

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
AUGUST 31, 2009**

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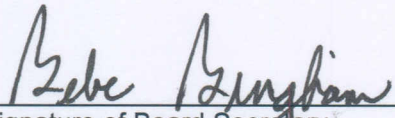
CERTIFICATE OF THE BOARD

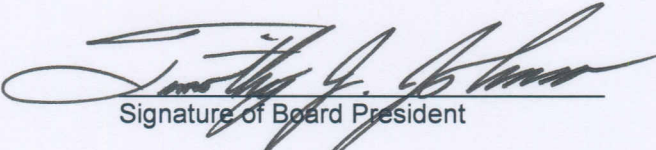
Grand Prairie Independent School District
Name of School District

Dallas
County

057910
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2009 at a meeting of the Board of Trustees of such school district on the 14th day of January, 2010.


Signature of Board Secretary


Signature of Board President

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

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
Grand Prairie, Texas

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT (the District) as of and for the year ended August 31, 2009, 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 Administration. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2009, and the respective changes in financial position and the cash flows, where applicable, thereof, 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, January 14, 2010 on our consideration of the District's internal control over financial reporting and 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 the 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.

The accompanying management's discussion and analysis (on pages 9 through 17) and the Budgetary Comparison Schedule-General Fund on page 55 and 56 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
January 14, 2010

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Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT's basic 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 in addition to the combining statements, and the required TEA schedules listed in the table of contents, are not a required part of the basic financial statements. Such information, excluding the Fund Balance and Cash Flow Worksheet – General Fund (Exhibit H-3) marked unaudited on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Weaver and Tidwell LLP

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 14, 2010

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009**

As management of the Grand Prairie Independent School District (the District), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2009. Financial highlights from the current fiscal year and the comparative basic financial statements data is presented. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our footnotes.

FINANCIAL HIGHLIGHTS

- The District reported in the Statement of Activities an amount for General Revenues and Special Items that accounted for \$190.0 million, or 79.3% of all fiscal year 2009 revenues. Program-specific revenues in the form of charges for services and grants and contributions accounted for \$49.8 million or 20.7% of total fiscal year 2009 revenues.
- The District had approximately \$237.9 million in expenses related to governmental activities, of which, \$37.9 million of these expenses were offset by program-specific charges for services or grants and contributions. General revenues and special items of \$190.0 million were not adequate to provide for the remaining costs of these programs, resulting in a \$9.7 million decrease in net assets.
- The District's Invested in Capital Assets, Net of Related Debt reflects a fiscal year 2009 balance of \$11.1 million, a \$3.4 million increase to the fiscal year 2008 balance of \$7.7 million.
- Among major funds, the General Fund had \$175.2 million in fiscal year 2009 revenues, which primarily consisted of state aid and property taxes, and \$180.2 million in expenditures. After the transfer out of \$1.0 million to the Internal Service Fund, the General Fund's fund balance decreased to \$25.5 million as of August 31, 2009.
- The District's total debt principal payments amounted to \$6.4 million during the current fiscal year.
- The District held a successful bond election on May 12, 2007 to authorize \$222 million in general obligation bonds. The bond sales occurred prior to September 1, 2009. The District issued refunded bonds on June 30, 2009, for Bond Series 2000 in the amount of \$53,600,000 and for Bond Series 2004 in the amount of \$18,950,000.
- The District's Internal Service Fund, in future years, will not consist of the Self-Funded Insurance obligations, as the District has made the decision, as of September 1, 2009, to become Fully Insured.

OVERVIEW OF 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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009**

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 business. These statements include the statement of net assets and the statement of activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters.

The statement of net assets 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 a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operations and maintenance of plant, student transportation, and operation of non-instructional services.

Fund financial statements: The fund financial statements report the District's operations in more detail than the government-wide financial statements by providing information about the District's major funds, as opposed to the District as a whole as presented in the government-wide financial statements. The District's major funds are the General Fund, Debt Service Fund, and Capital Projects Fund. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

Because the focus of governmental funds 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 impact 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 fund and governmental activities.

For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009**

The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district. 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.

Notes to financial statements: The notes provide narrative explanations or additional data needed for full disclosure in the government-wide financial statements or the fund financial statements.

Other information: Due to the District's implementation of Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Government in a prior fiscal year, a comparative analysis of government-wide data is presented when the information is comparable and available.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required Supplementary Information and the related Notes can be found following the Basic Financial Statements.

The combining statements for nonmajor governmental funds contain additional information about the District's individual funds. Texas Education Agency (TEA) does not require these for required financial statement presentation. However, the section labeled Other Schedules contains data used by monitoring or regulatory agencies, such as TEA, for assurance the District is using funds supplied in compliance with the terms of grants.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the major fund budgetary comparison.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District implemented GASB Statement Numbers 34, 37, 38, and Interpretation 6 in a prior fiscal year. Net asset measurements are presented with both current fiscal amounts and prior-year data. The comparative balances and analysis focuses on Net Assets in Table I and the Changes in Net Assets in Table II of the District's Governmental and Business-Type Activities.

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$44.2 million as of August 31, 2009, with net assets decreasing by \$9.7 million from the prior year.

A portion of the District's net assets represents resources subject to external restrictions on how they may be used. As of August 31, 2009, the District's restricted net assets for retirement of long term debt were \$9,534,847 and the restricted net assets for scholarships were \$10,000. As of August 31, 2009, the unrestricted net assets, the part of net assets that may be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements for the Governmental Activities and Business-Type Activities were (\$67,349,886) and \$1,212,125, respectively.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009**

NET ASSETS and CHANGES IN NET ASSETS

The following table presents a summary of the District's net assets for the fiscal years ended August 31, 2009 and 2008:

Table I Net Assets						
	Governmental Activities 2008	Business-Type Activities 2008	Total Primary Government	Governmental Activities 2009	Business-Type Activities 2009	Total Primary Government
<u>Assets</u>						
Current and Other Assets	\$ 204,667,981	\$ 1,184,618	\$ 205,852,599	\$ 98,526,371	\$ 1,549,245	\$ 100,075,616
Capital Assets	288,055,855	802,571	288,858,426	365,398,997	747,701	366,146,698
Total Assets	<u>492,723,836</u>	<u>1,987,189</u>	<u>494,711,025</u>	<u>463,925,368</u>	<u>2,296,946</u>	<u>466,222,314</u>
<u>Liabilities</u>						
Current Liabilities	30,468,656	186,364	30,655,020	22,002,175	337,120	22,339,295
Long-Term Liabilities	498,795,636	-	498,795,636	488,113,686	-	488,113,686
Total Liabilities	<u>529,264,292</u>	<u>186,364</u>	<u>529,450,656</u>	<u>510,115,861</u>	<u>337,120</u>	<u>510,452,981</u>
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	7,748,905	802,571	8,551,476	11,130,616	747,701	11,878,317
Restricted for Retirement of Long-term Debt	5,847,209	-	5,847,209	10,018,777	-	10,018,777
Restricted for Scholarships	10,000	-	10,000	10,000	-	10,000
Unrestricted	(50,146,570)	998,254	(49,148,316)	(67,349,886)	1,212,125	(66,137,761)
Total Net Assets	<u>\$ (36,540,456)</u>	<u>\$ 1,800,825</u>	<u>\$ (34,739,631)</u>	<u>\$ (46,190,493)</u>	<u>\$ 1,959,826</u>	<u>\$ (44,230,667)</u>

The following are significant current-year transactions that had an impact on the statement of net assets:

- The principal retirement of \$6,410,874 of bonds.
- The decrease in net assets of the Internal Service Fund of \$2,392,338.
- The decrease in construction in progress of \$47,829,975.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009**

The District's total revenues for the fiscal year ended August 31, 2009 were \$240.2 million. The total cost of all programs and services was \$249.7 million. The following table presents a summary of the changes in net assets for the fiscal years ended August 31, 2008 and 2009:

Table II
Changes in Net Assets

	Governmental Activities 2008	Business-Type Activities 2008	Total Primary Government	Governmental Activities 2009	Business-Type Activities 2009	Total Primary Government
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,217,499	\$ 3,438,214	\$ 4,655,713	\$ 1,117,779	\$ 3,645,902	\$ 4,763,681
Operating Grants & Contributions	36,632,692	7,584,858	44,217,550	36,747,449	8,316,237	45,063,686
General Revenues:						
Maintenance & Operations Taxes	47,964,275	-	47,964,275	50,652,905	-	50,652,905
Debt Service Taxes	19,172,237	-	19,172,237	20,757,790	-	20,757,790
State Grants	111,735,303	-	111,735,303	111,864,203	-	111,864,203
Investment Earnings	7,390,043	-	7,390,043	2,762,660	-	2,762,660
Miscellaneous Local & Intermediate	1,472,771	-	1,472,771	4,300,907	-	4,300,907
Special Items	3,406,056	-	3,406,056	-	-	-
Total Revenues	228,990,876	11,023,072	240,013,948	228,203,693	11,962,139	240,165,832
Expenses:						
Instruction, Curriculum, Media Services	131,202,514	-	131,202,514	142,025,558	-	142,025,558
Instructional & School Leadership	15,237,991	-	15,237,991	16,975,680	-	16,975,680
Student Support Services	16,042,036	-	16,042,036	16,365,120	-	16,365,120
Child Nutrition	16,391	10,671,741	10,688,132	25,743	11,803,138	11,828,881
Cocurricular Activities	3,809,660	-	3,809,660	4,071,809	-	4,071,809
General Administration	3,881,661	-	3,881,661	5,250,739	-	5,250,739
Plant Maintenance	32,225,486	-	32,225,486	20,972,863	-	20,972,863
Security & Data Processing	7,217,997	-	7,217,997	7,201,526	-	7,201,526
Community Services	1,265,468	-	1,265,468	1,183,476	-	1,183,476
Debt Services	21,438,005	-	21,438,005	20,500,745	-	20,500,745
Facilities Acquisition & Construction	405,952	-	405,952	340,185	-	340,185
Intergovernmental Charges	2,436,571	-	2,436,571	2,940,286	-	2,940,286
Total Expenses	235,179,732	10,671,741	245,851,473	237,853,730	11,803,138	249,656,868
Decrease in Net Assets	(6,188,856)	351,331	(5,837,525)	(9,650,037)	159,001	(9,491,036)
Beginning Net Assets	(30,351,600)	1,449,494	(28,902,106)	(36,540,456)	1,800,825	(34,739,631)
Ending Net Assets	\$ (36,540,456)	\$ 1,800,825	\$ (34,739,631)	\$ (46,190,493)	\$ 1,959,826	\$ (44,230,667)

The cost of all governmental activities this year was \$237.9 million. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through district taxes, state aid, and other general revenues was \$200.0 million because some of the costs were paid by those who directly benefited from the programs (\$1.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$36.7 million).

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009**

The following table presents the total cost of the District's major functional activities and the net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs):

Description	Total Expenses 2008	Net Expenses 2008	Total Expenses 2009	Net Expenses 2009
Instruction, Curriculum, Media Services	\$ 131,202,514	\$ 114,146,603	\$ 142,025,558	\$ 125,776,094
Instructional & School Leadership	15,237,991	14,226,464	16,975,680	15,878,926
Student Support Services	16,042,036	12,836,979	16,365,120	13,352,251
Child Nutrition	16,391	16,391	25,743	21,117
Cocurricular Activities	3,809,660	2,820,950	4,071,809	3,158,292
General Administration	3,881,661	3,575,596	5,250,739	4,924,014
Plant Maintenance	32,225,486	31,304,209	20,972,863	20,157,378
Security & Data Processing	7,217,997	7,009,911	7,201,526	6,710,933
Community Services	1,265,468	386,601	1,183,476	376,412
Debt Services	21,438,005	10,034,332	20,500,745	7,517,993
Facilities Acquisition & Construction	405,952	(1,465,066)	340,185	(825,194)
Intergovernmental Charges	2,436,571	2,436,571	2,940,286	2,940,286
Total/Net Expenses	<u>\$ 235,179,732</u>	<u>\$ 197,329,541</u>	<u>\$ 237,853,730</u>	<u>\$ 199,988,502</u>

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$78.2 million, which is a net decrease of \$95.2 million from the prior year. The schedule below indicates the fund balance by fund type as of August 31, 2008 and 2009:

Fund Balances		
Fund	2008	2009
General Fund	\$ 31,522,532	\$ 25,504,070
Debt Service	10,018,777	12,355,936
Capital Projects	131,460,514	39,970,409
Nonmajor Funds	374,885	372,777
Total Fund Balances	<u>\$ 173,376,708</u>	<u>\$ 78,203,192</u>

General Fund

The fund balance of the General Fund decreased \$6.0 million from the prior year. The primary reason for the General Fund's decrease in fund balance is the expenditures related to roofing of district facilities with funds received in the prior year, an increase in the District's Self-Funded Insurance cost for staff, and increase in instructional cost related to opening a new campus.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009**

The District is a service entity. Therefore, the largest portions of the General Fund Expenditures are related to payroll costs and contracted services, such as utilities, as illustrated below.

General Fund Expenditures		
Object	2008	2009
Payroll Costs	\$ 145,255,696	\$ 156,193,849
Contracted Services	10,268,938	10,220,403
Supplies & Materials	5,837,031	6,528,052
Other Operating	4,732,384	5,360,458
Capital Outlay	878,831	1,925,525
Total Expenditures	<u>\$ 166,972,880</u>	<u>\$ 180,228,287</u>

Debt Service Fund

The fund balance of the Debt Service Fund increased \$2.3 million from \$10.0 million in 2007-2008 to \$12.3 million in 2008-2009. This increase is primarily attributable to an increase in revenues received from property taxes and the State of Texas for the Existing Debt Allotment Program.

Capital Projects Fund

The fund balance of the Capital Projects Fund decreased \$91.5 million from \$131.5 million in 2007-2008 to \$40.0 million in 2008-2009 due to the continued implementation of the 2007 capital project program. Various projects provided for in the 2007 capital project program were under construction during 2008-2009 with anticipated completion dates throughout fiscal year 2010.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2009, the District had invested \$365.4 million in capital assets, net of depreciation, including land, facilities, and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$77.3 million from the prior year.

Depreciation expense charged to governmental functions for the 2008-2009 fiscal year was \$9,511,348.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009**

The following schedule presents capital asset balances, net of depreciation, for the fiscal year ended August 31, 2009:

Description	Governmental Activities	Business-Type Activities
Land	\$ 18,489,261	\$ -
Buildings	315,379,639	-
Furniture & Equipment	4,557,901	747,701
Construction in Progress	26,972,196	-
Total Capital Assets	<u>\$ 365,398,997</u>	<u>\$ 747,701</u>

DEBT ADMINISTRATION

As of August 31, 2009, the District had \$488.1 million in general obligation bonds and other long-term debt outstanding, of which \$14.8 million is due within one year. The following table presents a summary of the District's outstanding long-term liabilities at August 31, 2008 and 2009.

Description	2008	2009
General Obligation Bonds	\$ 471,703,964	\$ 464,078,482
Accreted Interest	28,680,762	28,143,882
Deferred Amount on Refunding	(7,371,249)	(8,840,421)
Discount Amount on Bonds	(883,389)	(1,435,194)
Premium Amount on Bonds	6,665,548	6,166,937
Total Long-term Liabilities	<u>\$ 498,795,636</u>	<u>\$ 488,113,686</u>

The District's general obligation bond ratings are indicated by its "AA-" and "AA-" ratings from Fitch Ratings and Standard & Poor's Ratings Group respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District maintained a stable property tax base for the last five years, with increases averaging 5%. The increase for fiscal year 2010 was 5.1%. Due to property tax rate compression mandated by House Bill 1, the Board of Education maintained the Maintenance and Operations tax rate at \$1.0400 and the Interest and Sinking tax rate at \$0.4250 for the 2009-2010 fiscal year. The District's total tax rate for fiscal year 2010 remained unchanged at \$1.4650.

The adopted 2009-2010 budget is \$18.3 million more than the previous year and includes a base pay raise of at least 2.00% for returning teachers, nurses, librarians, and counselors, a 2.00% of base pay raise for auxiliary staff, and a 2.00% of midpoint raise for other employee groups. Also included are a total of 50 new staff positions.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information about the Grand Prairie ISD, contact the District's Assistant Superintendent of Business Operations, Julie Spears, at 2602 S. Belt Line Road, Grand Prairie, Texas, 75052, 972-237-5546, or julie.spears@gpisd.org.

BASIC FINANCIAL STATEMENTS

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2009

Data Control Codes		1	2	3
		Primary Government		
		Governmental Activities	Business Type Activities	Total
ASSETS				
1110	Cash and cash equivalents	44,047,023	2,488,532	\$ 46,535,555
1170	Investments	43,260,722	-	43,260,722
1220	Delinquent property taxes receivables	5,006,888	-	5,006,888
1230	Allowance for uncollectible taxes (credit)	(836,410)	-	(836,410)
1240	Due from other governments	1,265,944	-	1,265,944
1260	Internal balances	1,257,378	(1,257,378)	-
1290	Other receivables (net)	636,009	-	636,009
1300	Inventories	57,741	318,091	375,832
1410	Deferred expenditures or expenses	398,109		398,109
1420	Capital bond & other debt issuance costs	3,432,967	-	3,432,967
	Capital assets:			
1510	Land	18,489,261	-	18,489,261
1520	Buildings and improvements	315,379,639	-	315,379,639
1530	Furniture and equipment	4,557,901	747,701	5,305,602
1580	Construction in progress	26,972,196	-	26,972,196
1000	Total Assets	463,925,368	2,296,946	466,222,314
LIABILITIES				
2110	Accounts payable	1,104,337	337,120	1,441,457
2140	Interest payable	906,021	-	906,021
2150	Payroll deductions & withholdings	1,033,903	-	1,033,903
2160	Accrued wages payable	5,852,862	-	5,852,862
2180	Due to other governments	411,511	-	411,511
2200	Accrued expenditures or expenses	12,490,913	-	12,490,913
2300	Deferred revenue	202,628	-	202,628
	Noncurrent liabilities:			
2501	Due within one year	14,800,557	-	14,800,557
2502	Due in more than one year	473,313,129	-	473,313,129
2000	Total Liabilities	510,115,861	337,120	510,452,981
NET ASSETS				
3200	Invested in capital assets, net of related debt	11,130,616	747,701	11,878,317
3820	Restricted for retirement of long term debt	9,534,847	-	9,534,847
3880	Restricted for scholarships	10,000	-	10,000
3900	Unrestricted net assets	(66,865,956)	1,212,125	(65,653,831)
3000	Total net assets	\$ (46,190,493)	\$ 1,959,826	\$ (44,230,667)

The accompanying notes are
an integral part of this statement.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2009**

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Capital and Operating Grants and Contributions
Primary Government:			
	GOVERNMENTAL ACTIVITIES:		
11	Instruction	\$ 134,734,094	\$ 13,798,702
12	Instructional resources & media services	4,381,340	246,816
13	Curriculum and staff development	2,910,124	2,101,134
21	Instructional leadership	3,471,206	578,769
23	School leadership	13,504,474	517,985
31	Guidance, counseling, and evaluation services	9,971,390	2,198,322
32	Social work services	537,522	170,960
33	Health services	2,415,797	162,531
34	Student (pupil) transportation	3,440,411	481,056
35	Food Service	25,743	4,626
36	Cocurricular/Extracurricular activities	4,071,809	124,329
41	General administration	5,250,739	201,604
51	Plant maintenance and operations	20,972,863	714,827
52	Security and monitoring services	2,036,584	31,992
53	Data processing services	5,164,942	458,601
61	Community services	1,183,476	807,064
72	Interest on long-term debt	20,271,769	12,982,752
73	Bond Issuance costs and fees	228,976	-
81	Facilities acquisition and construction	340,185	1,165,379
95	Payments to juvenile justice alternative education programs	147,847	-
97	Payments to tax increment fund	2,792,439	-
	[TG] Total Governmental Activities:	1,117,779	36,747,449
	BUSINESS-TYPE ACTIVITIES:		
35	Enterprise Fund- National School Breakfast & Lunch	11,803,138	8,316,237
	[TB] Total Business-Type Activities:	3,645,902	8,316,237
	[TP] Total Primary Government	\$ 4,763,681	\$ 45,063,686
Data Control Codes	General Revenues:		
MT	Taxes:		
DT	Property taxes, levied for general purposes		
SF	Property taxes, levied for debt service		
GC	State aid - formula grants		
IE	Miscellaneous local and intermediate revenue		
SI	Investment earnings		
TR	Special item - insurance proceeds		
CN	Total general revenues and special items		
NB	Change in net assets		
NE	Net assets-beginning		
	Net assets-ending		

The accompanying notes are
an integral part of this statement.

EXHIBIT B-1

Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Governmental Activities	Business-type Activities	Total
\$ (120,832,580)	\$ -	\$ (120,832,580)
(4,134,524)	-	(4,134,524)
(808,990)	-	(808,990)
(2,892,437)	-	(2,892,437)
(12,986,489)	-	(12,986,489)
(7,773,068)	-	(7,773,068)
(366,562)	-	(366,562)
(2,253,266)	-	(2,253,266)
(2,959,355)	-	(2,959,355)
(21,117)	-	(21,117)
(3,158,292)	-	(3,158,292)
(4,924,014)	-	(4,924,014)
(20,157,378)	-	(20,157,378)
(2,004,592)	-	(2,004,592)
(4,706,341)	-	(4,706,341)
(376,412)	-	(376,412)
(7,289,017)	-	(7,289,017)
(228,976)	-	(228,976)
825,194	-	825,194
(147,847)	-	(147,847)
(2,792,439)	-	(2,792,439)
(199,988,502)	-	(199,988,502)
-	159,001	159,001
-	159,001	159,001
\$ (199,988,502)	\$ 159,001	\$ (199,829,501)
\$ 50,652,905	\$ -	\$ 50,652,905
20,757,790	-	20,757,790
111,864,203	-	111,864,203
2,762,660	-	2,762,660
4,300,907	-	4,300,907
-	-	-
190,338,465	-	190,338,465
(9,650,037)	159,001	(9,491,036)
(36,540,456)	1,800,825	(34,739,631)
\$ (46,190,493)	\$ 1,959,826	\$ (44,230,667)

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2009**

Data Control Codes		10 General Fund	50 Debt Service Fund
	ASSETS		
1110	Cash and cash equivalents	\$ 27,421,605	\$ 2,686,202
1170	Investments	9,407,222	-
1220	Property taxes delinquent	3,838,873	1,168,015
1230	Allowance for uncollectible taxes (credit)	(631,939)	(204,471)
1240	Receivables from other governments	640,612	-
1260	Due from other funds	7,013,945	10,090,713
1290	Other receivables	139,828	-
1300	Inventories	57,741	-
1410	Deferred expenditures	398,109	-
1000	Total assets	\$ 48,285,996	\$ 13,740,459
	LIABILITIES AND FUND BALANCES		
	LIABILITIES:		
2110	Accounts payable	\$ 455,584	\$ -
2140	Interest payable	-	-
2150	Payroll deductions and withholdings payable	1,033,903	-
2160	Accrued wages payable	5,852,862	-
2170	Due to other funds	12,232,643	9,468
2180	Due to other governments	-	411,511
2200	Accrued expenditures	-	-
2300	Deferred revenue	3,206,934	963,544
2000	Total liabilities	22,781,926	1,384,523
	Fund balances:		
	RESERVED FOR:		
3410	Inventories	57,741	-
3420	Retirement of long-term debt	-	12,355,936
3430	Prepaid items	398,109	-
3440	Encumbrances	1,236,225	-
3450	Other purposes	-	-
	DESIGNATED FOR:		
3510	Construction	2,137,500	-
	UNRESERVED AND UNDESIGNATED		
3600	General fund	21,674,495	-
3610	Special revenue funds	-	-
3620	Capital projects funds	-	-
3000	Total fund balances	25,504,070	12,355,936
4000	Total liabilities and fund balances	\$ 48,285,996	\$ 13,740,459

The accompanying notes are
an integral part of this statement.

EXHIBIT C-1

60		98
Capital	Non	Total
Projects	Major	Governmental
Funds	Funds	Funds
\$ 11,955,043	\$ 59,191	\$ 42,122,041
33,853,500	-	43,260,722
-	-	5,006,888
-	-	(836,410)
-	625,332	1,265,944
1,525,339	391,194	19,021,191
496,181	-	636,009
-	-	57,741
-	-	398,109
<u>\$ 47,830,063</u>	<u>\$ 1,075,717</u>	<u>\$ 110,932,235</u>
\$ 382,059	\$ 8,547	\$ 846,190
-	-	-
-	-	1,033,903
-	-	5,852,862
-	491,765	12,733,876
-	-	411,511
7,477,595	-	7,477,595
-	202,628	4,373,106
<u>7,859,654</u>	<u>702,940</u>	<u>32,729,043</u>
-	-	57,741
-	-	12,355,936
-	-	398,109
22,708,175	15,230	23,959,630
-	10,000	10,000
-	-	2,137,500
-	-	21,674,495
-	347,547	347,547
17,262,234	-	17,262,234
<u>39,970,409</u>	<u>372,777</u>	<u>78,203,192</u>
<u>\$ 47,830,063</u>	<u>\$ 1,075,717</u>	<u>\$ 110,932,235</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, 2009**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 78,203,192
The District uses internal services funds to charge the costs of certain activities such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(9,633,798)
The portion of internal service funds to charge the costs of self-insurance attributed to business-type activities is included in internal balances.	1,257,378
Capital bond and other debt issuance costs incurred in governmental activities are not financial resources and therefore are not reported in governmental funds.	3,432,967
Non-depreciable capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	45,461,457
Depreciable capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	465,328,772
Accumulated depreciation associated with capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	(145,391,232)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(906,021)
Revenue reported as deferred revenue related to property taxes in governmental funds was recognized as revenue in the government-wide financial statements.	4,170,478
Bonds payable and related liabilities such as accreted interest, deferred loss on refunding, and premiums and discounts on bonds payable are not financial resources and therefore are not reported in governmental funds.	<u>(488,113,686)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (46,190,493)</u>

The accompanying notes are
an integral part of this statement.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
AUGUST 31, 2009**

Data Control Codes		10 General Fund	50 Debt Service Fund
REVENUES			
5700	Local and intermediate sources	\$ 56,489,340	\$ 21,297,788
5800	State program revenues	118,310,828	12,982,752
5900	Federal program revenues	409,657	-
5020	Total revenues	<u>175,209,825</u>	<u>34,280,540</u>
EXPENDITURES			
CURRENT:			
0011	Instruction	112,937,994	-
0012	Instructional resources and media services	3,212,732	-
0013	Curriculum and staff development	826,701	-
0021	Instructional leadership	2,970,670	-
0023	School leadership	12,529,074	-
0031	Guidance, counseling, and evaluation services	7,939,779	-
0032	Social work services	370,435	-
0033	Health services	2,298,057	-
0034	Student transportation	2,858,259	-
0035	Food service	-	-
0036	Extracurricular activities	3,223,668	-
0041	General administration	5,200,743	-
0051	Plant maintenance and operations	18,455,340	-
0052	Security and monitoring services	830,272	-
0053	Data processing services	2,674,886	-
0061	Community services	365,682	-
DEBT SERVICE:			
0071	Principal on long-term debt	-	6,410,874
0072	Interest on long-term debt	-	21,940,440
0073	Bond issuance costs and other debt related fees	-	3,162,474
CAPITAL OUTLAY			
0081	Facilities acquisition and construction	1,268,556	-
INTERGOVERNMENTAL:			
0095	Payments to juvenile justice alternative Ed. Prg	147,847	-
0097	Payments to tax increment fund	2,117,592	674,847
6030	Total expenditures	<u>180,228,287</u>	<u>32,188,635</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(5,018,462)</u>	<u>2,091,905</u>
OTHER FINANCING SOURCES (USES)			
7901	Refunding Bonds Issued	-	71,335,393
7916	Premium or Discount on Issuance of Bonds	-	(605,509)
8911	Transfers Out (Use)	(1,000,000)	-
8949	Payments to Bond Refunding Escrow Agent	-	(70,484,630)
	Total Other Financing Sources (Uses)	<u>(1,000,000)</u>	<u>245,254</u>
1200	Net Change in Fund Balances	(6,018,462)	2,337,159
0100	Fund balances--beginning	31,522,532	10,018,777
3000	Fund balances--ending	<u>\$ 25,504,070</u>	<u>\$ 12,355,936</u>

The accompanying notes are
an integral part of this statement.

EXHIBIT C-3

60 Capital Projects	Nonmajor Funds	98 Total Governmental Funds
\$ 2,747,993	578,799	\$ 81,113,920
-	4,704,962	135,998,542
-	11,067,503	11,477,160
<u>2,747,993</u>	<u>16,351,264</u>	<u>228,589,622</u>
2,990,809	9,476,007	125,404,810
610,732	151,761	3,975,225
-	2,073,796	2,900,497
5,939	464,302	3,440,911
23,333	517,168	13,069,575
10,925	1,892,396	9,843,100
-	156,721	527,156
7,028	73,982	2,379,067
-	371,360	3,229,619
21,117	4,626	25,743
603,122	3,474	3,830,264
8,668	6,729	5,216,140
2,124,095	3,700	20,583,135
1,287,448	-	2,117,720
2,386,484	355,531	5,416,901
-	801,819	1,167,501
-	-	6,410,874
-	-	21,940,440
-	-	3,162,474
84,158,396	-	85,426,952
-	-	147,847
-	-	2,792,439
<u>94,238,096</u>	<u>16,353,372</u>	<u>323,008,390</u>
<u>(91,490,103)</u>	<u>(2,108)</u>	<u>(94,418,768)</u>
-	-	71,335,393
-	-	(605,509)
-	-	(1,000,000)
-	-	(70,484,630)
-	-	(754,746)
(91,490,103)	(2,108)	(95,173,514)
<u>131,460,512</u>	<u>374,885</u>	<u>173,376,706</u>
<u>\$ 39,970,409</u>	<u>\$ 372,777</u>	<u>\$ 78,203,192</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2009**

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (95,173,514)
The District uses internal service funds to charge the costs of self-insurance to appropriate functions in other funds. The net effect of this consolidation is to decrease net assets.	(2,181,050)
Current year capital outlays (\$86,854,490) are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. Current year retirements net of accumulated depreciation (\$0) of capital assets are shown as decreases to capital assets in the government-wide financial statements.	86,854,490
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net assets.	(9,511,348)
Repayment of principal and other long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not an expense in the current period. This amount represents the following: current year principal payments of \$6,410,874 and payments on accreted interest of \$3,292,355.	9,703,229
Current year accretion on capital appreciation bonds is not reflected in the fund financial statements, but are shown as increases in accreted interest on the government-wide statements.	(2,755,473)
Amounts related to the issuance of bond debt are either expended (bond issue costs) or recognized as other financing sources (discount or premium on bonds, deferred loss on refunding) in governmental funds, but are capitalized and amortized (bond issue costs - \$117,857, premium on bonds - (\$498,610), discount on bonds - \$53,704, deferred loss on refunding - \$450,471) in the government-wide statements.	(123,422)
Interest is accrued on outstanding debt in the government-wide financial statements, but are recorded in governmental funds as expenditures when due.	152,295
Proceeds of bonds including premium issued during the year are recognized as an Other Financing Source in the governmental funds but increases the bond payable liability and bond refunding reduces the bond payable liability in the statement net assets. The following components represent current year bond issuance activity:	
Proceeds from debt issues	\$ (71,335,393)
(Premiums) discounts from debt issues	605,509
Payments to bond refunding escrow agent	70,484,630
Payments from prior debt service funds	2,754,595
Debt issuance costs from debt issues	<u>1,281,822</u>
	3,791,163
Revenue from property taxes is deferred in governmental funds until they are considered available to finance current expenditures, but such revenues are recognized when assessed net of an allowance for uncollectible accounts.	<u>(406,407)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ (9,650,037)

The accompanying notes are
an integral part of this statement.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2009**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,488,532	\$ 1,924,982
Inventories	318,091	-
Total Current Assets	<u>2,806,623</u>	<u>1,924,982</u>
NONCURRENT ASSETS:		
Capital assets:		
Furniture and equipment	2,231,171	-
Accumulated depreciation on furniture and equipment	(1,483,470)	-
Total Noncurrent Assets	<u>747,701</u>	<u>-</u>
Total Assets	<u>3,554,324</u>	<u>1,924,982</u>
LIABILITIES		-
CURRENT LIABILITIES:		
Accounts payable	\$ 337,120	\$ 5,013,318
Due to other funds	-	6,545,462
Total Liabilities	<u>337,120</u>	<u>11,558,780</u>
NET ASSETS		
Invested in capital assets, net of related debt	747,701	-
Unrestricted net assets	2,469,503	(9,633,798)
Total Net Assets	<u>\$ 3,217,204</u>	<u>\$ (9,633,798)</u>

**RECONCILIATION OF THE ENTERPRISE FUND STATEMENT OF NET ASSETS
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

Total net assets- enterprise fund \$ 3,217,204

Amounts reported for business-type activities in the statement of net assets are different because:

Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are reported in governmental activities in the government-wide statement of net assets. The amount shown represents the net internal balance resulting from activities allocated to business-type activities since the adoption of GASB 34.

(1,257,378)

Total net asset- business type activities

\$ 1,959,826

The accompanying notes are
an integral part of this statement.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009**

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
OPERATING REVENUES:		
Local and intermediate sources	\$ 3,645,902	\$ 16,703,021
Total operating revenues	<u>3,645,902</u>	<u>16,703,021</u>
OPERATING EXPENSES:		
Payroll costs	5,122,909	40,575
Professional and contracted services	139,083	470,460
Supplies and materials	6,193,831	142
Other operating costs	136,027	19,604,660
Total operating expenses	<u>11,591,850</u>	<u>20,115,837</u>
Operating loss	<u>(7,945,948)</u>	<u>(3,412,816)</u>
NONOPERATING REVENUES (EXPENSES):		
National school breakfast program	1,321,062	-
National school lunch program	6,404,733	-
Donated commodities	404,874	-
State program revenues	185,568	-
Earnings from temporary deposits and investments	-	20,478
Transfers In	-	1,000,000
Total nonoperating revenue	<u>8,316,237</u>	<u>1,020,478</u>
Change in net assets	370,289	(2,392,338)
Total net assets—beginning	<u>2,846,915</u>	<u>(7,241,460)</u>
Total net assets—ending	<u>\$ 3,217,204</u>	<u>\$ (9,633,798)</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS OF ENTERPRISE FUNDS
TO THE STATEMENTS OF ACTIVITIES**

Net change in fund net assets- enterprise fund \$ 370,289

Amounts reported for business-type activities in the statement of activities are different because:

Internal service funds are used by management to charge the costs of insurance, management information systems, central services, and vehicle fleet insurance to individual funds. The amount shown represents the net income allocated to business-type activities.

(211,288)

Change in net assets of business-type activities

\$ 159,001

The accompanying notes are an integral part of this statement.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009**

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from user charges and state government	\$ 3,645,902	\$ -
Cash received from assessments - other funds	-	16,729,474
Cash payments to employees for services	(5,122,909)	-
Cash payments for insurance claims	-	(19,633,819)
Cash payments for suppliers	(6,043,075)	(142)
Cash payments for other operating expenses	(2,236)	-
Net cash used for operating activities	(7,522,318)	(2,904,487)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Received from federal and state governments	8,316,237	-
Transfer from general fund	-	1,000,000
Cash payment of interfund payable	-	-
Cash receipt of interfund receivable	3,612	1,043,953
Net cash provided by non-capital financing activities	8,319,849	2,043,953
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(71,353)	-
Net cash used for non-capital financing activities	(71,353)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and dividends on investments	-	20,478
Net cash provided by capital and investing activities	-	20,478
Net increase (decrease) in cash and cash equivalents.	726,178	(840,056)
Cash and cash equivalents at beginning of the year:	1,762,354	2,765,038
Cash and cash equivalents at the end of the year:	\$ 2,488,532	\$ 1,924,982
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating income (loss)	\$ (7,945,948)	\$ (3,412,816)
Adjustments to Reconcile Operating Income to Net Cash Used For Operating Activities:		
Depreciation	126,223	-
Effect of increases and decreases in current Assets and Liabilities:		
Decrease (increase) in inventories	146,651	-
Decrease (increase) in accounts receivable	-	109,370
Decrease (increase) in interfund receivables	-	26,453
Increase (decrease) in accounts payable	150,756	(7,620)
Increase (decrease) in accrued expenses	-	380,126
Net cash used for operating activities	\$ (7,522,318)	\$ (2,904,487)

The accompanying notes are
an integral part of this statement.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2009**

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 26,599	\$ 19,045
Due from other funds	-	258,147
Total Assets	\$ 26,599	\$ 277,192
LIABILITIES		
Accounts payable	\$ -	\$ -
Due to student groups	-	277,192
Total liabilities	-	277,192
NET ASSETS		
Restricted for scholarships	26,599	
Total Net Assets	\$ 26,599	

The accompanying notes are
an integral part of this statement.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009**

	Private- Purpose Trusts
ADDITIONS	
Local and intermediate sources	\$ -
Total additions	-
DEDUCTIONS	
Other operating costs	-
Total deductions	-
Change in net assets	-
Net assets—beginning of the year	26,599
Net assets—end of the year	<u>\$ 26,599</u>

The accompanying notes are
an integral part of this statement.

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**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Grand Prairie Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in the Statement on Auditing Standards No. 69 of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

Reporting Entity

The Board of Trustees (the Board) is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity," as amended by GASB 39 "Determining Whether Certain Organizations Are Component Units." There are no component units included within the reporting entity.

Government-Wide and Fund Financial Statements

The statement of net assets and the statement of activities are district-wide financial statements. They report information on all of the Grand Prairie Independent School District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business type activities* include operations that rely to a significant extent on fees and charges for support.

The statement of activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds and proprietary funds appear as due to/due from 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 internal service funds are eliminated on the government-wide statements.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-Wide and Fund Financial Statements – Continued

Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Assets as internal balances and on the Statement of Activities as interfund transfers. Amounts reported in the funds as a receivable from or a payable to fiduciary funds are included in the statement of net assets as a receivable from or payable to external parties rather than as internal balance. The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the district-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The district-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do 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 the 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 use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Revenues from taxes are generally considered available if received within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt and certain estimated liabilities (compensated absences, claims and judgments), which are recorded when the obligation has matured and is due and payable shortly after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. In accordance with paragraph seven of GASB Statement 20, the District has elected not to adopt those Statements and Interpretations of the Financial Accounting Standards Board issued after December 1, 1989 for business-type activities and proprietary funds unless liabilities associated with the operating of these funds are included on the fund statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

Fund Accounting

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund. Any unused fund balance is transferred to the General Fund after all related debt obligations have been met.
3. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund. Upon completion, any unused bond proceeds are transferred to the Debt Service Fund for the retirement of related bond principal.

Additionally, the District reports the following fund type(s):

Governmental Funds:

1. **Nonmajor Special Revenue Funds** – The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund. Most Federal and some State and Local financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Permanent Funds:

1. The District accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used in a Permanent fund, whose purposes support the District's programs or is for the benefit of the District's constituency.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Accounting – Continued

Proprietary Funds:

1. Enterprise Fund – The District's activities for which users are charged a fee plus the amounts received from the National School Breakfast & Lunch Program and donated USDA Commodities roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District's Enterprise Fund is the Food Service Program.
2. Internal Service Fund - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Fund is for the Employee Health/Dental Benefits and Workers Compensation Programs.

Fiduciary Funds:

1. Private Purpose Trust Funds – The district accounts for donations for which the donors have stipulated that both the principal and the income may be used for specific purposes. The District's Private Purpose Funds are the Rebecca Slade Memorial Scholarship Fund, the American Indian Scholarship Fund and the Larry Mims Scholarship Fund.
2. Agency Funds – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the Student Activity Fund.

Other Accounting Policies

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The District reports inventories of supplies at average cost including consumable maintenance, instructional, office, athletic, and transportation items. Inventory supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and revenue when received. When requisitioned, inventory and expenditures are charged for an equal amount.
3. In the government-wide and proprietary fund type statement of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. 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.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Other Accounting Policies – Continued

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period as other sources (uses). 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.

4. It is the District's policy to permit employees retiring from the District to receive a recognition payment based on the number of their accumulated earned but unused days of sick leave and personal leave. Upon retirement, the District will pay an employee a maximum of \$1,200 for a maximum of 90 days unused leave. There is no accrued liability for unpaid accumulated sick leave since the District does not have a policy to pay amounts when employees separate from service with the District. Vacation pay does not accumulate.
5. Capital assets, which include land, buildings, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 after projects are constructed/completed.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Transportation Fleet	10
Vehicles	7
Furniture	10
Office Equipment	3-10
Computer Equipment	3-5
Food Service Equipment	8-20

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Other Accounting Policies – Continued

6. The Employee Health/Dental Benefits and Workers' Compensation Programs of the District are accounted for in the Internal Service Fund. An accrual for unpaid claims and claims incurred but not reported is reflected in the government-wide financial statements as a long-term liability. Claims expenditures and liabilities are reported when it is probable a loss has occurred and the amount of that loss can be reasonably estimated. The provision for claims incurred but not reported which are probable and reasonably estimable is based on district experience since the inception of these programs. In accordance with GASB Statement Number 10 as amended, the estimated claims payable is based on the estimated ultimate cost of the claims.
7. 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. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.
9. The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency in the Financial Accountability System Resource Guide. The 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 database for policy development and funding plans.
10. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation until expended or as a liability of the fund, is employed as an integral part of the accounting system. There was \$23,959,630 of encumbrances outstanding as of August 31, 2009.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Equity

At August 31, 2009, the following fund had deficit net assets:

Employee Health/Dental Benefits and Workers' Compensation Programs Internal Service Fund	\$9,633,798
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**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009**

NOTE 3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At August 31, 2009, the carrying amount of the District's cash deposits was \$2,839,586 (Governmental and Business – Type Activities - \$2,793,942 and Fiduciary Funds - \$45,644) and the bank balance was \$6,673,746.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: Bank of America/Bank One.
- b. The fair value of securities pledged as of the date of the highest combined balance on deposit was \$2,760,270.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$25,862,890 and occurred during the month of August 2009.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$25,862,890.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. State Statutes and the District's investment policy authorized the District to invest in the following investments as summarized on the following table:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	2 years	None	None
U.S. Agencies Securities	2 years	None	None
State of Texas Securities	2 years	None	None
Certificates of Deposits	-	None	None
Money Market	90 days	None	None
Repurchase agreements	90 days	15%	None
Mutual Funds	2 years	15%	None
Investment pools	-	None	None
Guaranteed investment contracts	2 years	None	None
Commercial paper	270 days	None	None

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009**

NOTE 3. DETAILED NOTES ON ALL FUNDS – CONTINUED

Deposits and Investments – Continued

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in compliance with the requirements of the Act and with local parties.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by investing mainly investment pools which purchase a combination of shorter term investments with an average maturity of less than 29 days thus reducing the interest rate risk. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The District has no specific limitations respect to this metric.

The District's investments at August 31, 2009, are shown below:

Investment Type	Amount	Weighted Average Maturity	Minimum Legal Rating	Rating as of Year End
Primary Government				
TexPool Investment Pool	\$ 43,705,615	18 days	N/A	AAAm
FNMA Note	16,270,865	N/A	N/A	AAA
FHLMC Note	2,784,545	N/A	N/A	AAA
FHLB Bond	24,205,312	N/A	N/A	AAA
Total Primary Government	<u>\$ 86,966,337</u>			

As of August 31, 2009 the District did not invest any securities which are highly sensitive to interest rate fluctuations.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented above is the minimum rating required by (where applicable) the Public Funds Investment Act, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

The District is a voluntary participant in an investment pool.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and of other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poors. As a requirement to maintain this rating, weekly portfolio information must be submitted to Standard & Poors, as well as the office of the State Comptroller of Public Accounts, for review. TexPool operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. As such, TexPool uses amortized cost to report net assets and share prices since that amount approximates fair value.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009**

NOTE 3. DETAILED NOTES ON ALL FUNDS – CONTINUED

Deposits and Investments – Continued

The District follows GASB Statement Number 31, Accounting and Reporting for Certain Investments and for External Investment Pools (GASB 31). At August 31, 2009, substantially all district investments are investments with a maturity of less than one year. Investments consist of government agency securities and funds invested in local government investment pools. Such investments are stated at amortized cost, as permitted by GASB 31.

A reconciliation of cash and cash equivalents as reflected in the Statement of Net Assets for the primary government follows:

Deposits with Depository Bank	\$ 2,793,942
TexPool Investment Pool	43,705,615
Change Funds/Petty Cash	<u>35,998</u>
Total	<u><u>\$ 46,535,555</u></u>

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which they were imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year. The assessed value of the certified roll, upon which the levy for the 2009 fiscal year was based upon, was \$4,982,899,701.

The tax rates assessed for the year ended August 31, 2009, to finance general fund operations and the payment of principal and interest on general obligation long-term were \$1.04000 and \$0.425 per \$100 valuation, respectively, for a total of \$1.4650 per \$100 valuation.

Delinquent Taxes Receivable

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009**

NOTE 3. DETAILED NOTES ON ALL FUNDS – CONTINUED

Interfund Receivables and Payables

Interfund balances at August 31, 2009, consisted of the following individual fund receivables and payables:

<u>Due From Fund</u>	<u>Due To Fund</u>	<u>Amount</u>	<u>Explanation</u>
Internal Service Fund	General Fund	\$ 6,545,462	Temporary Loan
Debt Service Fund	General Fund	9,468	Temporary Loan
Special Revenue	General Fund	459,015	Temporary Loan
Special Revenue-Local	Special Revenue-State	32,750	Temporary Loan
General Fund	Debt Service Fund	10,090,713	Temporary Loan
General Fund	Capital Projects Fund	1,525,339	Temporary Loan
General Fund	Agency Fund	258,147	Temporary Loan
General Fund	Special Revenue	358,444	Temporary Loan
		<u>\$ 19,279,338</u>	

As each fund is a separate self-balancing set of accounts, transactions between funds are recorded properly in each fund affected. Interfund receivables and payables generally arise from interfund loans between different funds. All amounts due are scheduled to be repaid within one year.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

NOTE 3. DETAILED NOTES ON ALL FUNDS – CONTINUED

Capital Asset Activity

Capital asset activity for the District for the year ended August 31, 2009, was as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital Assets, Not Depreciated					
Land	\$ 18,489,261	\$ -	\$ -	\$ -	\$ 18,489,261
Construction in Progress	74,802,171	85,071,654	-	(132,901,629)	26,972,196
Total Capital Assets, Not Depreciated	93,291,432	85,071,654	-	(132,901,629)	45,461,457
Capital Assets, Depreciable assets					
Buildings	310,198,949	15,113	-	132,901,629	443,115,691
Furniture and Equipment	20,445,358	1,767,723	-	-	22,213,081
Total Capital Assets, Depreciable	330,644,307	1,782,836	-	132,901,629	465,328,772
Less Accumulated Depreciation for:					
Buildings	119,356,121	8,379,931	-	-	127,736,052
Furniture and Equipment	16,523,763	1,131,417	-	-	17,655,180
Total Accumulated Depreciation	135,879,884	9,511,348	-	-	145,391,232
Total Capital Assets, Depreciated, Net	194,764,423	(7,728,512)	-	132,901,629	319,937,540
Governmental Activities Capital Assets, Net	<u>\$ 288,055,855</u>	<u>\$ 77,343,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 365,398,997</u>
Business Type Activities (Enterprise Fund):					
Capital Assets, Depreciable					
Furniture and Equipment	\$ 2,159,819	\$ 71,353	\$ -	\$ -	\$ 2,231,172
Less Accumulated depreciation for:					
Furniture and Equipment	1,357,248	126,223	-	-	1,483,471
Business Type Activities Capital Assets, Net	<u>\$ 802,571</u>	<u>\$ (54,870)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 747,701</u>

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Function</u>	<u>Depreciation</u>
Instruction	\$ 7,317,047
Instructional Resources and Media Services	374,922
Instructional Leadership	3,988
School Leadership	267,588
Guidance, Counseling and Evaluation Services	1,048
Student (Pupil) Transportation	424,605
Cocurricular/Extracurricular Activities	806,252
General Administration	6,910
Plant Maintenance and Operations	305,214
Security and Monitoring Service	3,774
Total Depreciation Expense	<u>\$ 9,511,348</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009**

NOTE 3. DETAILED NOTES ON ALL FUNDS – CONTINUED

Bonds Payable

A summary of changes in bonds payable for the year ended August 31, 2009, is as follows:

Purpose and Lawful Authority	Interest Rate	Amount	Amounts Outstanding 09/01/08	Issued	Retired	Amounts Outstanding 08/31/09
Refunding Bonds, Series 1993	2.6% - 8.94%	\$ 14,574,574	\$ 1,927,525	\$ -	\$ 698,499	\$ 1,229,026
Schoolhouse/Refunding Bonds, Series 1994	5.05% - 6.10%	4,360,000	110,000	-	-	110,000
Schoolhouse/Refunding Bonds, Series 1996	3.60% - 5.55%	52,236,409	481,410	-	-	481,410
Schoolhouse Bonds, Series 2000	Variable Rate	70,000,000	53,600,000	-	53,600,000	-
Schoolhouse/Refunding Bonds, Series 2000A	4.70% - 5.85%	80,901,851	20,268,775	-	2,022,390	18,246,385
Refunding Bonds, Series 2002	1.75% - 5.20%	59,905,884	59,140,000	-	85,000	59,055,000
Schoolhouse Bonds, Series 2003	3.00% - 5.75%	60,050,000	7,390,000	-	1,230,000	6,160,000
Schoolhouse Bonds, Series 2004	Variable Rate	25,800,000	18,950,000	-	18,950,000	-
Refunding Bonds, Series 2004A	3.00% - 5.00%	22,586,630	21,286,630	-	450,000	20,836,630
Refunding Bonds, Series 2005	5.00% - 5.10%	17,329,623	17,329,623	-	-	17,329,623
Refunding Bonds, Series 2006	4.00%-4.25%	9,115,000	9,085,000	-	20,000	9,065,000
Refunding Bonds, Series 2007	4.00%-4.50%	47,220,000	46,065,000	-	445,000	45,620,000
Schoolhouse Bonds, Series 2007A	4.00%-5.00%	157,795,000	154,865,000	-	710,000	154,155,000
Schoolhouse Bonds, Series 2008	2.00%-4.77%	61,205,000	61,205,000	-	740,000	60,465,000
Refunding Bonds, Series 2009	Various	71,335,393	-	71,335,393	9,985	71,325,408
			<u>\$ 471,703,963</u>	<u>\$ 71,335,393</u>	<u>\$ 78,960,874</u>	<u>\$ 464,078,482</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009**

NOTE 3. DETAILED NOTES ON ALL FUNDS – CONTINUED

Bonds Payable – Continued

Debt service requirements to maturity are as follows:

Year Ending August 31	General Obligation		Total Requirements
	Principal	Interest	
2010	\$ 11,921,945	\$ 21,433,587	\$ 33,355,531
2011	10,109,679	22,111,605	32,221,284
2012	10,788,527	22,307,485	33,096,011
2013	10,865,933	22,652,834	33,518,768
2014	7,960,438	24,441,830	32,402,268
2015-2019	66,206,484	94,669,995	160,876,479
2020-2024	94,192,832	69,370,226	163,563,058
2025-2029	84,260,970	78,830,983	163,091,953
2030-2034	96,196,105	76,328,457	172,524,563
2035-2039	67,862,658	104,644,592	172,507,250
2040	3,712,913	29,952,087	33,665,000
	<u>\$ 464,078,482</u>	<u>\$ 566,743,681</u>	<u>\$ 1,030,822,163</u>

Variable Rate Debt

In October 2000, the District issued \$70,000,000 of Variable Rate Unlimited Tax School Building Bonds, Series 2000. The interest rate mode on the Bonds may be changed (a) from time to time to a weekly rate or a semiannual rate or a term rate or (b) converted to a fixed rate until maturity. During any weekly, semiannual, or term rate period, the Bonds are subject to redemption at the option of the District on any interest payment date, in whole or in part, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date. The Bonds are subject to mandatory redemption on each February 1 of the years 2026 through 2031. The District contracted with Dexia Credit Local to provide the Standby Bond Purchase Agreement. Currently, the Bonds bear interest in an Annual Interest Rate Mode. The interest rate for the August 1, 2007 through July 31, 2008, time period was 3.76%. The interest rate for the August 1, 2008 through July 31, 2009, time period was 1.9%. Series 2000 bonds were refunded in 2009.

In August 2004, the District issued \$25,800,000 of Variable Rate Unlimited Tax School Building Bonds, Series 2004. The Bonds were sold as variable rate bonds. The interest rate mode on the Bonds may be changed (a) from time to time to a weekly rate or a semiannual rate or a term rate or (b) converted to a fixed rate until maturity. During any weekly, semiannual, or term rate period, the Bonds are subject to redemption at the option of the District on any interest payment date, in whole or in part, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date. The District contracted with Dexia Public Finance Bank to provide the Standby Bond Purchase Agreement. Currently, the Bonds bear interest in an Annual Interest Rate Mode. The interest rate for the August 1, 2007 through July 31, 2008, time period was 3.76%. The interest rate for the August 1, 2008 through July 31, 2009, time period was 1.9%. Series 2004 bonds were refunded in 2009.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009**

NOTE 3. DETAILED NOTES ON ALL FUNDS – CONTINUED

Advance Refunding

In prior years, the District legally defeased certain general obligation bonds by placing the proceeds of new bonds in irrevocable trust accounts and invested in U.S. Treasury obligations that, together with interest thereon, would provide for all future debt service payments on old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On August 31, 2009, \$158,775,000 of bonds considered legally defeased are still outstanding.

During the year ended August 31, 2009, the District issued \$71,335,393 of Unlimited School Unlimited Tax Refunding Bonds. The District used \$73,239,225 to purchase U.S. Government Securities that were placed in an irrevocable trust with an escrow agent to provide for all future debt payments of the refunded bonds. The remaining proceeds were utilized to fund current capital expansion and acquisition. As a result, the refunded bonds are considered defeased and the liability has been removed from the district-wide financial statements. The reacquisition price exceeded the net carrying amount of the refunded debt by \$1,919,643. This amount is being amortized over the remaining life of the debt and is classified as a reduction of long-term debt. This advance refunding resulted in an increase to total debt service payments through the year 2040 of \$209,489,780 and resulted in a gross economic loss of \$37,984,892.

There are a number of limitations and restrictions contained in the general obligation bond indenture. The District is in compliance with all significant limitations and restrictions at August 31, 2009.

Commitments Under Operating Leases

The District leases certain equipment under operating leases. Total expenditures for such leases were \$654,174 for the year ended August 31, 2009. The future minimum lease payments for these leases are as follows:

<u>Year Ending August 31</u>	<u>Amount</u>
2010	\$ 759,527
2011	759,527
2012	753,851
2013	753,851
2014	753,851
Total	<u>\$ 3,780,607</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009**

NOTE 3. DETAILED NOTES ON ALL FUNDS – CONTINUED

Defined Benefit Pension Plan

Plan Description – Grand Prairie Independent School District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 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 10.0% 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 a the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2009, 2009 and 2008, a state contribution rate of 6.58% for fiscal year 2009, 6.58% for fiscal year 2008 and 6.0% for fiscal year 2007. State contributions to TRS made on behalf of the District's employees for the years ended August 31, 2009, 2008 and 2007 were \$5,033,715, \$5,632,956, and \$4,658,835, respectively. These amounts are reflected in the financial statements in the General Fund by respective function and in the Enterprise Fund. The District paid additional state contributions for the years ended August 31, 2009, 2008 and 2007 in the amount of \$4,449,409, \$3,209,665, and \$2,720,491 respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

Retiree Health Plan

Plan Description – Grand Prairie Independent School District contributes to the Teacher 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 the Texas Insurance Code, Chapter 1575. Section 1575.002 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009**

NOTE 3. DETAILED NOTES ON ALL FUNDS – CONTINUED

Retiree Health Plan – Continued

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 writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 8701, 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 legally established each biennium by the Texas State 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 2009, 2008, and 2007. Per the 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, 2009, 2009 and 2008, the State's contributions to TRS-Care were \$1,474,634, \$1,343,863, and \$1,229,886, respectively, the active member contributions were \$958,512, \$873,511, and \$799,426 respectively, which equaled the required contributions each year. In addition, the State of Texas contributed \$341,826, \$321,895 and \$254,763 in 2009, 2008 and 2007, respectively, for on-behalf payments for Medicare Part D.

Health/Dental Care Coverage

During the year ended August 31, 2009, employees of the District were covered by employee benefits plan (the Plan). Transactions related to the Plan are accounted for in the Internal Service Fund (the Fund). The District contributed approximately \$301 per month for medical benefits. The employees were responsible for their dental premiums. Employees, at their option, authorize payroll deductions to pay contributions for dependents. All contributions were paid to a self-funded pool. The plan is authorized by the Texas Education Agency and Texas Insurance Codes and is documented by contractual agreement.

The District used Fiserv Health as its third party administrator effective September 1, 2006 through August 31, 2009. As of September 1, 2009, the District is no longer self funded in health and dental coverage.

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.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

NOTE 3. DETAILED NOTES ON ALL FUNDS – CONTINUED

Health/Dental Care Coverage – Continued

The cost for this 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, 2009, 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. Changes in the claims liabilities are as follows:

	2009	2008
Claims payable, beginning of year	\$ 1,498,000	\$ 1,498,000
Claims incurred and changes in estimate	16,811,813	14,595,889
Less claim payments	16,579,337	14,595,889
Claims payable, end of year	<u>\$ 1,730,476</u>	<u>\$ 1,498,000</u>

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

Workers' Compensation Coverage

During the year ended August 31, 2009, employees of the District were covered by a workers' compensation plan (The Plan). All contributions were paid to a self-funded pool. This account is drafted each week by the District's third party administrator as claims are paid. The Plan is authorized by the Texas Education Code, and is documented by the contractual agreement.

The contract between the District and Texas Association of School Boards (TASB), its third-party administrator, is renewable annually. The terms of coverage and administrative costs are included in the contractual provisions. In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage purchased from Safety National Casualty Corporation, 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 \$350,000 per occurrence. Claims liabilities, including incurred but not reported claims are estimated according to actuarial opinions calculated by TASB using ultimate loss factors from the pool of all school districts participating in the Texas Association of School Boards Workers Compensation self-insurance program. These obligation calculations are estimates, the actual losses may vary, perhaps significantly, from those estimated. Changes in workers' compensation claims liability are as follows:

	2009	2008
Claims payable, beginning of year	\$ 3,135,192	\$ 2,600,876
Claims incurred and changes in estimate	1,363,796	1,386,277
Less claim payments	1,216,146	851,961
Claims payable, end of year	<u>\$ 3,282,842</u>	<u>\$ 3,135,192</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009**

NOTE 3. DETAILED NOTES ON ALL FUNDS – CONTINUED

Workers' Compensation Coverage – Continued

Latest financial statements for Safety National Casualty Corporation are available, and have been filed with the Texas Board of Insurance, Austin, Texas, and are public records.

Changes in Long Term Liabilities

Long-term activity for the year ended August 31, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government Activities					
Long-term Liabilities:					
General Obligation Bonds	\$ 471,703,963	\$ 71,335,393	\$ 78,960,874	\$ 464,078,482	\$ 11,921,945
Accreted Interest	28,680,764	2,755,473	3,292,355	28,143,882	2,878,612
Deferred Amount on Refunding	(7,371,249)	(1,919,643)	(450,471)	(8,840,421)	-
Discount Amount on Bonds	(883,389)	(605,509)	(53,704)	(1,435,194)	-
Premium Amounts on Bonds	6,665,547	-	498,610	6,166,937	-
Total Long-term Liabilities	<u>\$ 498,795,636</u>	<u>\$ 71,565,714</u>	<u>\$ 82,247,664</u>	<u>\$ 488,113,686</u>	<u>\$ 14,800,557</u>

Litigation and Other Significant Commitments and Contingencies

Litigation

The District is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a materially adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

Grant Programs

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at August 31, 2009, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

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, 2009, totaled \$141,050.

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REQUIRED SUPPLEMENTARY INFORMATION

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2009**

Data Control Codes		Budgeted Amounts		Actual	Variance With
		Original	Final	Amounts GAAP BASIS	Final Budget Positive or (Negative)
REVENUES					
5700	Local and intermediate sources	\$ 53,101,812	\$ 55,127,552	\$ 56,489,340	\$ 1,361,788
5800	State program revenues	117,777,515	117,777,515	118,310,828	533,313
5900	Federal program revenues	570,000	570,000	409,657	(160,343)
5020	Total revenues	171,449,327	173,475,067	175,209,825	1,734,758
EXPENDITURES					
CURRENT:					
0011	Instruction	109,995,635	107,628,120	112,937,994	(5,309,874)
0012	Instructional resources and media services	3,289,256	3,204,256	3,212,732	(8,476)
0013	Curriculum and staff development	1,207,088	905,441	826,701	78,740
0021	Instructional leadership	3,014,904	3,035,524	2,970,670	64,854
0023	School leadership	12,157,888	12,324,182	12,529,074	(204,892)
0031	Guidance, counseling, and evaluation services	8,253,890	8,768,638	7,939,779	828,859
0032	Social work services	385,513	386,928	370,435	16,493
0033	Health services	2,324,884	2,225,016	2,298,057	(73,041)
0034	Student transportation	2,910,409	2,810,409	2,858,259	(47,850)
0036	Extracurricular activities	2,906,825	3,318,860	3,223,668	95,192
0041	General administration	3,869,004	4,227,239	5,200,743	(973,504)
0051	Plant maintenance and operations	18,789,952	18,012,050	18,455,340	(443,290)
0052	Security and monitoring services	1,127,443	827,443	830,272	(2,829)
0053	Data processing services	2,917,094	2,783,458	2,674,886	108,572
0061	Community services	392,601	342,601	365,682	(23,081)
0081	Facilities acquisition and construction	-	3,461,056	1,268,556	2,192,500
0095	Payments to juvenile justice alternative Ed. Prg	275,000	175,000	147,847	27,153
0097	Payments to tax increment fund	2,120,000	2,120,000	2,117,592	2,408
0099	Other intergovernmental Charges	270,000	270,000	-	270,000
6030	Total expenditures	176,207,386	176,826,221	180,228,287	(3,402,066)
1100	Excess (deficiency) of revenues over expenditures	(4,758,059)	(3,351,154)	(5,018,462)	(1,667,308)
OTHER FINANCING SOURCES (USES) :					
7912	Sale of real and personal property	-	10,000	-	(10,000)
7918	Special item	-	3,406,056	-	(3,406,056)
8911	Transfers out (use)	-	-	(1,000,000)	(1,000,000)
7080	Total other financing sources and (uses)	-	3,416,056	(1,000,000)	(4,416,056)
1200	Net change in fund balances	(4,758,059)	64,902	(6,018,462)	(6,083,364)
0100	Fund balances--beginning	31,522,532	31,522,532	31,522,532	-
3000	Fund balances--ending	\$ 26,764,473	\$ 31,587,434	\$ 25,504,070	\$ (6,083,364)

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2009**

A. Budgetary Data

The Board of Trustees (the Board) adopts an “appropriated budget” for the General Fund. The District is required to present the adopted and final budgeted revenues and expenditures. The District compares the final amended budget to actual revenues and expenditures.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 20, 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. At least ten days’ public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.
5. For the year ended August 31, 2009, expenditures exceeded appropriations in the following functions (the aggregate level of control). Those over-expenditures were funded by less than anticipated expenditures in other functions.

<u>Function</u>	<u>Excess of Appropriations Over Expenditures</u>
Instruction	\$ 5,309,874
Instructional resources and media services	8,476
School leadership	204,892
Health services	73,041
Student transportation	47,850
General administration	973,504
Plant maintenance and operations	443,290
Security and monitoring	2,829
Community services	23,081

SUPPLEMENTARY INFORMATION

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2009**

Data Control Codes		Federal	State	Local	Total Non Major Special Revenue Funds
	ASSETS				
1110	Cash and cash equivalents	\$ -	\$ -	\$ 49,191	\$ 49,191
1240	Due from other governments	129,118	496,214	-	625,332
1260	Due from other funds	-	1,454	389,740	391,194
1000	Total assets	<u>\$ 129,118</u>	<u>\$ 497,668</u>	<u>\$ 438,931</u>	<u>\$ 1,065,717</u>
	LIABILITIES AND FUND BALANCES				
	Liabilities:				
2110	Accounts payable	\$ -	\$ 8,547	\$ -	\$ 8,547
2170	Due to other funds	129,118	333,202	29,445	491,765
2180	Due to other governments	-	-	-	-
2300	Deferred revenues	-	155,919	46,709	202,628
2000	Total liabilities	<u>129,118</u>	<u>497,668</u>	<u>76,154</u>	<u>702,940</u>
	Fund balances:				
	Reserved for:				
3440	Encumbrances	-	-	15,230	15,230
3450	Other purposes	-	-	-	-
	Unreserved and undesignated:				
3610	Reported in special revenue funds	-	-	347,547	347,547
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>362,777</u>	<u>362,777</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 129,118</u>	<u>\$ 497,668</u>	<u>\$ 438,931</u>	<u>\$ 1,065,717</u>

Permanent Fund - Stubbs	Total Non Major Governmental Funds
<u>\$ 10,000</u>	<u>\$ 59,191</u>
<u>-</u>	<u>625,332</u>
<u>-</u>	<u>391,194</u>
<u><u>\$ 10,000</u></u>	<u><u>1,075,717</u></u>
<u>\$ -</u>	<u>\$ 8,547</u>
<u>-</u>	<u>491,765</u>
<u>-</u>	<u>-</u>
<u>-</u>	<u>202,628</u>
<u><u>-</u></u>	<u><u>702,940</u></u>
<u>-</u>	<u>15,230</u>
<u>10,000</u>	<u>10,000</u>
<u>-</u>	<u>347,547</u>
<u><u>10,000</u></u>	<u><u>372,777</u></u>
<u><u>\$ 10,000</u></u>	<u><u>\$ 1,075,717</u></u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2009**

Data Control Codes		Federal	State	Local	Total Non Major Special Revenue Funds
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ 578,799	\$ 578,799
5800	State program revenues	-	4,704,910	52	4,704,962
5900	Federal program revenues	11,067,503	-	-	11,067,503
5020	Total revenues	11,067,503	4,704,910	578,851	16,351,264
EXPENDITURES					
Current:					
0011	Instruction	6,181,007	3,265,097	29,903	9,476,007
0012	Instructional resources and media services	42,401	79,650	29,710	151,761
0013	Curriculum and instructional staff development	1,222,602	846,552	4,642	2,073,796
0021	Instructional leadership	394,272	70,030	-	464,302
0023	School leadership	2,241	16,702	498,225	517,168
0031	Guidance, counseling, and evaluation services	1,815,725	76,653	18	1,892,396
0032	Social work services	156,683	-	38	156,721
0033	Health services	71,053	2,929	-	73,982
0034	Student (Pupil) transportation	370,900	-	460	371,360
0035	Food Services	-	4,626	-	4,626
0036	Cocurricular/Extracurricular activities	-	-	3,474	3,474
0041	General administration	1,022	-	5,707	6,729
0051	Plant maintenance and operations	-	3,700	-	3,700
0053	Data processing services	31,064	324,467	-	355,531
0061	Community services	778,533	14,504	8,782	801,819
6030	Total expenditures	11,067,503	4,704,910	580,959	16,353,372
1200	Net Change in fund balance	-	-	(2,108)	(2,108)
0100	Fund balances—beginning	-	-	364,885	364,885
3000	Fund balances—ending	\$ -	\$ -	\$ 362,777	\$ 362,777

EXHIBIT G-2

Permanent Fund - Stubbs	Total Non Major Governmental Funds
\$ -	\$ 578,799
-	4,704,962
-	11,067,503
-	16,351,264
-	9,476,007
-	151,761
-	2,073,796
-	464,302
-	517,168
-	1,892,396
-	156,721
-	73,982
-	371,360
-	4,626
-	3,474
-	6,729
-	3,700
-	355,531
-	801,819
-	16,353,372
-	(2,108)
10,000	374,885
\$ 10,000	\$ 372,777

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
AUGUST 31, 2009**

	816 Private Purpose Trust Fund - Slade	817 Private Purpose Trust Fund - Am Ind	818 Private Purpose Trust Fund - L Mims	Total Private Purpose Trust Funds
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 3,264	\$ 14	\$ 23,321	\$ 26,599
Total Assets	<u>3,264</u>	<u>14</u>	<u>23,321</u>	<u>26,599</u>
NET ASSETS				
Restricted for scholarships	<u>3,264</u>	<u>14</u>	<u>23,321</u>	<u>26,599</u>
Total Net Assets	<u>\$ 3,264</u>	<u>\$ 14</u>	<u>\$ 23,321</u>	<u>\$ 26,599</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY FUNDS
NET ASSETS – PRIVATE PURPOSE TRUST FUNDS
AUGUST 31, 2009**

	816 Private Purpose Trust Fund - Slade	817 Private Purpose Trust Fund - Am Ind	818 Private Purpose Trust Fund - L Mims	Total Private Purpose Trust Funds
Additions:				
Local and Intermediate Sources				
Total Additions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deductions				
Other operating costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	-	-	-	-
Total Net Assets- September 1 (Beginning)	<u>3,264</u>	<u>14</u>	<u>23,321</u>	<u>26,599</u>
Total Net Assets- August 31 (Ending)	<u><u>\$ 3,264</u></u>	<u><u>\$ 14</u></u>	<u><u>\$ 23,321</u></u>	<u><u>\$ 26,599</u></u>

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TEA REQUIRED SCHEDULES

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
AUGUST 31, 2009**

Last Ten Years Ended August 31	1	2	3
	Tax Rates		Net Assessed/Appraised Value For School Tax Purposes
	Maintenance	Debt Service	
1999 and prior years	Various	Various	Various
2000	1.35061	0.11620	\$ 2,727,903,027
2001	1.38061	0.22748	2,987,328,776
2002	1.40460	0.26250	3,302,914,882
2003	1.42000	0.24710	3,442,151,217
2004	1.43850	0.28860	3,548,561,596
2005	1.46250	0.28860	3,773,411,468
2006	1.49000	0.26860	4,048,510,651
2007	1.36110	0.26860	4,330,790,557
2008	1.04000	0.42500	4,741,559,318
2009 (School year under audit)	1.04000	0.42500	4,982,899,701

9000 - Portion of Row 1000 for Taxes Paid
into Tax Increment Zone Under Chapter 311, Tax Code(Function 97)

EXHIBIT H-1

10	20	31	32	40	50
Beginning	Current	Maintenance	Debt Service	Entire	Ending
Balance	Year's	Total	Total	Year's	Balance
09/01/08	Total Levy	Collections	Collections	Adjustments	08/31/09
\$ 742,896	\$ -	\$ 3,563	\$ 307	\$ (76,386)	\$ 662,640
89,476	-	1,196	103	331	88,509
133,239	-	967	159	193	132,306
171,292	-	4,143	774	1,517	167,892
237,814	-	10,454	1,819	3,024	228,565
305,180	-	26,679	5,352	9,145	282,294
379,274	-	64,964	12,819	(6,363)	295,128
590,739	-	253,086	45,624	17,517	309,546
751,180	-	275,618	54,390	(27,400)	393,772
1,746,442	-	868,888	355,074	218,917	741,397
-	71,262,431	49,418,335	20,194,993	55,736	1,704,839
<u>\$ 5,147,532</u>	<u>\$ 71,262,431</u>	<u>\$ 50,927,892</u>	<u>\$ 20,671,415</u>	<u>\$ 196,231</u>	<u>\$ 5,006,888</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,117,592</u>	<u>\$ 674,847</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT H-2

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT
COST FOR 2008-2009
GENERAL AND SPECIAL REVENUE FUNDS
AUGUST 31, 2009**

Function 41 and Related Function 53- General Administration

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Miscellaneous	7 Total
611X-6146	Payroll Costs	\$ -	\$ -	\$ 336,893	\$ 1,880,293	\$ 498,470	\$ -	2,715,656
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	62,574	-	-	-	62,574
6212	Audit Services	-	-	-	100,400	-	-	100,400
6213	Tax Appraisal and Collection	-	54,332	-	-	-	-	54,332
621X	Other Professional Services	1,134	-	28,980	362,265	190,110	-	582,489
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	740	-	1,385	357,473	1,893	-	361,491
6240	Contr. Maint. And Repair	-	-	4,535	87,816	(2,103)	-	90,248
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	-	-	-	-
6290	Miscellaneous Contr.	532	-	-	189,981	-	-	190,513
6320	Textbooks and Reading	216	-	421	-	1,907	-	2,544
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	4,152	-	1,745	208,915	187,822	-	402,634
6410	Travel, Subsistence, Stipends	4,285	-	3,286	7,487	7,127	-	22,185
6420	Ins. And Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	64,192	-	-	-	-	-	64,192
6490	Miscellaneous Operating	4,577	-	27,109	528,774	55,877	-	616,337
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	5,850	-	-	3,103	500	-	9,453
6000	TOTAL	<u>\$ 85,678</u>	<u>\$ 54,332</u>	<u>\$ 466,928</u>	<u>\$ 3,726,507</u>	<u>\$ 941,603</u>	<u>\$ -</u>	<u>\$ 5,275,048</u>

Total expenditures/expenses for General, Special Revenue, and Enterprise Funds: (9) \$ 208,173,509

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 1,925,524
Total Debt & Lease (6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	17,947,855
Food (Function 35, 6341 and 6499)	(13)	5,704,824
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>3,726,507</u>

SubTotal:

29,304,710

Net Allowed Direct Cost

\$ 178,868,799

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 443,115,691
Historical Cost of Building 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)	\$ 22,213,081
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ -
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 636,301

(8) NOTE A:

\$832,332 in Function 53 expenditures are included in this report on administrative costs

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
GENERAL FUND AS OF AUGUST 31, 2009
UNAUDITED**

1	Total General Fund Balance as of 8/31/09 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 25,504,070
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	1,692,075	
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	2,137,500	
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	1,448,515	
5	Estimate of one month's average cash disbursements during the regular school session (9/1/08- 5/31/09)	14,514,497	
6	Estimate of delayed payments from state sources (58xx) including August payment delays	549,882	
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	-	
8	Estimate of delayed payments from federal sources (59xx)	90,731	
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	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)		<u>20,433,200</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)		<u><u>\$ 5,070,870</u></u>

Explanation of need for and/or projected use of net positive Undesignated Unreserved General Fund Balance:

The Excess Undesignated Unreserved General Fund Balance is needed due to the deficit in the Internal Service Fund.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2009**

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total local and intermediate sources	\$ 3,404,610	\$ 3,404,610	\$ 3,645,902	\$ 241,292
5800	State program revenues	91,455	91,455	185,568	94,113
5020	Total Revenues	<u>3,496,065</u>	<u>3,496,065</u>	<u>3,831,470</u>	<u>335,405</u>
	EXPENDITURES:				
0035	Food services	11,752,118	11,852,118	11,591,850	260,268
6030	Total Expenditures	<u>11,752,118</u>	<u>11,852,118</u>	<u>11,591,850</u>	<u>260,268</u>
1100	Excess (deficiency) of revenues over (under) Expenditures	<u>(8,256,053)</u>	<u>(8,356,053)</u>	<u>(7,760,380)</u>	<u>595,673</u>
	OTHER FINANCING SOURCES (USES)				
7952	National school breakfast program	1,112,238	1,112,238	1,321,062	208,824
7953	National school lunch program	6,692,665	6,692,665	6,404,733	(287,932)
7954	Donated commodities	358,150	358,150	404,874	46,724
7080	Total Other Financing Sources (Uses)	<u>8,163,053</u>	<u>8,163,053</u>	<u>8,130,669</u>	<u>(32,384)</u>
1200	Change in net assets	(93,000)	(193,000)	370,289	563,289
0100	Total Net Assets - September 1 (Beginning)	<u>2,846,915</u>	<u>2,846,915</u>	<u>2,846,915</u>	<u>-</u>
3000	Total Net Assets - August 31 (Ending)	<u>\$ 2,753,915</u>	<u>\$ 2,653,915</u>	<u>\$ 3,217,204</u>	<u>\$ 563,289</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2009**

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total local and intermediate sources	\$ 21,285,467	\$ 24,077,630	\$ 21,297,788	\$ (2,779,842)
5800	State program revenues	11,175,202	11,175,202	12,982,752	1,807,550
5020	Total Revenues	<u>32,460,669</u>	<u>35,252,832</u>	<u>34,280,540</u>	<u>(972,292)</u>
	EXPENDITURES:				
0071	Debt Service - principal on long-term debt	8,525,890	8,525,890	6,410,889	2,115,001
0072	Debt Service - interest on long-term debt	22,911,871	22,911,871	21,940,425	971,446
0073	Debt Service - bond issuance cost and fees	347,908	3,140,071	3,162,474	(22,403)
0097	Payments to tax increment fund	675,000	675,000	674,847	153
6030	Total Expenditures	<u>32,460,669</u>	<u>35,252,832</u>	<u>32,188,635</u>	<u>3,064,197</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>2,091,905</u>	<u>2,091,905</u>
	OTHER FINANCING SOURCES(USES)				
7901	Refunding bonds issued	-	-	71,335,393	71,335,393
7917	Prepaid interest	-	-	(605,509)	(605,509)
8949	Payments to bond refunding escrow agent	-	-	(70,484,630)	(70,484,630)
	Total Other Financing Sources(Uses)	<u>-</u>	<u>-</u>	<u>245,254</u>	<u>245,254</u>
1200	Net Change in Fund Balance	-	-	2,337,159	2,337,159
0100	Fund Balance - September 1 (Beginning)	<u>10,018,777</u>	<u>10,018,777</u>	<u>10,018,777</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 10,018,777</u>	<u>\$ 10,018,777</u>	<u>\$ 12,355,936</u>	<u>\$ 2,337,159</u>

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FEDERAL AWARDS SECTION

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
Grand Prairie, Texas

Compliance

We have audited the compliance of Grand Prairie Independent School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2009. 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 Grand Prairie Independent School District's administrators. 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 Grand Prairie Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Grand Prairie Independent School District's compliance with those requirements.

In our opinion, Grand Prairie Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2009.

Internal Control Over Compliance

The administration of Grand Prairie Independent School District is responsible for establishing and maintaining effective internal control over compliance with 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant 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 for the information of the District's Trustees, the administration, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

Weaver and Tidwell LLP

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 14, 2010

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
Grand Prairie, Texas

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT (the District) as of and for the year ended August 31, 2009, and have issued our report thereon dated January 14, 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 GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider findings 09-1, 09-2, 09-3, 09-4, 09-5, and 09-6 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 09-1, 09-2, 09-3, 09-4, and 09-5 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 09-7.

This report is intended for the information of the District's Trustees, the administration, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

Weaver and Tidwell LLP
WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 14, 2010

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**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2009**

I. Summary of the Auditor's Results:

Financial Statements

- a. An unqualified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
- Material weakness(es) identified? X Yes No
 - Significant deficiency(ies) identified that are not considered a material weakness? X Yes None reported
- c. Noncompliance material to financial statements noted? X Yes No

Major Programs

- d. Internal control over major programs:
- Material weakness(es) identified? Yes X No
 - Significant deficiency(ies) identified that are not considered material weaknesses? Yes X None reported
- e. An unqualified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported under Section 510(a) or OMB Circular A-133. Yes X No
- g. Identification of major programs:
- | | |
|---------|--|
| 84.010A | Title I, Part A Improving Basic Programs |
| 84.367A | Title II, Part A Teacher & Principal Training & Recruiting |
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$583,953
- i. Auditee qualified as a low-risk auditee. X Yes No

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2009**

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

Finding # 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.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2009**

- 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

Finding # 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.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2009**

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 to 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.

Person(s) responsible: The Superintendent and Assistant Superintendent of Business Operations and Executive Director of Finance

Anticipated completion date: August 31, 2010

Finding # 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.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2009**

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

Finding # 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.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2009**

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

Finding # 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.

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.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2009**

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

Finding # 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.

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

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
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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

Finding # 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.

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SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2009**

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

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f above.

None

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2009**

Findings from the Year Ended August 31, 2008

IV. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

Finding # 08-1

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 for the month ending August 31, 2008, until mid-December 2008. The reconciliations at that time did not reconcile to the general ledger and contained numerous reconciling items that were not proper reconciling items. It was also noted that the District does not reconcile bank accounts by individual transactions.

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:

A number of 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. The reconciliations should be reviewed by qualified personnel at least one level higher than the preparer. The reconciliations should be performed at the individual transaction level.

Views of responsible officials:

Corrective action plan:

- The District initiated a review of the organizational structure of the Finance/Payroll Department resulting in changes effective September 19, 2008.
- 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 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).

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2009**

- The District has purchased a new Enterprise Resource Planning system to utilize and enhance business operations to perform vital functions related to accounting.
- 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

Anticipated completion date: April 1, 2009

Current status: Finding still exists and is noted at finding 09-1 in schedule of findings and questioned costs

Finding # 08-2

Criteria:

Internal controls over financial reporting should provide preventive and detective controls to prevent erroneous or intentional misstatement of the financial statements through 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:

- The District initiated a review of the organizational structure of the Finance/Payroll Department resulting in changes effective September 19, 2008.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2009**

- 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 review and draft/edit as necessary 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 has purchased a new Enterprise Resource Planning system to utilize and enhance business operations to perform vital functions related to accounting.
- 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

Anticipated completion date: April 1, 2009

Current status: Finding still exists and is noted at finding 09-2 in schedule of findings and questioned costs

Finding # 08-3

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
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2009**

Views of responsible officials:

Corrective action plan:

- The District initiated a review of the organizational structure of the Finance/Payroll Department resulting in changes effective September 19, 2008.
- 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 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 has purchased a new Enterprise Resource Planning system to utilize and enhance business operations to perform vital functions related to accounting.
- 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

Anticipated completion date: April 1, 2009

Current status: Finding still exists and is noted at finding 09-6 in schedule of findings and questioned costs

V. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f above.

None

EXHIBIT I-1

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2009**

(1)	(2)	(3)	(4)
Federal and State Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF DEFENSE</u>			
<u>Direct Programs</u>			
Jr. ROTC Reimbursements	12.000		\$ 125,317
Total Direct Programs			<u>125,317</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<u>Direct Programs</u>			
Indian Education Act, Title V	84.060A		29,424
Total Direct Programs			<u>29,424</u>
<u>Passed Through the State Department of Education</u>			
Title IV, Part A Safe & Drug Free Schools & Communities	84.186A	09691001057910	72,742
Title I, Part A Improving Basic Programs	84.010A	09610101057910	4,265,116
Adult Ed. English Literacy & Civics Education, Section 231	84.002A	094100087110269	102,000
IDEA-B Formula	84.027A	096600010579106600	4,630,430
IDEA-B PreSchool	84.173.A	096610010579106610	48,103
Carl D. Perkins Basic Grant Formula For CATE	84.048A	09420006057910	265,902
Project STOP	84.148D	Q184D055014A	285,757
Title II, Part A Teacher & Principal Training & Recruiting	84.367A	096945001057910	787,731
Title II, Part D Enhancing Education Through Technology	84.318X	09630001057910	45,880
Title III, Part A LEP	84.365A	09671001057910	568,847
Texas Support for Homeless Education Program	84.196	77025	107,191
Total Passed Through State Department of Education			<u>11,179,699</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<u>Passed Through the State Department of Education</u>			
National School Breakfast Program*	10.553		1,321,062
National School Lunch Program*	10.555		6,404,733
Commodity Supplemental Food Program*	10.565		404,874
Total Passed Through State Department of Education			<u>8,130,669</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 19,465,109</u>

*Clustered Programs as required by Compliance Supplement March, 2004

See Note to Supplementary Schedule of Expenditures of Federal Awards.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2009

The Schedule of Expenditures of Federal Awards (the Schedule) presents the activities of all federal award programs of the District for the year ended August 31, 2009. All federal awards received directly and indirectly from federal agencies are included in the Schedule. Although the District is required to match certain grants, as defined in the grants, no such matching has been included in the Schedule.

Because the Schedule presents only a selected portion of the activities of the District, it is not intended to and does not present either financial position or changes in net assets or fund balance. Catalog of Federal Domestic Assistance (CFDA) numbers listed on the Schedule were obtained from the grant/contract agreement.

1. For all federal programs, the District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
2. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.
3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.
4. Jr. ROTC reimbursements, \$125,317 and Indirect costs, \$141,620, are reported as Federal Program Revenues in the General Fund. School Health and Related Services (SHARS) revenues in the amounts of \$142,720 are also reported as Federal Program Revenues in the General Fund. However, these SHARS revenues are not considered to be federal financial assistance for the Schedule of Expenditures of Federal Awards. The National School Breakfast and Lunch amounts of \$6,414,733 and \$1,321,062, and Food Distribution amount of \$404,879, are reported as non-operating revenues in the Enterprise Fund.