1,074,625	1,190,787	(116,162)
Debt Service	Payments to Tax Increment Fund	720,000	736,137	(16,137)

These excess expenditures were funded by excess funds available in other functions or revenues.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

III. Detailed Notes on All Funds

A. Deposits and Investments

As of August 31, 2011, the District had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Texpool	\$ 44,084,067	0.13
Texas Class	45,290,352	0.15
TexStar	6,537,535	0.21
Total Fair Value	\$ 95,911,954	
Portfolio Weighted Average Maturity		0.14

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 its investment portfolio as a whole to no more than 180 days, diversification, and by holding securities to maturity.

Credit risk. 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 meet the requirements of the Public Funds Investment Act.

For fiscal year 2011, the District invested in Texpool, Texas Class and TexStar. Texpool is duly chartered and administered by the State Comptroller's Office. As of August 31, 2011, the District's investment in Texpool was rated AAAM by Standard & Poor's Investors Service. Texas Class invests in securities allowed by the Texas Public Funds Investment Act. Texas Class carries a letter of credit that ensures the integrity of the fund. As of August 31, 2011, the District's investment in Texas Class was rated AAAM by Standard & Poor's Investors Service. TexStar is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. As of August 31, 2011, the District's investments in TexStar were rated AAAM by Standard & Poor's Investors Service.

Concentration of credit risk. The District's investment policy does not limit an investment in any one 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, 2011, District's banks' balance of \$784,591 was not exposed to custodial credit risk because it was insured by unlimited FDIC Insurance.

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 held by the District's agent in the District's name.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

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	\$ 3,248,311	\$ 1,033,702	\$ -	\$ 4,282,013
Due From Other Governments	360,203	1,373,159	4,838,471	6,571,833
Other	150,000	-	-	150,000
Gross Receivables	3,758,514	2,406,861	4,838,471	11,003,846
Less: Allowance for Uncollectibles	(97,449)	(31,011)	-	(128,460)
Net Total Receivables	\$ 3,661,065	\$ 2,375,850	\$ 4,838,471	\$ 10,875,386

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	\$ 15,556
Uncollectibles Related to Debt Service Property Taxes	3,128
Total Uncollectibles of the Current Fiscal Year	\$ 18,684

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent Property Taxes Receivable (General Fund)	\$ 3,150,862	\$ -
Delinquent Property Taxes Receivable (Debt Service Fund)	1,002,691	-
Vendor Fair Revenue (General Fund)	-	8,410
Grant Funds Received Prior to Meeting all Eligibility Requirements (Special Revenue Funds)	-	429,992
Total Deferred/Unearned Revenue For Governmental Funds	\$ 4,153,553	\$ 438,402

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of August 31, 2011, is as follows:

Fund	Interfund Receivables	Interfund Payables
General fund	\$ 4,425,306	\$ -
Capital Projects Fund	-	100
Other Governmental Funds - Nonmajor	-	4,425,206
Totals	\$ 4,425,306	\$ 4,425,306

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.

Interfund Transfers

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." The following is a summary of the District's transfers for the year ended August 31, 2011.

Transfer Out	Transfers In	Amount
General Fund	Internal Service Fund - Self-funded Workers' Compensation	\$ 1,514,663
Other Governmental Funds - Nonmajor	General Fund	227,946
Total		\$ 1,742,609

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

Transfers are used to move unrestricted revenues into a fund to finance various programs accounted for in other funds in accordance with budgetary authorization. The actual transfers during the current fiscal year are summarized as follows:

- The District's General Fund transferred \$1,514,663 to the Internal Service Fund – Workers' Compensation to close the fund and reclassify the activity to the governmental funds.
- The District transferred \$227,946 from the National School Breakfast and Lunch Program special revenue fund to reimburse expenditures paid by the general fund.

D. Capital Assets

Capital asset activity for the year ended August 31, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Prior Period Adjustment	Ending Balance
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	\$ 18,499,088	\$ -	\$ -	\$ -	\$ 18,499,088
Construction in Progress	28,066,098	4,659,789	(35,274,634)	3,450,540	901,793
Total Capital Assets, not being Depreciated	46,565,186	4,659,789	(35,274,634)	3,450,540	19,400,881
Capital Assets, being Depreciated:					
Buildings	517,812,273	-	35,274,634	-	553,086,907
Furniture and Equipment	26,992,563	3,617,713	(483,505)	-	30,126,771
Total Capital Assets, being Depreciated	544,804,836	3,617,713	34,791,129	-	583,213,678
Less Accumulated Depreciation for:					
Buildings	(135,843,041)	(13,108,243)	-	-	(148,951,284)
Furniture and Equipment	(20,032,976)	(1,558,985)	458,241	-	(21,133,720)
Total Accumulated Depreciation	(155,876,017)	(14,667,228)	458,241	-	(170,085,004)
Total Capital Assets, being Depreciated, net	388,928,819	(11,049,515)	35,249,370	-	413,128,674
Governmental Activities Capital Assets, net	\$ 435,494,005	\$ (6,389,726)	\$ (25,264)	\$ 3,450,540	\$ 432,529,555

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

Governmental Activities:	
11 Instruction	\$ 6,482,331
21 Instructional Leadership	1,502
23 School Leadership	201,788
34 Student Transportation	440,046
35 Food Service	397,814
36 Cocurricular/Extracurricular Activities	3,095,821
41 General Administration	62,077
51 Facilities Maintenance and Operations	3,985,849
Total Depreciation Expense-Governmental Activities	\$ 14,667,228

Construction Commitments

The District has active construction projects as of August 31, 2011. The projects include the construction and equipment of school facilities. At year end, the District's total commitments with contractors totals \$206,195. The commitment for construction and equipment of school facilities is being financed by general obligation bonds secured by tax revenues and local funds.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

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 are accounted for in the governmental funds. The current requirements for compensated absences are accounted for in the general fund.

Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	452,156,538	\$ 45,032,431	\$ (10,109,679)	\$ 487,079,290	\$ 15,113,526
Deferred Amounts:					
For Issuance Premiums	5,757,155	499,950	(413,336)	5,843,769	-
For Issuance Discount	(1,365,300)	-	69,894	(1,295,406)	-
For Accreted Interest (CAB)	31,853,071	7,098,712	(4,615,321)	34,336,462	-
Deferred Interest Expense Adjustment	(8,340,057)	-	500,364	(7,839,693)	-
Total Bonds Payable, net	480,061,407	52,631,093	(14,568,078)	518,124,422	15,113,526
Workers' Compensation	3,289,004	591,277	(655,637)	3,224,644	3,224,644
Compensated Absences	288,798	(165,938)	86,800	209,660	209,660
Governmental Activity Long-term Liabilities	483,639,209	\$ 53,056,432	\$ (15,136,915)	\$ 521,558,726	\$ 18,547,830

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities.

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 or capital appreciation bonds (CAB) with various amounts of principal maturing each year. Rates may be fixed or variable.

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

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
1993 (CAB)	7.60-8.93%	\$ 7,364,574	2012	\$ 497,874	\$ -	\$ (359,039)	\$ 138,835
1994 (CAB)	6.40-6.45%	110,000	2014	110,000	-	-	110,000
1996 (CAB)	5.40%	52,236,409	2014	481,410	-	(80,984)	400,426
2000 A	5.65-5.85%	80,901,851	2026	827,569	32,431	-	860,000
2000 A (CAB)	4.70-5.80%	24,588,398	2018	15,151,269	-	(2,325,703)	12,825,566
2002	5.00%	58,730,000	2026	58,730,000	-	-	58,730,000
2002 (CAB)	1.75-5.14%	1,175,884	2017	275,000	-	(90,000)	185,000
2003	3.00-5.75	60,050,000	2013	4,760,000	-	(1,580,000)	3,180,000
2004 A	3.00-5.00%	21,950,000	2020	19,740,000	-	(125,000)	19,615,000
2004 A (CAB)	4.40%	636,630	2015	636,630	-	-	636,630
2005	5.00%	17,080,000	2024	17,080,000	-	-	17,080,000
2005 (CAB)	5.10%	249,623	2021	249,623	-	-	249,623
2006	4.00-4.25%	9,105,000	2024	9,045,000	-	(25,000)	9,020,000
2007	4.00-4.50%	45,725,000	2031	43,665,000	-	(390,000)	43,275,000
2007 (CAB)	4.00-4.16%	1,495,000	2016	1,495,000	-	-	1,495,000
2007 A	4.00-5.00%	157,795,000	2037	151,005,000	-	(3,605,000)	147,400,000
2008	2.00-4.77%	60,465,000	2037	59,720,000	-	(735,000)	58,985,000
2009 (CAB)	1.25-7.21%	71,335,393	2040	68,687,163	-	(793,953)	67,893,210
2011	2-4%	45,000,000	2029	-	45,000,000	-	45,000,000
Totals				\$ 452,156,538	\$ 45,032,431	\$ (10,109,679)	\$ 487,079,290

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

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

Year Ending August 31	Principal Value	Interest	Total Requirements
2012	\$ 15,113,526	\$ 18,329,550	\$ 33,443,076
2013	13,730,934	17,910,404	31,641,338
2014	11,990,438	17,589,955	29,580,393
2015	14,588,490	17,323,861	31,912,351
2016	15,707,112	16,963,730	32,670,842
2017	14,991,085	16,528,399	31,519,484
2018	17,548,836	15,974,278	33,523,114
2019	18,915,210	15,267,361	34,182,571
2020	19,542,304	14,471,205	34,013,509
2021	19,900,250	13,633,753	33,534,003
2022	20,864,980	12,750,705	33,615,685
2023	21,553,392	11,812,260	33,365,652
2024	22,305,391	10,819,279	33,124,670
2025	23,599,186	9,761,143	33,360,329
2026	22,074,495	8,742,325	30,816,820
2027	15,804,435	8,004,056	23,808,491
2028	15,655,556	7,471,681	23,127,237
2029	15,421,994	6,936,256	22,358,250
2030	16,761,623	6,353,494	23,115,117
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	3,712,913	-	3,712,913
Totals	\$ 487,079,290	\$ 267,197,014	\$ 754,276,304

As of August 31, 2011, the District has \$25,000,000 authorized but unissued bonds.

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, 2011, \$46,730,000 of outstanding bonds are considered defeased.

F. Fund Balance

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

Other Governmental Fund - National School Breakfast/Lunch Program	\$ 1,592,184
Other Governmental Fund - Campus Activity Funds	400,220
Other Governmental Fund - Crime Stoppers	1,874
Total Other Reserves of Fund Balance	\$ 1,994,278

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

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	\$ 51,628,673	\$ 20,965,590	\$ -	\$ -	\$ 72,594,263
Investment Income	64,751	16,408	6,974	-	88,133
Food Sales	-	-	-	2,619,229	2,619,229
Cocurricular Student Activities	285,393	-	-	-	285,393
Rental Income	99,173	-	-	-	99,173
Other	458,705	-	116,861	127,618	703,184
Total	\$ 52,536,695	\$ 20,981,998	\$ 123,835	\$ 2,746,847	\$ 76,389,375

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

Health Care Coverage

During the year ended August 31, 2011, 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, 2011, 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.

The member is protected against higher than expected claims costs through the purchase of stop-loss coverage.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2010, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

	Year Ended 8/31/2011	Year Ended 8/31/2010
Unpaid Claims, Beginning of Fiscal Year	\$ 3,289,004	\$ 3,282,842
Incurred Claims (including IBNRs and changes in provisions)	591,277	968,419
Claim Payments	(655,637)	(962,257)
Unpaid Claims, End of Fiscal Year	\$ 3,224,644	\$ 3,289,004

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

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, 2011, totaled \$157,500.

Title I, Part C Migrant Shared Service:

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 district account and used to reimburse allowable expenses by the district. The District's portion of expenditures for the year ended August 31, 2011, totaled \$2,249.

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 the 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, or 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 by the Texas state legislature. The state funding policy is as follows: (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; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action(s), the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, (3) if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal year 2011, 2010, and 2009 and a state contribution rate of 6.644% for the fiscal years 2011 and 2010, and 6.58% for fiscal year 2009. In certain instances the reporting district is required to make all or a portion of the state's 6.644% contribution, limited to 6.4% for the period of September through December 2009 and increased to 6.644% for the period of January 2010 through August 2011. State contributions to TRS made on behalf of the Grand Prairie Independent School District's employees for the years ended August 31, 2011, 2010, and 2009 were \$ 7,359,929, \$7,645,194, and \$9,162,979, respectively. The District paid additional state contributions for the years ended August 31, 2011, 2010, and 2009 in the amount of \$2,311,348, \$2,041,536, and \$4,449,409, respectively, on the portion of the employees' salaries that exceeded the statutory minimum and federal grants.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2011

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 Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us, or by calling the TRS Communications Department 1-800-223-8778 or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2011, 2010, and 2009. 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. For the years ended August 31, 2011, 2010, and 2009, the State's contributions to TRS-Care were \$1,330,926, \$1,368,063, and \$1,392,550, respectively, the active member contributions were \$946,166, \$950,796, and \$905,158 respectively, and the school district's contributions were \$800,602, \$804,520, and \$765,903, respectively, which equaled the required contributions each year. The contributions made by the State on behalf of the District 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. In addition, the State of Texas contributed \$357,076, \$382,002 and \$341,826 in 2011, 2010, and 2009, respectively, for on-behalf payments for Medicare Part D.

F. Prior Period Adjustment

The District's prior period adjustments as of August 31, 2011, consisted of the following:

	Statement of Activities (Exhibit B-1) Governmental Activities	Statement of Revenues, Expenditures , and Changes in Fund Balances Government al Funds (Exhibit C-2) General Fund
Correct Beginning Capital Asset Balances	\$	\$
for Construction in Progress not Reported	3,450,540	-
Reclassify Internal Service Fund to the General Fund	-	3,289,004
Total	\$ 3,450,540	\$ 3,289,004

OTHER SUPPLEMENTARY INFORMATION

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2011

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2002 and Prior Years	\$	Various	\$	Various	\$	Various
2003		1.42		0.2471		3,442,151,217
2004		1.4385		0.2886		3,548,561,596
2005		1.4625		0.2886		3,773,411,468
2006		1.49		0.2686		4,048,510,651
2007		1.3611		0.2686		4,330,790,557
2008		1.04		0.425		4,741,559,318
2009		1.04		0.425		5,982,899,701
2010		1.04		0.425		4,797,819,113
2011 (School Year Audit)		1.04		0.425		4,784,353,678

1000 Totals

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

10 Beginning Balance 9/1/10	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/11
\$ 826,956	\$ -	\$ 34,702	\$ 6,485	\$ (99,215)	\$ 686,554
182,455	-	13,824	2,406	(14,692)	151,533
199,859	-	16,081	3,226	(11,692)	168,860
278,030	-	23,956	4,727	(68,032)	181,315
304,486	-	31,010	5,590	(85,500)	182,386
296,376	-	37,765	7,453	(32,356)	218,802
502,471	-	88,392	36,122	(2,261)	375,696
816,641	-	205,515	83,985	(3,497)	523,644
1,497,550	-	478,889	195,700	(197,244)	625,717
-	70,090,781	49,134,040	20,078,814	289,579	1,167,506
\$ 4,904,824	\$ 70,090,781	\$ 50,064,174	\$ 20,424,508	\$ (224,910)	\$ 4,282,013
		\$ 2,309,911	\$ 736,137		

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2012-2013 GENERAL AND SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2011

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	\$ -	\$ -	\$ 387,951	\$ 2,161,353	\$ 515,229	\$ 495,342	\$ 3,559,875
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	-	-	47,918	-	13,210	-	61,128
6212	Audit Services	-	-	-	102,080	-	-	102,080
6213	Tax Appraisal and Collection	-	330,320	-	-	-	-	330,320
621X	Other Prof. Services	-	-	-	-	-	-	-
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	1,000	-	1,300	4,000	-	-	6,300
6240	Contr. Maint. and Repair	-	-	-	-	134,250	-	134,250
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	6,411	-	-	6,411
6290	Miscellaneous Contr.	-	-	23,096	193,720	8,794	-	225,610
6310	Operational Supplies, Materials	-	-	-	-	-	-	-
6320	Textbooks and Reading	329	-	47	-	1,354	-	1,730
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies, Materials	1,877	-	4,110	22,077	139,957	-	168,021
6410	Travel, Subsistence, Stipends	2,797	-	3,641	25,392	2,394	-	34,224
6420	Ins. and Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	103,562	-	-	-	-	-	103,562
6490	Miscellaneous Operating	3,946	-	16,574	929,748	5,835	33,219	989,322
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	9,779	9,779
Total		\$ 113,511	\$ 330,320	\$ 484,637	\$ 3,444,781	\$ 821,023	\$ 538,340	\$ 5,732,612

Total Expenditures for General and Special Revenue Funds (9) \$ 220,712,739

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 5,598,783
Total Debt & Lease (6500)	(11)	\$ -
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 19,117,146
Food (Function 35, 6341 and 6499)	(13)	\$ 6,032,086
Stipends (6413)	(14)	\$ -
Column 4 (above) - Total Indirect Cost		\$ 3,444,781

Subtotal 34,192,796

Net Allowed Direct Cost \$ 186,519,943

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 553,086,907
Historical Cost of Buildings over 50 years old	(16)	36,562,154
Amount of Federal Money in Building Cost (Net of #16)	(17)	-
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	30,126,771
Historical Cost of Furniture & Equipment over 16 years old	(19)	5,912,025
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 1,545,896

(8) Note A - No Function 53 expenditures and \$275,696 in Function 99 expenditures are included in this report on administrative costs.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES:					
5700	Local and Intermediate Revenue	\$ 3,242,253	\$ 3,242,253	\$ 2,619,229	\$ (623,024)
5800	State Program Revenues	93,000	93,000	413,903	320,903
5900	Federal Program Revenues	9,312,572	9,312,572	10,054,000	741,428
5020	Total Revenues	12,647,825	12,647,825	13,087,132	439,307
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0035	Food Service	12,647,825	13,032,837	12,989,220	43,617
6030	Total Expenditures	12,647,825	13,032,837	12,989,220	43,617
1100	Excess (Deficiency) of				
1100	Revenues Over (Under) Expenditures	-	(385,012)	97,912	482,924
Other Financing Sources (Uses):					
8911	Transfers Out	-	-	(227,946)	(227,946)
7080	Total Other Financing Sources and (Uses)	-	-	(227,946)	(227,946)
1200	Net Change in Fund Balance	-	(385,012)	(130,034)	254,978
0100	Fund Balance - Beginning	2,731,397	2,731,397	2,731,397	-
3000	Fund Balance - Ending	\$ 2,731,397	\$ 2,346,385	\$ 2,601,363	\$ 254,978

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES:					
5700	Local and Intermediate Revenue	\$ 20,280,103	\$ 20,319,733	\$ 20,981,998	\$ 662,265
5800	State Program Revenues	15,577,886	15,577,886	14,650,292	(927,594)
5020	Total Revenues	35,857,989	35,897,619	35,632,290	(265,329)
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0071	Principal on Long-term Debt	10,109,681	10,109,681	10,109,679	2
0072	Interest on Long-term Debt	22,111,609	22,211,609	22,128,019	83,590
0073	Issuance Costs and Fees	4,994	236,131	219,472	16,659
	Total Debt Service	32,226,284	32,557,421	32,457,170	100,251
Intergovernmental Charges:					
0097	Payments to Tax Increment Fund	720,000	720,000	736,137	(16,137)
	Total Intergovernmental Charges	720,000	720,000	736,137	(16,137)
6030	Total Expenditures	32,946,284	33,277,421	33,193,307	84,114
1100	Excess (Deficiency) of				
1100	Revenues Over (Under) Expenditures	2,911,705	2,620,198	2,438,983	(181,215)
Other Financing Sources and (Uses):					
7916	Premium or Discount on Issuance of Bonds	-	-	499,950	(499,950)
	Total Other Financing Sources and (Uses)	-	-	499,950	(499,950)
1200	Net Change in Fund Balance	2,911,705	2,620,198	2,938,933	(681,165)
0100	Fund Balance - Beginning	14,130,623	14,130,623	14,130,623	-
3000	Fund Balance - Ending	\$ 17,042,328	\$ 16,750,821	\$ 17,069,556	\$ (681,165)

OVERALL COMPLIANCE, INTERNAL CONTROL SECTION AND FEDERAL AWARDS



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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

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

Members of the Board of Trustees:

We have audited 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, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 12, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

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

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

Conroe, Texas
December 12, 2011



Hereford, Lynch, Sellars & Kirkham

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Members of the Board of Trustees:

Compliance

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 the District's major federal programs for the year ended August 31, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the 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 for the purpose of expressing our opinion on compliance 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 the District's internal control over compliance.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

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

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

Conroe, Texas
December 12, 2011

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2011**

SECTION I – SUMMARY OF AUDITORS’ RESULTS	
FINANCIAL STATEMENTS	
1. Type of auditors’ report issued	Unqualified
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?	Unqualified
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	Child Nutrition Cluster Title I, Part A Cluster Special Education Cluster (IDEA) 84.394A ARRA Title XIV SFSF 84.410A Education Jobs Fund
8. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs	\$1,378,891
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, 2011

PRIOR YEAR FINDINGS

None

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2011

CURRENT YEAR FINDINGS

None reported

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2011

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.S. DEPARTMENT OF EDUCATION:			
Direct:			
<i>Indian Education Act, Title V</i>	84.060A	S060A101185	\$ 32,339
Passed Through State Department of Education:			
Title I, Part A Cluster:			
<i>ESEA Title I, Part A - Improving Basic Programs</i>	84.010A	10610101057910	123,811
<i>ESEA Title I, Part A - Improving Basic Programs</i>	84.010A	11610101057910	5,631,550
<i>ESEA Title I, Part A - Improving Basic Programs</i>	84.010A	12610101057910	49,287
<i>ARRA ESEA Title I, Part A - Improving Basic Programs</i>	84.389A	10551001057910	2,129,281
Total Title I, Part A Cluster			7,933,929
Special Education Cluster (IDEA):			
<i>IDEA - Part B, Formula</i>	84.027A	106600010579106600	189,314
<i>IDEA - Part B, Formula</i>	84.027A	116600010579106600	5,590,868
<i>IDEA - Part B, Formula</i>	84.027A	126600010579106600	67,807
<i>IDEA - Part B, Preschool</i>	84.173A	106610010579106610	1,046
<i>IDEA - Part B, Preschool</i>	84.173A	116610010579106610	87,987
<i>ARRA IDEA-B Formula</i>	84.391A	10554001057910	4,634,033
<i>ARRA IDEA-B Preschool</i>	84.392A	10555001057910	136,019
Total Special Education Cluster (IDEA)			10,707,074
<i>Career and Technical-Basic Grant</i>	84.048A	11420006057910	269,587
<i>Career and Technical-Basic Grant</i>	84.048A	12420006057910	26,212
Total Program 84.048A			295,799
<i>ESEA Title IV, Part A - Safe and Drug Free Schools and Communities Act</i>	84.186A	10691001057910	931
<i>Title III, Part A - English Language Acquisition and Language Enhancement</i>	84.365A	10671001057910	29,475
<i>Title III, Part A - English Language Acquisition and Language Enhancement</i>	84.365A	11671001057910	600,289
<i>Title III, Part A - English Language Acquisition and Language Enhancement</i>	84.365A	12671001057910	15,481
Total Program 84.365A			645,245
<i>ESEA Title II, Part A - Teacher and Principal Training and Recruiting</i>	84.367A	10694501057910	7,445
<i>ESEA Title II, Part A - Teacher and Principal Training and Recruiting</i>	84.367A	11694501057910	994,454
<i>ESEA Title II, Part A - Teacher and Principal Training and Recruiting</i>	84.367A	12694501057910	25,218
Total Program 84.367A			1,027,117
<i>Improving Academic Achievement State Assessments and Related Activities (LEP)</i>	84.369A	069551002	18,264
<i>ARRA Title II, Part D - Enhancing Education Through Technology</i>	84.386A	10553001057910	10,584
<i>ARRA Title XIV State Fiscal Stabilization Fund</i>	84.394A	11557001057910	12,823,331
<i>Education Jobs Fund</i>	84.410A	11550101057910	2,000,000
Total Passed Through State Department of Education			35,462,274
Passed Through Region X Education Service Center:			
<i>Title I, Part C - Migrant Education Program</i>	84.011A	11615001057950	41,726
<i>Title I, Part C - Migrant Education Program</i>	84.011A	12615001057950	296
Total Program 84.011			42,022
Homeless Education Grants Cluster:			
<i>McKinney-Vento Homeless Education</i>	84.196A	00-002	128,962
<i>ARRA - McKinney-Vento Homeless Education</i>	84.387	A09-030	78,952
Total Homeless Education Grants Cluster			207,914
Total Passed Through Region X Education Service Center			249,936
TOTAL U.S. DEPARTMENT OF EDUCATION			35,744,549

U.S. DEPARTMENT OF AGRICULTURE**Passed Through - State Department of Education:****Child Nutrition Cluster:****Non-Cash Assistance (Commodities):**

<i>National School Lunch Program</i>	10.555	057006A	558,075
<i>School Breakfast Program</i>	10.553	71401101	1,941,045

Cash Assistance:

<i>National School Lunch Program</i>	10.555	71301101	7,554,880
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TOTAL U.S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER**10,054,000****U.S. DEPARTMENT OF DEFENSE**

<i>Reserve Officers' Training Corp.</i>	12.000	N/A	164,492
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TOTAL EXPENDITURES OF FEDERAL AWARDS**\$ 45,963,041**

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, 2011

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:

Total Expenditures of Federal Awards per Exhibit K-1	\$	45,963,041
General Fund - Federal Revenue		
SHARS		1,176,161
E-Rate		257,713
Medical Assistance Program		109,247
Miscellaneous		2,282
Total Federal Revenues per Exhibit C-2	\$	<u>47,508,444</u>