

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

AUGUST 31, 2010

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
FOR THE YEAR ENDED AUGUST 31, 2010

<u>Exhibit Number</u>	<u>Page Number</u>
Certificate of Board	ii
FINANCIAL SECTION	
Independent Auditors' Report	2
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
A-1 Statement of Net Assets	13
B-1 Statement of Activities	14
Fund Financial Statements:	
C-1 Balance Sheet - Governmental Funds	16
C-1R Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	19
C-2 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
C-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
C-4 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	23
D-1 Statement of Net Assets - Proprietary Funds	24
D-2 Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	25
D-3 Statement of Cash Flows - Proprietary Funds	26
E-1 Statement of Fiduciary Net Assets - Fiduciary Funds	27
E-2 Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	28
Notes to the Financial Statements	29
Other Supplementary Information:	
J-1 Schedule of Delinquent Taxes Receivable	46
J-2 Schedule of Expenditures for Computation of Indirect Cost for 2011-2012	48
J-3 Fund Balance and Cash Flow Calculation Worksheet (Unaudited)	49
J-4 Budgetary Comparison Schedule - National School Breakfast and Lunch Program	50
J-5 Budgetary Comparison Schedule - Debt Service Fund	51
Overall Compliance, Internal Control Section and Federal Awards:	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	54
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	56
Schedule of Findings and Questioned Costs	58
Summary Schedule of Prior Audit Findings	59
Corrective Action Plan	67
K-1 Schedule of Expenditures of Federal Awards	68
Notes to Schedule of Expenditures of Federal Awards	69

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, 2010 at a meeting of the Board of Trustees of such school district on the 9th day of December, 2010.



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

111 E. Boothe
Cleveland, Texas 77327

Members of the
American Institute of Certified Public Accountants
Texas Society of Certified Public Accounts
Private Companies Practice Section
of the AICPA Division for Firms

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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, the business-type 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, 2010, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2010, 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 9, 2010, 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, excluding the Fund Balance and Cash Flow Calculation Worksheet (Exhibit J-3), 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, excluding the Fund Balance and Cash Flow Calculation Worksheet (Exhibit J-3), is fairly stated in all material respects in relation to the financial statements as a whole. The Fund Balance and Cash Flow Calculation Worksheet (Exhibit J-3), as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Respectfully submitted,

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

Hereford, Lynch, Sellars & Kirkham, P.C.
December 9, 2010

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, 2010. (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

- Liabilities exceeded assets at year-end by \$263,402 (deficit net assets).
- The District's total net assets increased by \$43,967,265, which includes prior period adjustments totaling \$46,094,254.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$38,877,717, a decrease of \$39,325,475 as compared to the preceding year, which includes a prior period adjustment of \$6,707,527.
- At the end of the year, unreserved, undesignated fund balance of the general fund was \$18,298,896, or 10 percent of the year's total general fund expenditures.
- The District's total bonded debt decreased by \$8,052,279 (2 percent) during the year.

Overview of the Financial Statements

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

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

The *Statement of Net 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 (Pupil) Transportation, Food Service, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Current Debt Fees, Facilities Repair and Maintenance, Payments to Juvenile Justice Alternative Education Programs, Payments to Tax Increment Fund, and Other Intergovernmental Charges*. The business-type activities of the District include an Enterprise Fund for food services which was reclassified to a Special Revenue Fund effective September 1, 2009.

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

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

The basic governmental fund financial statements are noted in the table of contents of this report.

Proprietary fund. The District maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses enterprise funds to account for its National Breakfast and Lunch Program. The District reclassified the activities of the District's National Breakfast and Lunch Program fund to the governmental funds effective September 1, 2009. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. The District uses the internal service fund to account for its sales and services. 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 were exceeded by liabilities in the amount of \$263,402, an increase of \$43,967,265 over the preceding year.

Grand Prairie Independent School District's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
	Amount	Amount	Amount	Amount	Amount	Amount
Current and Other Assets	\$ 66,003,269	\$ 98,526,371	\$ -	\$ 1,549,245	\$ 66,003,269	\$ 100,075,616
Capital Assets,						
net of Depreciation	435,504,005	365,398,997	-	747,701	435,504,005	366,146,698
Total Assets	501,507,274	463,925,368	-	2,296,946	501,507,274	466,222,314
Noncurrent						
Liabilities Outstanding	483,639,209	488,113,686	-	-	483,639,209	488,113,686
Other Liabilities	18,131,467	22,002,175	-	337,120	18,131,467	22,339,295
Total Liabilities	501,770,676	510,115,861	-	337,120	501,770,676	510,452,981
Net Assets:						
Invested in Capital Assets,						
net of Related Debt	60,274,523	11,130,616	-	747,701	60,274,523	11,878,317
Restricted	10,000	10,028,777	-	-	10,000	10,028,777
Unrestricted	(60,547,925)	(67,349,886)	-	1,212,125	(60,547,925)	(66,137,761)
Total Net Assets	\$ (263,402)	\$ (46,190,493)	\$ -	\$ 1,959,826	\$ (263,402)	\$ (44,230,667)

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

The District's is 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 \$60,274,523. 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 balance of net assets, *unrestricted net assets* (\$60,547,925), result from construction activities due to growth and the cost to opening new schools.

Governmental activities. Governmental activities decreased the District's net assets by \$167,163 from current year operations. However, the District increased governmental activities net assets with a prior period adjustment of \$46,094,254 primarily resulting from the recoding of buildings omitted from capital assets. The elements giving rise to this increase may be determined from the table below.

Grand Prairie Independent School District's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
	Amount	Amount	Amount	Amount	Amount	Amount
Revenue:						
Program Revenues:						
Charges for Services	\$ 4,335,104	\$ 1,117,779	\$ -	\$ 3,645,902	\$ 4,335,104	\$ 4,763,681
Operating Grants and Contributions	64,360,802	36,747,449	-	8,316,237	64,360,802	45,063,686
General Revenues:						
Property Taxes,						
Levied for General Purpose	50,697,004	50,652,905	-	-	50,697,004	50,652,905
Property Taxes,						
Levied for Debt Service	20,606,736	20,757,790	-	-	20,606,736	20,757,790
Investment Earnings	388,313	4,300,907	-	-	388,313	4,300,907
State Aid - Formula Grants	113,622,839	111,864,203	-	-	113,622,839	111,864,203
Miscellaneous	3,541,242	2,762,660	-	-	3,541,242	2,762,660
Transfers	1,212,125	-	(1,212,125)	-	-	-
Total Revenues	\$ 258,764,165	\$ 228,203,693	\$ (1,212,125)	\$ 11,962,139	\$ 257,552,040	\$ 240,165,832
Expenses:						
Instruction	132,063,162	134,734,094	-	-	132,063,162	134,734,094
Instructional Resources						
and Media Services	4,052,836	4,381,340	-	-	4,052,836	4,381,340
Curriculum and Staff Development	3,451,203	2,910,124	-	-	3,451,203	2,910,124
Instructional Leadership	3,754,669	3,471,206	-	-	3,754,669	3,471,206
School Leadership	13,747,275	13,504,474	-	-	13,747,275	13,504,474
Guidance, Counseling,						
and Evaluation Services	9,890,663	9,971,390	-	-	9,890,663	9,971,390
Social Work Services	612,305	537,522	-	-	612,305	537,522
Health Services	2,382,305	2,415,797	-	-	2,382,305	2,415,797
Student Transportation	3,212,320	3,440,411	-	-	3,212,320	3,440,411
Food Service	12,331,511	25,743	747,701	11,803,138	13,079,212	11,828,881
Cocurricular/Extra-curricular Activities	5,076,928	4,071,809	-	-	5,076,928	4,071,809
General Administration	6,572,359	5,250,739	-	-	6,572,359	5,250,739
Plant Maintenance and Operations	21,689,248	20,972,863	-	-	21,689,248	20,972,863
Security and Monitoring Services	1,488,218	2,036,584	-	-	1,488,218	2,036,584
Data Processing Services	4,483,140	5,164,942	-	-	4,483,140	5,164,942
Community Services	1,731,904	1,183,476	-	-	1,731,904	1,183,476
Interest on Long-term Debt	25,176,706	20,271,769	-	-	25,176,706	20,271,769
Current Debt Fees	367,297	228,976	-	-	367,297	228,976
Facilities Repair & Maintenance	3,610,961	340,185	-	-	3,610,961	340,185
Payments to Juvenile Justice						
Alternative Education Programs	138,600	147,847	-	-	138,600	147,847
Payments to Tax Increment Fund	2,956,298	2,792,439	-	-	2,956,298	2,792,439
Other Intergovernmental Charges	141,420	-	-	-	141,420	-
Total Expenses	\$ 258,931,328	\$ 237,853,730	\$ 747,701	\$ 11,803,138	\$ 259,679,029	\$ 249,656,868
Change in Net Assets	(167,163)	(9,650,037)	(1,959,826)	159,001	(2,126,989)	(9,491,036)
Net Assets - Beginning	(46,190,493)	(36,540,456)	1,959,826	1,800,825	(44,230,667)	(34,739,631)
Prior Period Adjustment	46,094,254	-	-	-	46,094,254	-
Net Assets - Ending	\$ (263,402)	\$ (46,190,493)	\$ -	\$ 1,959,826	\$ (263,402)	\$ (44,230,667)

The decrease in governmental activities net assets was primarily the result of an increase in revenues of (19%) from grants and contributions (program and general) was exceeded by the increase in expenditures from inflation and the reclassification of food services to a special revenue fund.

Revenues, aggregating \$258,764,165, were generated primarily from two sources. Property taxes \$71,303,740 represent 28 percent of total revenues while grants and contributions (including those not restricted for program-specific use as well as for general operations, totaling \$177,983,641), represent 69 percent of total revenues. The remaining 3 percent is generated from investment earnings, charges for services, miscellaneous revenues and transfers.

The primary functional expense of the District is *Instruction* \$132,063,162, which represents 51 percent of total expenses. *Interest on Long-term Debt* \$25,176,706 represents 10 percent of total expenses, *Plant Maintenance and Operations* \$21,689,248 represents 8 percent of total expenses, while all remaining expense categories are individually less than 8 percent of total expenses.

Business-type Activities

Business-type activities were financed in whole or part by fees charged to students and federal reimbursement through the National School Lunch and Breakfast Program. However, the activities were reclassified to a special revenue fund. Therefore, the business-type activities decreased the District's net assets by \$1,959,826. In addition, the fund balance and capital assets were transferred to governmental activities on September 1, 2009.

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 \$38,877,717, a decrease of \$39,325,475 from the preceding year, which includes a prior year adjustment of \$6,707,527. 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, unreserved, undesignated fund balance of the general fund was \$18,298,896, while total fund balance was \$19,010,054. To evaluate the general fund's liquidity, it may be helpful to compare both unreserved, undesignated fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 10 percent of total general fund expenditures, while total fund balance represents 11 percent of that same total. The fund balance of the general fund increased \$1,470,889 during the year from current activities, primarily due to the increase in federal program revenues and a slight decrease in total expenditures.

The debt service fund ending fund balance of \$14,130,623, all of which is reserved for the payment of principal and interest on debt. The debt service fund balance increased \$1,774,687 during the year, primarily due to the increase in state program revenues exceeded the increase in total expenditures.

The capital projects ending fund fund balance of \$2,636,853, all of which is reserved for capital expenditures. The net decrease in fund balance during the current year in the capital projects fund was \$37,333,556. The decrease was due to construction as authorized by the bonds issued.

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

Proprietary funds. The District's proprietary fund financial statements, reflecting internal service and enterprise funds were created for its self-funded health and workers' compensation program and National School Lunch and Breakfast Program, provides 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 enterprise fund, National School Lunch and Breakfast Program, was reclassified to a special revenue fund September 1, 2009.

General Fund Budgetary Highlights

Differences between the originally-adopted budget and the final amended budget of the general fund were to increase appropriations \$19,001,995. The most significant changes were to increase instructional appropriations. Amendments were approved by the governing body.

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

- Instruction reported \$8,318,848 of unused appropriations primarily due to reclass of expenditures to the special revenue stimulus funds.
- Plant Maintenance and Operations reported \$5,320,294 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, 2010 was \$435,504,005 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The increase in net investment in capital assets for governmental and business activities for the current fiscal year was \$69,357,307.

Major capital asset activity during the year included the following:

- A transfer of various capital assets totaling \$747,701 to the National School Breakfast and Lunch Program (Governmental Activity) from the National School Breakfast and Lunch Program (Business-Type Activity).
- An addition of \$45,392,138 of capital assets previously not accounted for primarily in construction in progress.
- An addition of \$33,001,881 in construction in progress for various additions and renovations.
- Major expenditures completed in the current year were \$9,706,687 for the addition of Dubiski Career High School, 12,391,710 in renovations for Eisenhower Elementary, and \$10,461,758 in general construction expenditures for Sam Rayburn Elementary.

Grand Prairie Independent School District's Capital Assets

(Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
	Amount	Amount	Amount	Amount	Amount	Amount
Land	\$ 18,499,088	\$ 18,489,261	\$ -	\$ -	\$ 18,499,088	\$ 18,489,261
Buildings and Improvements	381,969,232	315,379,639	-	-	381,969,232	315,379,639
Furniture and Equipment	6,959,587	4,557,901	-	747,701	6,959,587	5,305,602
Construction in Progress	28,066,098	26,972,196	-	-	28,066,098	26,972,196
Restricted Assets	10,000	-	-	-	10,000	-
Totals	\$ 435,504,005	\$ 365,398,997	\$ -	\$ 747,701	\$ 435,504,005	\$ 366,146,698

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 \$483,639,209. 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 \$3,289,004 and compensated absences of \$288,798.

Grand Prairie Independent School District's Outstanding Noncurrent Liabilities

	Governmental Activities					
	2010		2009		Increase(Decrease)	
	Amount	%	Amount	%	Amount	%
General Obligation Bonds (Net)	\$ 480,061,407	99	\$ 488,113,686	99	\$ (8,052,279)	(2)
Health Claims	-	-	1,730,476	-	(1,730,476)	(100)
Workers' Compensation Claims	3,289,004	1	3,282,842	1	6,162	-
Compensated Absences	288,798	-	364,628	-	(75,830)	(21)
Totals	\$ 483,639,209	100	\$ 493,491,632	100	\$ (9,852,423)	

The District's total bonded debt decreased by \$9,852,243. The key factor was the payment of principal.

The District is rated "AA-" by Standard and Poor's and "AA-" by Fitch's for the general obligation debt.

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 2010-11 Budgets

- School year (2010-11) student enrollment is, 26,218.
- District staff totals 3,227 employees in 2010-11, excluding substitutes and other part-time employees, which consist of 1740 teachers and 312 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 an increase from a rate of 8.7 percent a year ago. This compares unfavorably to the state's average unemployment rate of 8.4 percent, which is an increase from a rate of 8.1 percent a year ago.
- Property values of the District are projected to increase .02% for the 2010-11 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 2010-11.

All of these factors and others were considered in preparing the District's budget for the 2010-11 fiscal year.

During 2009-10, fund balance in the general fund increased to \$19,010,054. 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 2010-11 and 2011-12 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.

BASIC FINANCIAL STATEMENTS

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GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

AUGUST 31, 2010

EXHIBIT A-1

Data Control Codes	1 Governmental Activities	2 Business-type Activities	3 Total
ASSETS:			
1110 Cash and Cash Equivalents	\$ 2,577,620	\$ -	\$ 2,577,620
1120 Current Investments	45,499,988	-	45,499,988
1225 Property Taxes Receivable (Net)	4,757,680	-	4,757,680
1240 Due from Other Governments	7,925,315	-	7,925,315
1250 Accrued Interest	124,153	-	124,153
1290 Other Receivables (Net)	797,046	-	797,046
1300 Inventories	798,472	-	798,472
1410 Deferred Expenses	271,457	-	271,457
1420 Capitalized Bond and Other Debt Issuance Costs	3,251,538	-	3,251,538
Capital Assets:			
1510 Land	18,499,088	-	18,499,088
1520 Buildings and Improvements, Net	381,969,232	-	381,969,232
1530 Furniture and Equipment, Net	6,959,587	-	6,959,587
1580 Construction in Progress	28,066,098	-	28,066,098
1800 Restricted Assets	10,000	-	10,000
1000 Total Assets	<u>501,507,274</u>	<u>-</u>	<u>501,507,274</u>
LIABILITIES:			
2110 Accounts Payable	5,126,560	-	5,126,560
2140 Interest Payable	779,474	-	779,474
2165 Accrued Liabilities	8,157,891	-	8,157,891
2180 Due to Other Governments	3,693,041	-	3,693,041
2300 Unearned Revenue	374,501	-	374,501
Noncurrent Liabilities:			
2501 Due Within One Year	13,687,481	-	13,687,481
2502 Due in More Than One Year	469,951,728	-	469,951,728
2000 Total Liabilities	<u>501,770,676</u>	<u>-</u>	<u>501,770,676</u>
NET ASSETS			
3200 Invested in Capital Assets, Net of Related Debt	60,274,523	-	60,274,523
Restricted For:			
Scholarships			
3880 Nonexpendable	10,000	-	10,000
3900 Unrestricted	(60,547,925)	-	(60,547,925)
3000 Total Net Assets	<u>\$ (263,402)</u>	<u>\$ -</u>	<u>\$ (263,402)</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, 2010

Data Control Codes	Functions/Programs	1	3	4
		Expenses	Program Revenues Charges for Services	Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	\$ 132,063,162	\$ 283,940	\$ 22,436,098
12	Instructional Resources and Media Services	4,052,836	-	659,306
13	Curriculum and Staff Development	3,451,203	7,937	2,324,238
21	Instructional Leadership	3,754,669	-	897,940
23	School Leadership	13,747,275	-	1,694,793
31	Guidance, Counseling, & Evaluation Services	9,890,663	-	2,453,193
32	Social Work Services	612,305	-	347,932
33	Health Services	2,382,305	-	289,269
34	Student Transportation	3,212,320	-	970,467
35	Food Service	12,331,511	3,146,005	9,614,404
36	Cocurricular/Extracurricular Activities	5,076,928	793,723	237,724
41	General Administration	6,572,359	-	369,358
51	Plant Maintenance and Operations	21,689,248	88,849	5,500,342
52	Security and Monitoring Services	1,488,218	-	25,876
53	Data Processing Services	4,483,140	-	245,846
61	Community Services	1,731,904	14,650	1,060,402
72	Interest on Long-term Debt	25,176,706	-	15,207,208
73	Current Debt Fees	367,297	-	-
81	Facilities Repair and Maintenance	3,610,961	-	-
95	Payments to Juvenile Justice Alternative Ed. Programs	138,600	-	26,406
97	Payments to Tax Increment Fund	2,956,298	-	-
99	Other Intergovernmental Charges	141,420	-	-
TG	Total Governmental Activities	<u>258,931,328</u>	<u>4,335,104</u>	<u>64,360,802</u>
	Business-type Activities:			
01	Food Services	747,701	-	-
TP	Total Primary Government	<u>\$ 259,679,029</u>	<u>\$ 4,335,104</u>	<u>\$ 64,360,802</u>
	General Revenues:			
MT	Property Taxes, Levied for General Purposes			
DT	Property Taxes, Levied for Debt Service			
IE	Investment Earnings			
GC	Grants and Contributions Not Restricted to Specific Programs			
MI	Miscellaneous			
FR	Transfers			
TR	Total General Revenues			
CN	Change in Net Assets			
NB	Net Assets - Beginning			
PA	Prior Period Adjustment			
	Net Assets - Beginning, as Restated			
NE	Net Assets - Ending			

The accompanying notes are an integral part of this statement.

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Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (109,343,124)		\$ (109,343,124)
(3,393,530)		(3,393,530)
(1,119,028)		(1,119,028)
(2,856,729)		(2,856,729)
(12,052,482)		(12,052,482)
(7,437,470)		(7,437,470)
(264,373)		(264,373)
(2,093,036)		(2,093,036)
(2,241,853)		(2,241,853)
428,898		428,898
(4,045,481)		(4,045,481)
(6,203,001)		(6,203,001)
(16,100,057)		(16,100,057)
(1,462,342)		(1,462,342)
(4,237,294)		(4,237,294)
(656,852)		(656,852)
(9,969,498)		(9,969,498)
(367,297)		(367,297)
(3,610,961)		(3,610,961)
(112,194)		(112,194)
(2,956,298)		(2,956,298)
(141,420)		(141,420)
<u>(190,235,422)</u>		<u>(190,235,422)</u>
-	\$ (747,701)	(747,701)
<u>(190,235,422)</u>	<u>(747,701)</u>	<u>(190,983,123)</u>
50,697,004	-	50,697,004
20,606,736	-	20,606,736
388,313	-	388,313
113,622,839	-	113,622,839
3,541,242	-	3,541,242
1,212,125	(1,212,125)	-
<u>190,068,259</u>	<u>(1,212,125)</u>	<u>188,856,134</u>
<u>(167,163)</u>	<u>(1,959,826)</u>	<u>(2,126,989)</u>
(46,190,493)	1,959,826	(44,230,667)
46,094,254	-	46,094,254
<u>(96,239)</u>	<u>1,959,826</u>	<u>1,863,587</u>
\$ <u>(263,402)</u>	\$ -	\$ <u>(263,402)</u>

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2010

Data Control Codes		10 General Fund	50 Debt Service Fund
ASSETS:			
1110	Cash and Cash Equivalents	\$ 1,270,109	\$ 772,080
1120	Current Investments	32,195,571	3,163,434
1225	Taxes Receivable, Net	3,653,837	1,103,843
1240	Due from Other Governments	2,873,172	216,302
1250	Accrued Interest	124,153	-
1260	Due from Other Funds	1,547,790	10,090,713
1290	Other Receivables	797,046	-
1300	Inventories	439,701	-
1410	Deferred Expenditures	271,457	-
1800	Restricted Assets	-	-
1000	Total Assets	\$ 43,172,836	\$ 15,346,372
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ 304,484	\$ -
2150	Payroll Deductions & Withholdings	289,753	-
2160	Accrued Wages Payable	6,256,685	-
2170	Due to Other Funds	10,099,071	-
2180	Due to Other Governments	3,558,952	111,906
2200	Accrued Expenditures	-	-
2300	Unearned Revenue	3,653,837	1,103,843
2000	Total Liabilities	24,162,782	1,215,749
FUND BALANCES:			
Reserved Fund Balances:			
3410	Investments in Inventory	439,701	-
3420	Debt Service	-	14,130,623
3430	Prepaid Items	271,457	-
3450	Reserve for Food Service	-	-
3490	Other Reserves of Fund Balance	-	-
3600	Unreserved	18,298,896	-
3000	Total Fund Balances	19,010,054	14,130,623
4000	Total Liabilities and Fund Balances	\$ 43,172,836	\$ 15,346,372

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ -	\$ 527,268	\$ 2,569,457
8,383,364	-	43,742,369
-	-	4,757,680
-	4,835,841	7,925,315
-	-	124,153
-	76,522	11,715,025
-	-	797,046
-	358,771	798,472
-	-	271,457
-	10,000	10,000
<u>\$ 8,383,364</u>	<u>\$ 5,808,402</u>	<u>\$ 72,710,974</u>
\$ 4,260,029	\$ 562,047	\$ 5,126,560
-	-	289,753
-	124,971	6,381,656
-	1,624,513	11,723,584
-	22,183	3,693,041
1,486,482	-	1,486,482
-	374,501	5,132,181
<u>5,746,511</u>	<u>2,708,215</u>	<u>33,833,257</u>
-	175,578	615,279
-	-	14,130,623
-	-	271,457
-	2,555,819	2,555,819
2,636,853	368,790	3,005,643
-	-	18,298,896
<u>2,636,853</u>	<u>3,100,187</u>	<u>38,877,717</u>
<u>\$ 8,383,364</u>	<u>\$ 5,808,402</u>	<u>\$ 72,710,974</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, 2010

EXHIBIT C-1R

Total Fund Balances - Governmental Funds (Exhibit C-1) **\$ 38,877,717**

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 cost of \$591,370,022, exceeds the related accumulated depreciation of \$155,876,017. 435,494,005

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. 4,757,680

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. 3,251,538

Long-term liabilities, including bonds payable and compensated absences 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 and compensated absences, consist of:

Bonds Payable	\$ (452,156,538)	
Accrued Interest on the Bonds	(779,474)	
(Premium) Discount on Bonds Payable	(4,391,855)	
Accreted Interest on Capital Appreciation Bonds	(31,853,071)	
Deferred Interest Expense Adjustment	8,340,057	
Compensated Absences	<u>(288,798)</u>	
		(481,129,679)

An internal service fund is used by the District to charge the costs of health and workers' compensation benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities (1,514,663)

Total Net Assets - Governmental Activities (Exhibit A-1) **\$ (263,402)**

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes		10 General Fund	50 Debt Service Fund
REVENUES:			
5700	Local and Intermediate Sources	\$ 54,180,930	\$ 20,823,326
5800	State Program Revenues	117,682,476	15,207,208
5900	Federal Program Revenues	5,543,949	-
5020	Total Revenues	<u>177,407,355</u>	<u>36,030,534</u>
EXPENDITURES:			
Current:			
0011	Instruction	108,765,837	-
0012	Instructional Resources and Media Services	3,045,190	-
0013	Curriculum and Staff Development	1,148,962	-
0021	Instructional Leadership	3,034,133	-
0023	School Leadership	12,700,215	-
0031	Guidance, Counseling, & Evaluation Services	8,164,767	-
0032	Social Work Services	279,507	-
0033	Health Services	2,232,085	-
0034	Student Transportation	3,188,933	-
0035	Food Service	-	-
0036	Cocurricular/Extracurricular Activities	3,855,820	-
0041	General Administration	6,420,257	-
0051	Plant Maintenance and Operations	14,980,600	-
0052	Security and Monitoring Services	1,048,417	-
0053	Data Processing Services	2,419,007	-
0061	Community Services	704,656	-
0071	Principal on Long-term Debt	-	15,590,000
0072	Interest on Long-term Debt	-	17,765,532
0073	Bond Issuance Costs and Fees	-	185,868
0081	Capital Outlay	1,660,733	-
0095	Payments to Juvenile Justice Alternative		
0095	Education Programs	138,600	-
0097	Payments to Tax Increment Fund	2,241,851	714,447
0099	Other Intergovernmental Charges	141,420	-
6030	Total Expenditures	<u>176,170,990</u>	<u>34,255,847</u>
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	<u>1,236,365</u>	<u>1,774,687</u>
Other Financing Sources and (Uses):			
7912	Sale of Real or Personal Property	22,452	-
7915	Transfers In	212,072	-
8911	Transfers Out	-	-
7080	Total Other Financing Sources and (Uses)	<u>234,524</u>	<u>-</u>
1200	Net Change in Fund Balances	<u>1,470,889</u>	<u>1,774,687</u>
0100	Fund Balances - Beginning	25,504,070	12,355,936
1300	Prior Period Adjustment	(7,964,905)	-
	Fund Balances - Beginning, as Restated	<u>17,539,165</u>	<u>12,355,936</u>
3000	Fund Balances - Ending	<u>\$ 19,010,054</u>	<u>\$ 14,130,623</u>

The accompanying notes are an integral part of this statement.

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 286,483	\$ 3,668,008	\$ 78,958,747
-	2,096,633	134,986,317
-	37,453,373	42,997,322
<u>286,483</u>	<u>43,218,014</u>	<u>256,942,386</u>
1,732,166	16,327,649	126,825,652
234,003	484,382	3,763,575
-	2,303,522	3,452,484
-	714,884	3,749,017
96,111	743,140	13,539,466
3,852	1,868,564	10,037,183
-	332,272	611,779
18,814	130,590	2,381,489
-	802,803	3,991,736
62,577	12,286,443	12,349,020
-	575,379	4,431,199
5,355	151,524	6,577,136
485,317	4,824,739	20,290,656
402,922	17,425	1,468,764
1,907,323	151,583	4,477,913
-	1,033,136	1,737,792
-	-	15,590,000
-	-	17,765,532
-	-	185,868
32,671,599	-	34,332,332
-	-	138,600
-	-	2,956,298
-	-	141,420
<u>37,620,039</u>	<u>42,748,035</u>	<u>290,794,911</u>
(37,333,556)	469,979	(33,852,525)
-	-	22,452
-	1,212,125	1,424,197
-	(212,072)	(212,072)
-	1,000,053	1,234,577
<u>(37,333,556)</u>	<u>1,470,032</u>	<u>(32,617,948)</u>
39,970,409	372,777	78,203,192
-	1,257,378	(6,707,527)
<u>39,970,409</u>	<u>1,630,155</u>	<u>71,495,665</u>
\$ <u>2,636,853</u>	\$ <u>3,100,187</u>	\$ <u>38,877,717</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, 2010

Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-2) \$ (32,617,948)

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. This is the amount by which capital outlays \$35,338,167 exceeds depreciation expense \$11,382,998 in the period. 23,955,169

Repayment of bond principal of \$11,921,944 and accreted interest of \$3,668,056 is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 15,590,000

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year. 587,202

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

Amortization of Bond Issuance Costs (181,429)

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 decrease in interest reported in the statement of activities consist of the following:

Accrued Interest on Bonds Payable <i>decreased</i>	\$ 126,547	
Accreted Interest on the District's Capital Appreciation Bonds <i>increased</i>	(7,377,245)	
Amortization of Bond Premium	409,782	
Amortization of Deferred Interest Expense Adjustment	(500,364)	
Amortization of Bond Discount	(69,894)	
		(7,411,174)

An internal service fund is used by the District to charge the cost of workers' compensation benefits to the individual funds. The net activity of the internal service fund was reported in the governmental-wide statements. 199,815

The increase 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. (288,798)

Change in Net Assets for Governmental Activities (Exhibit B-1) \$ (167,163)

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-4

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL FOR THE YEAR ENDED AUGUST 31, 2010

		1	2	3	Variance with Final Budget Positive (Negative)
Data Control Codes		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 53,483,519	\$ 55,244,636	\$ 54,180,930	\$ (1,063,706)
5800	State Program Revenues	123,217,590	123,511,891	117,682,476	(5,829,415)
5900	Federal Program Revenues	580,000	2,064,474	5,543,949	3,479,475
5020	Total Revenues	177,281,109	180,821,001	177,407,355	(3,413,646)
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	105,824,500	117,084,685	108,765,837	8,318,848
0012	Instructional Resources and Media Services	3,370,319	3,252,319	3,045,190	207,129
0013	Curriculum and Staff Development	1,229,345	1,104,421	1,148,962	(44,541)
	Total Instruction & Instr. Related Services	110,424,164	121,441,425	112,959,989	8,481,436
Instructional and School Leadership:					
0021	Instructional Leadership	3,096,229	3,137,731	3,034,133	103,598
0023	School Leadership	12,417,689	13,552,987	12,700,215	852,772
	Total Instructional & School Leadership	15,513,918	16,690,718	15,734,348	956,370
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	8,434,018	8,493,833	8,164,767	329,066
0032	Social Work Services	394,665	349,665	279,507	70,158
0033	Health Services	2,371,512	2,330,812	2,232,085	98,727
0034	Student (Pupil) Transportation	2,968,620	3,333,215	3,188,933	144,282
0036	Cocurricular/Extracurricular Activities	2,946,154	3,755,669	3,855,820	(100,151)
	Total Support Services - Student (Pupil)	17,114,969	18,263,194	17,721,112	542,082
Administrative Support Services:					
0041	General Administration	3,904,029	6,486,196	6,420,257	65,939
	Total Administrative Support Services	3,904,029	6,486,196	6,420,257	65,939
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	19,086,296	20,300,894	14,980,600	5,320,294
0052	Security and Monitoring Services	1,149,987	1,099,987	1,048,417	51,570
0053	Data Processing Services	3,247,126	2,497,126	2,419,007	78,119
	Total Support Services - Nonstudent Based	23,483,409	23,898,007	18,448,024	5,449,983
Ancillary Services:					
0061	Community Services	553,207	735,733	704,656	31,077
	Total Ancillary Services	553,207	735,733	704,656	31,077
Capital Outlay:					
0081	Capital Outlay	73,619	2,614,966	1,660,733	954,233
	Total Capital Outlay	73,619	2,614,966	1,660,733	954,233
Intergovernmental Charges:					
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	145,000	138,600	138,600	-
0097	Payments to Tax Increment Fund	2,162,400	2,241,851	2,241,851	-
0099	Other Intergovernmental Charges	275,400	141,420	141,420	-
	Total Intergovernmental Charges	2,582,800	2,521,871	2,521,871	-
6030	Total Expenditures	173,650,115	192,652,110	176,170,990	16,481,120
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	3,630,994	(11,831,109)	1,236,365	13,067,474
Other Financing Sources (Uses):					
7912	Sale of Real or Personal Property	-	-	22,452	22,452
7915	Transfers In	-	-	212,072	212,072
7949	Other Resources	1,251,300	1,251,300	-	(1,251,300)
8911	Transfers Out	(4,000,000)	-	-	-
7080	Total Other Financing Sources and (Uses)	(2,748,700)	1,251,300	234,524	(1,016,776)
1200	Net Change in Fund Balance	882,294	(10,579,809)	1,470,889	12,050,698
0100	Fund Balance - Beginning	25,504,070	25,504,070	25,504,070	-
1300	Prior Period Adjustment	-	-	(7,964,905)	(7,964,905)
0100	Fund Balance - Beginning, as Restated	25,504,070	25,504,070	17,539,165	(7,964,905)
3000	Fund Balance - Ending	\$ 26,386,364	\$ 14,924,261	\$ 19,010,054	\$ 4,085,793

The accompanying notes are an integral part of this statement.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-1

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

AUGUST 31, 2010

Data Control Codes		Enterprise Fund	Nonmajor Internal Service Fund
		National Breakfast/Lunch Program	Insurance Fund
ASSETS:			
Current Assets:			
1110	Cash and Cash Equivalents	\$ -	\$ 8,163
1120	Investments	-	1,757,619
Receivables:			
1260	Due from Other Funds	-	8,559
	Total Current Assets	-	1,774,341
1000	Total Assets	-	1,774,341
LIABILITIES:			
Noncurrent Liabilities:			
2530	Other Long-Term Liabilities	-	3,289,004
	Total Noncurrent Liabilities	-	3,289,004
2000	Total Liabilities	-	3,289,004
NET ASSETS:			
3900	Unrestricted Net Assets	-	(1,514,663)
3000	Total Net Assets	\$ -	\$ (1,514,663)

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, 2010

Data Control Codes		Enterprise Fund National Breakfast/Lunch Program	Nonmajor Internal Service Fund Insurance Fund
	OPERATING REVENUES:		
5700	Local and Intermediate Sources	\$ -	\$ 1,194,338
5020	Total Revenues	-	1,194,338
	OPERATING EXPENSES:		
6200	Professional and Contracted Services	-	22,627
6400	Other Operating Costs	-	975,419
6030	Total Expenses	-	998,046
	Operating Income	-	196,292
	NON-OPERATING REVENUES (EXPENSES):		
7955	Earnings from Temp. Deposits and Investments	-	3,523
8989	Other Non-operating Expenses	(747,701)	-
8030	Total Non-operating Revenues (Expenses)	(747,701)	3,523
	Income (Loss) before Contributions and Transfers	(747,701)	199,815
8911	Transfers Out	(1,212,125)	-
1300	Change in Net Assets	(1,959,826)	199,815
1300	Change in Net Assets	(1,959,826)	199,815
0100	Total Net Assets - Beginning	1,959,826	(9,633,798)
	Prior Period Adjustment	-	7,919,320
	Total Net Assets - Beginning, as Restated	1,959,826	(1,714,478)
3300	Total Net Assets - Ending	\$ -	\$ (1,514,663)

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, 2010

	Enterprise Fund National Breakfast/Lunch Program	Nonmajor Internal Service Fund Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Receipts for Inventory Transferred to Governmental Funds	\$ 318,091	\$ 1,185,779
Cash Payments to Suppliers for Goods and Services	(337,120)	(22,627)
Cash Payments to Employees and Vendors for Employee Benefits	-	(1,325,875)
Net Cash Provided by (Used for) Operating Activities	(19,029)	(162,723)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfer to Other Funds	(2,469,503)	-
Net Cash Provided by (Used for) NonCapital Financing Activities	(2,469,503)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends Received	-	3,523
Purchase of Investments	-	(1,757,619)
Net Cash Provided by (Used For) Investing Activities	-	(1,754,096)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,488,532)	(1,916,819)
Cash and Cash Equivalents at Beginning of Year	2,488,532	1,924,982
Cash and Cash Equivalents at End of Year	\$ -	\$ 8,163
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating Income	\$ -	\$ 196,292
CHANGE IN ASSETS AND LIABILITIES:		
Decrease (Increase) in Due From Other Funds	-	(8,559)
Decrease (Increase) in Inventories	318,091	-
Increase (Decrease) in Accounts Payable	(337,120)	-
Increase (Decrease) in Due to Other Funds	-	(6,545,462)
Increase (Decrease) in Claims Payable	-	6,195,006
Net Cash Provided (Used) by Operating Activities	\$ (19,029)	\$ (162,723)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Contributions of Capital Assets to District	\$ 747,701	\$ -

The accompanying notes are an integral part of this statement.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

AUGUST 31, 2010

EXHIBIT E-1

Data Control Codes		Private-purpose Trust Fund	Agency Fund
		Private Purpose Trust Funds	Student Activity
	ASSETS:		
1110	Cash and Cash Equivalents	\$ -	\$ 568,908
1000	Total Assets	\$ -	\$ 568,908
	LIABILITIES:		
	Current Liabilities:		
2110	Accounts Payable	\$ -	\$ 2,342
2190	Due to Student Groups	-	566,566
2000	Total Liabilities	-	\$ 568,908
	NET ASSETS		
3000	Total Net Assets	\$ -	

The accompanying notes are an integral part of this statement.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-2

*STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**FIDUCIARY FUNDS**FOR THE YEAR ENDED AUGUST 31, 2010*

	Private- Purpose Trusts
Additions:	
Investment Income	\$ -
Total Additions	-
Deductions:	
Scholarship Awards	-
Total Deductions	-
Change in Net Assets	-
Net Assets-Beginning of the Year	26,599
Prior Period Adjustment	(26,599)
Net Assets-End of the Year	\$ -

The accompanying notes are an integral part of this statement.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

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, 2010

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 *enterprise fund* is used to account for user fees and grants in the National School Breakfast and Lunch Program to provide food services to students. The District reclassified the activities of the fund to a special revenue fund effective September 1, 2009.

The *internal service fund* accounts for health and workers' compensation claims and administrative expenses provided for other funds of the District on a cost reimbursement basis. Effective September 1, 2009, the District's health program is no longer self-funded and all runoff claims were paid as of August 31, 2010.

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 resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

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, 2010. 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.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

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

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

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 \$19,001,995. The primary increase was to increase instructional appropriations.

The supplemental budgetary increases made in the National School Breakfast and Lunch Program totaled \$433,571. 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 decreases made in the debt service fund for debt services totaled \$164,447.

B. Excess of Expenditures Over Appropriations

For the year ended August 31, 2010, expenditures exceeded appropriations in the function (the legal level of budgetary control) of the following fund:

Fund	Function	Final Budget	Actual	Variance
General Fund	Curriculum and Staff Development	\$ 1,104,421	\$ 1,148,962	\$ (44,541)
General Fund	Cocurricular/Extracurricular Activities	3,755,669	3,855,820	(100,151)
Debt Service	Debt Services	33,541,085	33,541,400	(315)

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

C. Deficit Fund Equity

The self-funded health and workers' compensation insurance fund reported a deficit fund balance of \$1,514,663. The District terminated the self-funded health insurance plan September 1, 2009 and plans to increase employer contributions over the next 3 years to alleviate the deficit remaining in the workers' compensation self-insurance fund.

III. Detailed Notes on All Funds

A. Deposits and Investments

As of August 31, 2010, the District had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Texpool	\$ 40,393,399	0.21
U.S. Security - FHLB	5,106,589	0.03
Total Fair Value	\$ 45,499,988	
Portfolio Weighted Average Maturity		0.19

Interest rate risk. In accordance with its investing policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of pool fund groups to 180 days and any other individual investment owned by the District shall not exceed one year from the time of purchase.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

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 meets the requirements of the Public Funds Investment Act.

For fiscal year 2010, the District invested in Texpool. Texpool is duly chartered and administered by the State Comptroller's Office. As of August 31, 2010, the District's investment in Texpool was rated AAAM by Standard & Poor's Investors Service. The remaining investment was in a U.S. Government Security, in FHLB, which has an implied rating of AAA.

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, 2010, District's banks' balance of \$3,372,966 was not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent in the District's name.

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

B. Receivables

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

	General	Debt Service	Nonmajor and Other Funds	Total
Receivables:				
Property Taxes	\$ 3,766,842	\$ 1,137,982	\$ -	\$ 4,904,824
Due From Other Governments:				
State	47,139	216,302	295,347	558,788
Federal	2,826,033	-	4,540,494	7,366,527
Accrued Interest	124,153	-	-	124,153
Other	797,046	-	-	797,046
Gross Receivables	7,561,213	1,354,284	4,835,841	13,751,338
Less: Allowance for Uncollectibles	(113,005)	(34,139)	-	(147,144)
Net Total Receivables	\$ 7,448,208	\$ 1,320,145	\$ 4,835,841	\$ 13,604,194

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	\$ 518,934
Uncollectibles Related to Debt Service Property Taxes	170,332
Total Uncollectibles of the Current Fiscal Year	\$ 689,266

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

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:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent Property Taxes Receivable (General Fund)	\$ 3,653,837	\$ -
Delinquent Property Taxes Receivable (Debt Service Fund)	1,103,843	-
Grant Funds Received Prior to Meeting all Eligibility Requirements (Special Revenue Funds)	-	374,501
Total Deferred/Unearned Revenue For Governmental Funds	\$ 4,757,680	\$ 374,501

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of August 31, 2010, is as follows:

<u>Due From/To Other Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,547,790	\$ 10,099,071
Debt Service Fund	10,090,713	-
Other Governmental Funds - Nonmajor	76,522	1,624,513
Nonmajor Internal Service Fund - Insurance Fund	8,559	-
Totals	\$ 11,723,584	\$ 11,723,584

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, 2010.

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
Enterprise Funds - National Breakfast and Lunch Program	Other Governmental Funds - Nonmajor	\$ 1,212,125
Other Governmental Funds - Nonmajor	General Fund	212,072
Total		\$ 1,424,197

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 transferred \$1,212,125 from the Enterprise Fund-National Breakfast and Lunch Program to the Special Revenue Fund-National Breakfast and Lunch Program as a reclassification of the fund.
- The District transferred \$212,072 from the National School Breakfast and Lunch Program special revenue fund for appropriations in the general fund.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

D. Capital Assets

Capital asset activity for the year ended August 31, 2010 was as follows:

	Beginning Balance	Additions	Transfers	Prior Period Adjustment	Ending Balance
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	\$ 18,489,261	\$ 9,827	\$ -	\$ -	\$ 18,499,088
Construction in Progress	26,972,196	33,001,881	(74,696,582)	42,788,603	28,066,098
Total Capital Assets, not being Depreciated	45,461,457	33,011,708	(74,696,582)	42,788,603	46,565,186
Capital Assets, being Depreciated:					
Buildings and Improvements	443,115,691	-	74,696,582	-	517,812,273
Furniture and Equipment	22,213,081	2,326,459	2,231,172	221,851	26,992,563
Total Capital Assets, being Depreciated	465,328,772	2,326,459	76,927,754	221,851	544,804,836
Less Accumulated Depreciation for:					
Buildings and Improvements	(127,736,052)	(10,181,394)	-	2,074,405	(135,843,041)
Furniture and Equipment	(17,655,180)	(1,201,604)	(1,483,471)	307,279	(20,032,976)
Total Accumulated Depreciation	(145,391,232)	(11,382,998)	(1,483,471)	2,381,684	(155,876,017)
Total Capital Assets, being Depreciated, net	319,937,540	(9,056,539)	75,444,283	2,603,535	388,928,819
Governmental Activities Capital Assets, net	\$ 365,398,997	\$ 23,955,169	\$ 747,701	\$ 45,392,138	\$ 435,494,005
Business-Type Activities (Enterprise Fund):					
Capital Assets, Depreciable:					
Furniture and Equipment	\$ 2,231,172	\$ -	\$ (2,231,172)	\$ -	\$ -
Less Accumulated Depreciation for:					
Furniture and Equipment	(1,483,471)	-	1,483,471	-	-
Business-Type Activities Capital Assets, Net	\$ 747,701	\$ -	\$ (747,701)	\$ -	\$ -

Capital Assets of the Business-type activities was reclassified to a special revenue fund in governmental activities.

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

Governmental Activities:	
11 Instruction	\$ 5,651,555
12 Instructional Resources and Media Services	288,212
21 Instructional Leadership	3,598
23 School Leadership	202,183
31 Guidance, Counseling, and Evaluation Services	12,780
34 Student (Pupil) Transportation	333,749
35 Food Service	343,197
36 Extracurricular Activities	664,307
41 General Administration	7,148
51 Plant Maintenance and Operations	1,507,572
52 Security and Monitoring Services	19,391
53 Data Processing Services	50,914
61 Community Services	131
81 Facilities Acquisition and Construction	2,298,261
Total Depreciation Expense-Governmental Activities	\$ 11,382,998

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

Construction Commitments

The District has active construction projects as of August 31, 2010. The projects include the construction and equipment of school facilities. At year end, the District's total commitments with contractors totals \$1,300,528. The commitment for construction and equipment of school facilities is being financed by general obligation bonds secured by tax revenues and local funds.

E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, health and 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 health and workers' compensation claims are accounted for in the internal service fund for insurance. 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, 2010, was as follows:

	Beginning Balance	Provision or Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 464,078,482	\$ -	\$ (11,921,944)	\$ 452,156,538	\$ 10,109,679
Less Deferred Amounts:					
For Issuance Premium (Discount)	6,166,937	-	(409,782)	5,757,155	-
For Issuance Discount	(1,435,194)	-	69,894	(1,365,300)	-
For Accreted Interest (CAB)	28,143,882	7,377,245	(3,668,056)	31,853,071	-
Deferred Interest Expense Adjustment	(8,840,421)	-	500,364	(8,340,057)	-
Total Bonds Payable, net	488,113,686	7,377,245	(15,429,524)	480,061,407	10,109,679
Health Claims	1,730,476	(1,220,238)	(510,238)	-	-
Workers' Compensation Claims	3,282,842	968,419	(962,257)	3,289,004	3,289,004
Compensated Absences	364,628	(119,935)	44,105	288,798	288,798
Governmental Activity					
Long-term Liabilities	\$ 493,491,632	\$ 7,005,491	\$ (16,857,914)	\$ 483,639,209	\$ 13,687,481

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.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

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	\$ 1,229,026	\$ -	\$ (731,152)	\$ 497,874
1994 (CAB)	6.40-6.45%	110,000	2014	110,000	-	-	110,000
1996 (CAB)	5.40%	52,236,409	2014	481,410	-	-	481,410
2000 A	5.65-5.85%	80,901,851	2026	827,569	-	-	827,569
2000 A (CAB)	4.70-5.80%	24,588,398	2018	17,418,816	-	(2,267,547)	15,151,269
2002	5.00%	58,730,000	2026	58,730,000	-	-	58,730,000
2002 (CAB)	1.75-5.14%	1,175,884	2017	325,000	-	(50,000)	275,000
2003	3.00-5.75%	60,050,000	2013	6,160,000	-	(1,400,000)	4,760,000
2004 A	3.00-5.00%	21,950,000	2020	20,200,000	-	(460,000)	19,740,000
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	9,065,000	-	(20,000)	9,045,000
2007	4.00-4.50%	45,725,000	2031	44,125,000	-	(460,000)	43,665,000
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	154,155,000	-	(3,150,000)	151,005,000
2008	2.00-4.77%	60,465,000	2037	60,465,000	-	(745,000)	59,720,000
2009 (CAB)	1.25-7.21%	71,335,393	2040	71,325,408	-	(2,638,245)	68,687,163
Totals				\$ 464,078,482	\$ -	\$ (11,921,944)	\$ 452,156,538

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

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

General Obligation Bonds

Year Ending August 31	Principal Value At Maturity	Interest	Total Requirements
2011	\$ 10,109,679	\$ 22,111,605	\$ 32,221,284
2012	10,788,527	22,307,485	33,096,012
2013	10,865,934	22,652,833	33,518,767
2014	7,960,444	24,441,824	32,402,268
2015	10,333,491	21,925,533	32,259,024
2016	11,257,114	20,913,829	32,170,943
2017	12,761,085	19,366,326	32,127,411
2018	15,253,837	16,879,704	32,133,541
2019	16,605,210	15,580,351	32,185,561
2020	17,342,303	15,025,589	32,367,892
2021	17,765,250	14,734,715	32,499,965
2022	18,834,980	13,839,412	32,674,392
2023	19,668,392	13,218,636	32,887,028
2024	20,600,391	12,533,387	33,133,778
2025	21,299,186	11,306,558	32,605,744
2026	19,094,494	12,928,031	32,022,525
2027	14,424,435	17,967,022	32,391,457
2028	14,610,556	18,172,025	32,782,581
2029	14,841,994	18,447,662	33,289,656
2030	16,761,623	17,776,871	34,538,494
2031	25,490,210	8,770,108	34,260,318
2032	20,732,962	13,261,538	33,994,500
2033	14,656,036	20,047,964	34,704,000
2034	18,555,273	16,471,977	35,027,250
2035	19,216,136	16,148,364	35,364,500
2036	19,925,105	15,790,145	35,715,250
2037	20,547,077	14,550,423	35,097,500
2038	4,217,070	28,782,930	33,000,000
2039	3,957,271	29,372,729	33,330,000
2040	3,680,473	29,952,087	33,632,560
Totals	\$ 452,156,538	\$ 545,277,663	\$ 997,434,201

As of August 31, 2010, the District does not have 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, 2010, \$103,470,884 of outstanding bonds are considered defeased.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

Commitments Under Operating Leases

The District leases certain equipment under operating leases. Total expenditures for such leases were \$759,527 for the year ended August 31, 2010. The future minimum lease payments for these leases are as follows:

Year Ending August 31	Amount
2011	\$ 753,851
2012	753,851
2013	753,851
2014	753,851
Total	\$ 3,015,404

F. Fund Balance

Other reserves of fund balance include the following reservations of funds:

Capital Projects Fund	\$ 2,636,853
Other Governmental Fund - Campus Activity Funds	356,916
Other Governmental Fund - Crime Stopper	1,874
Other Governmental Fund - Permanent Fund - Stubb's Scholarship	10,000
Total Other Reserves of Fund Balance	\$ 3,005,643

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	\$ 50,553,074	\$ 20,558,163	\$ -	\$ -	\$ 71,111,237
Penalties, Interest, and					-
Other Tax Related Income	583,364	203,955	-	-	787,319
Investment Income	73,915	27,914	286,483	-	388,312
Food Sales	-	-	-	3,146,005	3,146,005
Co-curricular Student Activities	289,444	-	-	-	289,444
Rental Income	88,849	-	-	-	88,849
Other	2,592,284	33,294	-	522,003	3,147,581
Total	\$ 54,180,930	\$ 20,823,326	\$ 286,483	\$ 3,668,008	\$ 78,958,747

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.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

Health Care Coverage

During the year ended August 31, 2010, employees of the District were covered by a health insurance plan with a commercial carrier. The District contributed \$301 per month for employee-only coverage; and employees, at their option, authorized payroll withholdings to pay premiums for dependents.

As of September 1, 2009, the District is no longer self-funded in health and dental coverage. The District used Fiserv Health (Self-Funded Plan) as its third party administrator for the period September 1, 2006 through August 31, 2009. Transactions related to the Self-Funded Plan are accounted for in the Internal Service Fund. All contributions were paid to a self-funded plan. The Self-Funded Plan is authorized by the Texas Education Agency and Texas Insurance Codes and is documented by contractual agreement. In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage purchased from ReliaStar Life Insurance Company, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$225,000 and aggregate loss for the District exceeding \$15,959,685. The cost for this Self-Funded Plan is reported as interfund transactions to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Fund and operating expenditures of the General, Special Revenue, and Enterprise Funds. These liabilities reported as of August 31, 2010 are based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated. The claims liabilities shown in the table below include incurred but not reported claims. Because actual claims liabilities depend on such complex factors the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. The District did not report a liability at August 31, 2010 due to all run-off claims have been paid. Changes in the claims liabilities are as follows:

	Year Ended 8/31/10	Year Ended 8/31/09
<i>Claims Payable, Beginning of Fiscal Year</i>	\$ 1,730,476	\$ 1,498,000
Claims Incurred and Changes in Estimate	(1,220,238)	16,811,813
Less Claim payments	(510,238)	(16,579,337)
<i>Claims Payable, End of Fiscal Year</i>	\$ -	\$ 1,730,476

Latest financial statements for ReliaStar Life Company are available, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

Workers' Compensation

During the year ended August 31, 2010, 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, 2009, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2010

	Year Ended 8/31/2010	Year Ended 8/31/2009
Unpaid Claims, Beginning of Fiscal Year	\$ 3,282,842	\$ 3,135,192
Incurred Claims (including IBNRs and prior year changes in provisions)	968,419	1,363,796
Claim Payments	(962,257)	(1,216,146)
Unpaid Claims, End of Fiscal Year	\$ 3,289,004	\$ 3,282,842

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

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, 2010, totaled \$157,500.

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 writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

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 2010, 2009, and 2008 and a state contribution rate of 6.644% for the period January through August 2010, 6.4% for the period September through December 2009, and 6.58% for fiscal year 2009 and 2008. State contributions to TRS made on behalf of the Grand Prairie Independent School District's employees for the years ended August 31, 2010, 2009, and 2008 were \$7,645,194, \$9,162,979, and \$8,535,766, respectively. The District paid additional state contributions for the years ended August 31, 2010, 2009, and 2008 in the amount of \$2,041,536, \$4,449,409, and \$3,209,665, 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, 2010

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 TRS 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, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

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 2010, 2009 and 2008. 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, 2010, 2009, and 2008, the State's contributions to TRS-Care were \$1,368,063, \$1,392,550, and \$1,297,229, respectively, the active member contributions were \$950,796, \$905,158, and \$843,199 respectively, and the school district's contributions were \$804,520, \$765,903, and \$713,476, 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, \$341,826 and \$321,895 in 2010, 2009 and 2008, respectively, for on-behalf payments for Medicare Part D.

F. Prior Period Adjustment

The District's prior period adjustments as of August 31, 2010, consisted of the following:

	Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds (Exhibit B-1) Governmental Activities	Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds (Exhibit C-2) General Fund	Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds (Exhibit C-2) Other Governmental Fund - National School Breakfast/ Lunch Program	Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds (Exhibit D-2) Internal Service Fund - Insurance	Statement of Changes in Fiduciary Net Assets (Exhibit E-2)
Correct Beginning Capital Asset Balances for Buildings not Reported	\$ 45,392,138	\$ -	\$ -	\$ -	\$ -
Addition of Beginning Balances in Enterprise Fund for Capital Assets Reclassified to Governmental Activities	747,701	-	-	-	-
Correction of Beginning TRS Liability	(2,515,738)	(2,515,738)	-	-	-
Correction of Due from Internal Service Fund for an Unfunded Deficit in a Terminated Health Insurance Plan	-	(5,847,111)	-	5,847,111	-
Correction of Claims Liability	2,072,209	-	-	2,072,209	-
Miscellaneous Corrections	397,944	397,944	-	-	-
Correct Balances for Trust not in District's Name	-	-	-	-	(26,599)
Reclass reconciling item (accumulated earnings) of Enterprise Fund Net Assets to Business-Type Activities Due to the Reclass of Food Service Activities from an Enterprise Fund to a Governmental Fund	-	-	1,257,378	-	-
Totals	\$ 46,094,254	\$ (7,964,905)	\$ 1,257,378	\$ 7,919,320	\$ (26,599)

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OTHER SUPPLEMENTARY INFORMATION

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF DELINQUENT TAXES RECEIVABLE****FOR THE YEAR ENDED AUGUST 31, 2010**

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	<u>Maintenance</u>		<u>Debt Service</u>			
2001 and Prior Years	\$	Various	\$	Various	\$	Various
2002		1.4046		.2625		3,302,914,882
2003		1.42		.2471		3,442,151,217
2004		1.4385		.2886		3,548,561,596
2005		1.4625		.2886		3,773,411,468
2006		1.49		.2686		4,048,510,651
2007		1.3611		.2686		4,330,790,557
2008		1.04		.425		4,741,559,318
2009		1.04		.425		4,982,899,701
2010 (School Year Under Audit)		1.04		.425		4,797,819,113

1000 Totals

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

10 Beginning Balance 9/1/09	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/10
\$ 883,455	\$ -	\$ 29,359	\$ 4,838	\$ (163,768)	\$ 685,490
167,892	-	5,816	1,087	(19,523)	141,466
228,565	-	11,113	1,934	(33,063)	182,455
282,294	-	13,076	2,623	(66,736)	199,859
295,128	-	20,552	4,056	7,510	278,030
309,546	-	41,603	7,500	44,043	304,486
393,772	-	71,144	14,040	(12,212)	296,376
741,397	-	199,289	81,440	41,803	502,471
1,704,839	-	443,154	181,096	(263,948)	816,641
-	70,288,050	48,834,212	19,956,288	-	1,497,550
<u>\$ 5,006,888</u>	<u>\$ 70,288,050</u>	<u>\$ 49,669,318</u>	<u>\$ 20,254,902</u>	<u>\$ (465,894)</u>	<u>\$ 4,904,824</u>
\$ -	\$ -	\$ 2,241,851	\$ 714,447	\$ -	\$ -

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2011-2012 GENERAL AND SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2010

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	\$ -	\$ -	\$ 380,722	\$ 4,192,753	\$ 499,814	\$ 218,092	\$ 5,291,381
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	11,727	-	49,716	-	71,658	-	133,101
6212	Audit Services	-	-	-	124,029	-	-	124,029
6213	Tax Appraisal and Collection	-	333,333	-	-	-	-	333,333
621X	Other Prof. Services	-	-	-	(50,000)	-	-	(50,000)
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	750	-	1,200	4,745	-	1,918	8,613
6240	Contr. Maint. and Repair	-	-	-	-	66,192	-	66,192
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	4,734	-	-	4,734
6290	Miscellaneous Contr.	-	-	24,700	316,149	2,571	91,750	435,170
6310	Operational Supplies, Materials	-	-	-	-	-	-	-
6320	Textbooks and Reading	216	-	-	-	868	-	1,084
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies, Materials	1,420	-	2,976	(112,218)	155,948	4,009	52,135
6410	Travel, Subsistence, Stipends	5,951	-	4,009	20,150	4,564	1,386	36,060
6420	Ins. and Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	43,619	-	-	-	-	-	43,619
6490	Miscellaneous Operating	7,050	-	17,655	171,076	2,975	21,393	220,149
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	15,346	15,346

Total \$ 70,733 \$ 333,333 \$ 480,978 \$ 4,671,418 \$ 804,590 \$ 353,894 \$ 6,714,946

Total Expenditures for General and Special Revenue Funds (9) \$ 218,919,025

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 3,773,854
Total Debt & Lease (6500)	(11)	\$ -
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 19,694,705
Food (Function 35, 6341 and 6499)	(13)	\$ 5,568,432
Stipends (6413)	(14)	\$ 121,000
Column 4 (above) - Total Indirect Cost		\$ 4,671,418

Subtotal 33,829,409

Net Allowed Direct Cost \$ 185,089,616

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 517,812,273
Historical Cost of Buildings over 50 years old	(16)	-
Amount of Federal Money in Building Cost (Net of #16)	(17)	-
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	26,992,263
Historical Cost of Furniture & Equipment over 16 years old	(19)	-
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 1,545,896

(8) Note A - \$1,745 in Function 53 expenditures and \$141,420 in Function 99 expenditures are included in this report on administrative costs.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)**GENERAL FUND****AS OF AUGUST 31, 2010**

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2010 (Exhibit C-1 object 3000 for the General Fund only)	\$ <u>19,010,054</u>
2	Total General Fund Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	<u>711,158</u>
3	Total General Fund Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	<u>-</u>
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	<u>978,720</u>
5	Estimate of one month's average cash disbursements during the regular school session (9/1/10 - 5/31/11)	<u>14,680,916</u>
6	Estimate of delayed payments from state sources (58XX) including August payment delays	<u>-</u>
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	<u>-</u>
8	Estimate of delayed payments from federal sources (59XX)	<u>9,768</u>
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	<u>-</u>
10	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	<u>16,380,562</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)	\$ <u><u>2,629,492</u></u>

If Item 11 is a Positive Number

Explanation of need for and/or projected use of net positive

Undesignated Unreserved General Fund Fund Balance:

Excess Undesignated Unreserved General Fund Balance is needed to support the District for amounts due to state when adjustments are made to the summary of finance (Contingency Planning)

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 4,192,214	\$ 4,192,214	\$ 3,146,005	\$ (1,046,209)
5800	State Program Revenues	204,891	204,891	215,410	10,519
5900	Federal Program Revenues	8,652,851	8,652,851	9,398,994	746,143
5020	Total Revenues	<u>13,049,956</u>	<u>13,049,956</u>	<u>12,760,409</u>	<u>(289,547)</u>
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	13,049,956	13,483,527	12,286,443	1,197,084
6030	Total Expenditures	<u>13,049,956</u>	<u>13,483,527</u>	<u>12,286,443</u>	<u>1,197,084</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>-</u>	<u>(433,571)</u>	<u>473,966</u>	<u>907,537</u>
Other Financing Sources (Uses):					
7915	Transfers In	-	-	1,212,125	1,212,125
8911	Transfers Out	<u>-</u>	<u>-</u>	<u>(212,072)</u>	<u>(212,072)</u>
7080	Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>1,000,053</u>	<u>1,000,053</u>
1200	Net Change in Fund Balance	-	(433,571)	1,474,019	1,907,590
0100	Fund Balance - Beginning	-	-	-	-
1300	Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>1,257,378</u>	<u>1,257,378</u>
0100	Fund Balance - Beginning, as Restated	<u>-</u>	<u>-</u>	<u>1,257,378</u>	<u>1,257,378</u>
3000	Fund Balance - Ending	<u>\$ -</u>	<u>\$ (433,571)</u>	<u>\$ 2,731,397</u>	<u>\$ 3,164,968</u>

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES:				
5700 Local and Intermediate Sources	\$ 21,711,176	\$ 21,711,176	\$ 20,823,326	\$ (887,850)
5800 State Program Revenues	11,398,706	11,398,706	15,207,208	3,808,502
5020 Total Revenues	33,109,882	33,109,882	36,030,534	2,920,652
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	15,590,000	15,590,000	15,590,000	-
0072 Interest on Long-Term Debt	17,765,532	17,765,532	17,765,532	-
0073 Bond Issuance Costs and Fees	350,000	185,553	185,868	(315)
Total Debt Service	33,705,532	33,541,085	33,541,400	(315)
Intergovernmental Charges:				
0097 Payments to Tax Increment Fund	-	714,447	714,447	-
Total Intergovernmental Charges	-	714,447	714,447	-
6030 Total Expenditures	33,705,532	34,255,532	34,255,847	(315)
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	(595,650)	(1,145,650)	1,774,687	2,920,337
1200 Net Change in Fund Balance	(595,650)	(1,145,650)	1,774,687	2,920,337
0100 Fund Balance - Beginning	12,355,936	12,355,936	12,355,936	-
3000 Fund Balance - Ending	\$ 11,760,286	\$ 11,210,286	\$ 14,130,623	\$ 2,920,337

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OVERALL COMPLIANCE, INTERNAL CONTROL SECTION AND FEDERAL AWARDS



Hereford, Lynch, Sellars & Kirkham

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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, the business-type 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, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 9, 2010. 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.

December 9, 2010



Hereford, Lynch, Sellars & Kirkham

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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, 2010. 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, 2010.

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.

December 9, 2010

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS****FOR THE YEAR ENDED AUGUST 31, 2010**

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	Title I, Part A Cluster Special Education Cluster (IDEA) 84.394A ARRA of 2009 Title XIV SFSF
8. Dollar Threshold Used to Distinguish Between Type A and Type B Federal Programs	\$1,128,986
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, 2010

PRIOR YEAR FINDINGS

09-1 MATERIAL WEAKNESS

Criteria:

Bank reconciliations should be prepared in a timely and accurate manner. The reconciliations should agree to corresponding accounts in the general ledger.

Condition:

Bank reconciliations were not completed monthly and the August 31, 2009 reconciliation was not completed until late-December 2009. The reconciliations at that time did not reconcile to the general ledger and contained numerous reconciling items that were not proper reconciling items.

Cause:

There was no effective review process or oversight in place to ensure that bank reconciliations were properly and timely completed.

Effect and potential effect:

Numerous material journal entries were made to reconcile the bank reconciliations to the general ledger. Potential misstatements of the financial statements or other potential issues such as fraud or theft arising from the District's bank accounts may not be detected.

Recommendation:

Bank reconciliations should be performed in a timely (generally two weeks after month end) and accurate manner.

Views of responsible officials:

Corrective action plan:

- On February 24, 2009, the Board of Trustees authorized the Administration to enter into a contract with an outside consultant to provide an internal control review of the Business Operations Department. As a result of the findings, recommendations were provided and the district initiated measures to address internal controls, which included, but not limited to: re-organization of the Business Operations Department, internal control management of Student Activity Accounts, check and balance procedures for journal entries and bank reconciliations, and appropriate budget amendments.
- In April 2009, the District initiated a conversion to a new Enterprise Resource Planning system to utilize and enhance business operations to perform vital functions related to accounting.
- The District was aware of the identified issue regarding the bank reconciliations. The Business Operations Department hired qualified personnel in Spring 2009 to support the responsibilities necessary to manage bank reconciliations.
- The District will continue to address the effectiveness and efficiency of operations through review and implementation guidelines outlined in FAR: 8.5 TEA Management Audit Methodology – 8.5.1 Business Operations: 8.5.1.1 Accounting and Payroll.
- The District will continue to review all facets of policies, procedures and operations relating to cash and bank reconciliations by utilizing the Legislative Budget Board "best practices" in public education as a result of its activities involving school performance reviews (http://www.lbb.state.tx.us/Perf_Rvw_PubEd/Perf_Rvw_PubEd.htm).
- The District will continue the procedures outlined in FAR: 8.5 TEA Management Audit Methodology – 8.5.1 Business Operations: 8.5.1.4 Data Processing.

Person(s) responsible:

The Superintendent and Assistant Superintendent of Business Operations and Executive Director of Finance.

Anticipated completion date:

August 31, 2010

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED AUGUST 31, 2010

PRIOR YEAR FINDINGS

Current status:

The District completed one full year using the new Enterprise Resource Planning System. The system provides 'real-time' data for vital financial management of accounting. The Business Operations department hired a qualified accountant to prepare bank reconciliations in a timely manner. Business procedures are in place for a 'check and balance' of bank reconciliations by qualified personnel at least one level higher than the preparer. The District continues to utilize guidelines outlined in FAR: 8.5 TEA Management Audit Methodology – 8.5.1 Business Operations: 8.5.1.1 Accounting and Payroll and Legislative Budget Board "best practices" in public education.

09-2 MATERIAL WEAKNESS

Criteria:

Internal controls over financial reporting should provide preventive and detective controls to prevent erroneous or intentional misstatement of the financial statements through review and approval of manual journal entries.

Condition:

District personnel with access to various sensitive areas in the District's finance department have the ability to write manual journal entries. These journal entries are not reviewed and approved by anyone other than the preparer.

Cause:

A lack of written or well-defined procedures and accountability controls over manual journal entries.

Potential effect:

The ability to post manual journal entries without proper review and approval may permit individuals to intentionally misstate the financial statements.

Recommendation:

Manual journal entries should be reviewed and approved by qualified personnel at least one level higher than the preparer. The highest level of review should not have the ability to post manual journal entries.

Views of responsible officials:

Corrective action plan:

- On February 24, 2009, the Board of Trustees authorized the Administration to enter into a contract with an outside consultant to provide an internal control review of the Business Operations Department. As a result of the findings, recommendations were provided and the district initiated measures to address internal controls, which included, but not limited to: re-organization of the Business Operations Department, internal control management of Student Activity Accounts, check & balance procedures for journal entries and bank reconciliations, and appropriate budget amendments.
- In April 2009, the District initiated a conversion to a new Enterprise Resource Planning system to utilize and enhance business operations to perform vital functions related to accounting.
- The District was aware of the identified issue regarding manual journal entries. The Business Operations Department hired qualified personnel in Spring 2009 to support the responsibilities necessary to manage a software system to make limited manual entries.
- The District will continue to address the effectiveness and efficiency of operations through review and implementation guidelines outlined in FAR: 8.5 TEA Management Audit Methodology – 8.5.1 Business Operations: 8.5.1.1 Accounting and Payroll.
- The District will continue review all policies, procedures and operations relating to manual journal entries by utilizing the Legislative Budget Board "best practices" in public education as a result of its activities involving school performance reviews (http://www.lbb.state.tx.us/Perf_Rvw_PubEd/Perf_Rvw_PubEd.htm).
- The District will continue the procedures outlined in FAR: 8.5 TEA Management Audit Methodology – 8.5.1 Business Operations: 8.5.1.4 Data Processing.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED AUGUST 31, 2010

PRIOR YEAR FINDINGS

Person(s) responsible:

The Superintendent and Assistant Superintendent of Business Operations and Executive Director of Finance.

Anticipated completion date:

August 31, 2010

Current status:

The District completed one full year using the new Enterprise Resource Planning System. The system provides 'real-time' data for vital financial management of journal entries. Business procedures are in place for a 'check and balance' of journal entries by qualified personnel at least one level higher than the preparer. The District continues to utilize guidelines outlined in FAR: 8.5 TEA Management Audit Methodology – 8.5.1 Business Operations: 8.5.1.1 Accounting and Payroll and Legislative Budget Board "best practices" in public education.

09-3 MATERIAL WEAKNESS

Criteria:

Controls should be in place to ensure that account balances transfer properly during an accounting system conversion.

Condition:

Proper controls were not in place during the accounting system conversion that occurred in 2009. Numerous account balances from the old system did not properly flow into the new system. This resulted in material adjustments to numerous accounts in all funds. The capital asset detail was also not brought over at the time of conversion resulting in the loss of that detail.

Cause:

The conversion was not properly monitored to ensure that the balances flowed correctly to the new system.

Effect:

Numerous material and non-material adjustments to assets, liabilities, fund balance, revenue and expenditure accounts.

Recommendation:

The District should implement controls to ensure that the appropriate account balances carryforward properly during an accounting system conversion and that no loss of data occurs.

Views of responsible officials:

Corrective Action Plan:

- In April 2009, the District initiated a conversion to a new Enterprise Resource Planning system to utilize and enhance business operations to perform vital functions related to accounting.
- The District has put into place internal control measures for a 'check and balance' to monitor and review a conversion process: pre and post.

Person(s) responsible:

The Superintendent and Assistant Superintendent of Business Operations and Executive Director of Finance.

Anticipated completion date:

On-going

Current status:

The District completed one full year using the new Enterprise Resource Planning System. The system provides 'real-time' data for vital financial management of accounting. No plans to implement a system conversion.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED AUGUST 31, 2010

PRIOR YEAR FINDINGS

09-4 MATERIAL WEAKNESS

Criteria:

Controls should be in place to ensure that accruals are posted in the proper accounting period and reversed in subsequent accounting period.

Condition:

Proper controls over the reconciliation of debt allotment revenue (EDA) were not in place and resulted in a material audit adjustment to revenue and receivables in the general fund.

Cause:

Prior year receivable was not reversed in current year.

Effect:

Material adjustment to debt service fund totals.

Recommendation:

The District should implement controls to ensure that existing debt allotment revenue is properly reconciled.

Views of responsible officials:

Correction Action Plan:

- In April 2009, the District initiated a conversion to a new Enterprise Resource Planning system to utilize and enhance business operations to perform vital functions related to accounting.
- The Business Operations Department hired qualified personnel in Spring 2009 to support the responsibilities necessary to ensure that accruals are posted in the proper accounting period and reversed in subsequent accounting period.
- The District will address the effectiveness and efficiency of operations through review and implementation guidelines outlined in FAR: 8.5 TEA Management Audit Methodology – 8.5.1 Business Operations: 8.5.1.1 Accounting and Payroll.

Person(s) responsible:

The Superintendent and Assistant Superintendent of Business Operations and Executive Director of Finance.

Anticipated completion date:

August 31, 2010

Current status:

The Business Operations Department qualified personnel performed the necessary procedures to ensure that accruals were posted in the proper accounting period and reversed in subsequent accounting periods.

09-5 MATERIAL WEAKNESS

Criteria:

The purpose of an internal service fund is to measure the full cost of providing goods or services for the purpose of fully recovering those costs through fees or charges.

Condition:

Controls over the allocation of internal service expenditures to other funds are not properly designed leading to significant losses in the internal service fund. Controls were also not in place immediately following the system conversion causing incorrect recording of expenditures for health benefits.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2010

PRIOR YEAR FINDINGS

Cause:

Allocation of operational costs of the internal service fund was not sufficient to allow for full recovery of those costs from other funds. Lack of controls resulted in benefit payments in the General Fund being incorrectly recorded in the Internal Service Fund for several months.

Effect:

Internal service fund of the District does not fully recover expenditures leading to significant losses in the current year and negative net assets.

Recommendation:

The District should implement controls to ensure internal service fund expenditures are being recovered from other funds and that expenditures are being recorded within the correct fund.

Views of responsible officials:

Corrective action plan:

- On April 17, 2009, the GPISD Board of Trustees approved a Fully Insured health plan for the employees; thus discontinuing the Self-Funded health plan.
- The District has developed a plan to eliminate the current internal service fund deficit over the next three years. In each fiscal year, a designated amount of funds will be set aside and/or any excess of revenues over expenditures will be used to reduce the deficit.

Person(s) responsible:

The Superintendent and Assistant Superintendent of Business Operations and Executive Director of Finance.

Anticipated completion date:

August 31, 2012

Current status:

Effective September 1, 2009, the District no longer operated a Self-Funded health plan. A Fully Insured health plan was provided for the District employees. The internal service fund deficit has been absorbed by the General Fund for the 2009- 2010 school year. The remaining deficit in the internal service fund, which also reports workers' compensation, will be funded with additional employer contributions over the next three years.

09-6 SIGNIFICANT DEFICIENCY

Criteria:

Controls should be in place to provide assurance that the budget is appropriately amended by the School Board before funds are expended in excess of the budget at the functional level.

Condition:

Budgetary controls were not operating effectively to ensure that budget amendments were made in a timely manner. The District overexpended budgeted amounts at several functional levels in the general fund.

Cause:

Budgets were not properly monitored to ensure that the budgets were timely and appropriately implemented and amended by the School Board.

Effect:

Funds may be expended in excess of budgeted amounts approved by the Board.

Recommendation:

The District should implement review procedures to ensure that budgeted amounts are not overexpended at the legal level of control.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED AUGUST 31, 2010

PRIOR YEAR FINDINGS

Views of responsible officials:

Corrective action plan:

- On February 24, 2009, the Board of Trustees authorized the Administration to enter into a contract with an outside consultant to provide an internal control review of the Business Operations Department. As a result of the findings, recommendations were provided and the district initiated measures to address internal controls, which included, but not limited to: re-organization of the Business Operations Department, internal control management of Student Activity Accounts, check & balance procedures for journal entries and bank reconciliations, and appropriate budget amendments.
- In April 2009, the District initiated a conversion to a new Enterprise Resource Planning system to utilize and enhance business operations to perform vital functions related to accounting.
- The Business Operations Department hired qualified personnel in Spring 2009 to support the responsibilities necessary for the assurance that the budget is appropriately amended by the School Board before funds are expended in excess of the budget at the functional level.
- The District will address the effectiveness and efficiency of operations through review and implementation guidelines outlined in FAR: 8.5 TEA Management Audit Methodology – 8.5.1 Business Operations: 8.5.1.1 Accounting and Payroll.
- The District will continue to evaluate existing policies and procedures supporting the budget process by utilizing the Legislative Budget Board "best practices" in public education as a result of its activities involving school performance reviews (http://www.lbb.state.tx.us/Perf_Rvw_PubEd/Perf_Rvw_PubEd.htm).
- The District will initiate the procedures outlined in FAR: 8.5 TEA Management Audit Methodology - 8.5.1 Business Operations: 8.5.1.4 Data Processing.

Person(s) responsible:

The Superintendent and Assistant Superintendent of Business Operations and Executive Director of Finance.

Anticipated completion date:

August 31, 2010

Current status:

The Business Operations personnel submit appropriate budget amendments to the GPISD Board of Trustees at each monthly meeting for approval. The District continues to exercise guidelines outlined in FAR: 8.5 TEA Management Audit Methodology – 8.5.1 Business Operations: 8.5.1.1 Accounting and Payroll and in FAR: 8.5 TEA Management Audit Methodology – 8.5.1 Business Operations: 8.5.1.4 Data Processing. Current year excess expenditures were not material to the financial statements.

09-7 COMPLIANCE FINDING

Criteria:

The District should expend at least 85% of the State Compensatory Education allotment.

Condition:

The District did not recognize expenditures of at least 85% of its' State Compensatory Education allotment included in program intent code 24.

Cause:

The District did not identify and record at least 85% of the State Compensatory Education allotment.

Effect:

Compliance finding.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2010

PRIOR YEAR FINDINGS

Recommendation:

The District should establish procedures to ensure that at least 85% of the State Compensatory Education allotment is expended.

Views of responsible officials:

Corrective action plan:

- In April 2009, the District initiated a conversion to a new Enterprise Resource Planning system to utilize and enhance business operations to perform vital functions related to accounting.
- The Business Operations Department hired qualified personnel in Spring 2009 to support the responsibilities necessary to manage oversight of the District's State Compensatory Education allotment.
- The District has prepared an RFQ for selecting a consulting service to work with staff to see that expenditures meet the requirements of the Texas Education Code (TEC) – State Compensatory Education allotment.
- District designated staff will schedule and perform budget audit of the District's State Compensatory Education allotment at designated time during the fiscal year.

Person(s) responsible:

The Superintendent and Assistant Superintendent of Business Operations, Executive Director of Finance, and Executive Director of State Programs.

Anticipated completion date:

August 31, 2010

Current status:

The District selected and worked with a consulting service to see that expenditures meet the requirements of the Texas Education Code (TEC) – State Compensatory Education allotment. District designated staff which completed a budget audit of the District's State Compensatory Education allotment at designated times during the fiscal year to monitor the expenditures.

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GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2010

CURRENT YEAR FINDINGS

None reported

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2010

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION			
Direct Program:			
<i>Indian Education Act, Title V</i>	84.060A	S060A091185	\$ 31,031
Passed Through State Department of Education:			
Title I, Part A Cluster:			
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	84.010A	10610101057910	5,605,059
<i>ARRA - TTL SIP Stimulus</i>	84.389A	10551001057910	1,863,705
Total Title I, Part A Cluster			7,468,764
Special Education Cluster (IDEA):			
<i>IDEA - Part B, Formula</i>	84.027A	106600010579106600	5,067,084
<i>IDEA-B Preschool</i>	84.173A	106610010579106610	78,659
<i>ARRA - IDEA-Part B Formula</i>	84.391A	10554001057910	672,308
<i>ARRA - IDEA Part B, Preschool</i>	84.392A	10555001057910	1,939
Total Special Education Cluster (IDEA)			5,819,990
<i>Career and Technical - Basic Grant</i>	84.048A	10420006057910	307,034
<i>ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act</i>	84.186A	10691001057910	70,021
Education Technology State Grants Cluster:			
<i>Title II, Part D, Subpart 1, Enhancing Education Through Technology</i>	84.318X	10630001057910	49,415
<i>ARRA - Title II Part D Subpart 1-Enhancing Education Through Technology</i>	84.386A	10553001057910	116,025
Total Education Technology State Grants Cluster			165,440
<i>Title III, Part A, English Language Acquisition and Language Enhancement</i>	84.365A	10671001057910	654,708
<i>ESEA, Title II, Part A, Teacher and Principal Training and Recruiting</i>	84.367A	10694501057910	823,673
<i>Improving Academic Achievement State Assessments and Related Activities</i>	84.369A	69550902	27,716
<i>ARRA - Title XIV SFSF</i>	84.394A	10557001057910	12,505,292
Total Passed Through State Department of Education			27,842,638
Passed Through Region X Education Service Center:			
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011	10615001057950	30,874
<i>ARRA - McKinney-Vento Homeless Education</i>	84.387	A09-030	89,832
<i>McKinney-Vento Homeless Education</i>	84.387	00-002	76,759
Total Program 84.387			166,591
Total Passed Through Region X Education Service Center			197,465
TOTAL U. S. DEPARTMENT OF EDUCATION			28,071,134
U. S. DEPARTMENT OF DEFENSE			
Direct Program:			
<i>Reserve Officers' Training Corp.</i>	12.000	N/A	162,749
TOTAL U. S. DEPARTMENT OF DEFENSE			162,749
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
Child Nutrition Cluster			
<i>School Breakfast Program</i>	10.553	71401001	1,557,228
<i>National School Lunch Program (Non-cash)</i>	10.555	057006A	483,993
<i>National School Lunch Program</i>	10.555	71301001	7,357,773
TOTAL U. S. DEPARTMENT OF AGRICULTURE - CHILD NUTRITION CLUSTER			9,398,994
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 37,632,877

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, 2010

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	\$	37,632,877
General Fund - Federal Revenue:		
SHARS		4,610,105
E-Rate		718,719
Medical Assistance Programs		35,621
Federal Revenues per Exhibit C-2	\$	<u><u>42,997,322</u></u>