

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
AUGUST 31, 2007**

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
<b><u>Introductory Section</u></b>		
	Certificate of Board	3
	Financial Section	
	<u>Independent Auditor's Report</u>	7
	<u>Management's Discussion and Analysis</u>	9
<b><u>Basic Financial Statements</u></b>		
	Government-Wide Financial Statements:	
A-1	Statement of Net Assets	19
B-1	Statement of Activities	20
	Governmental Fund Financial Statements:	
C-1	Balance Sheet	22
C-2	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	25
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance	26
C-4	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	28
	Proprietary Fund Financial Statements:	
D-1	Statement of Net Assets	29
D-2	Statement of Revenues, Expenses, and Changes in Fund Net Assets	30
D-3	Statement of Cash Flows	31
	Fiduciary Fund Financial Statements:	
E-1	Statement of Fiduciary Net Assets	32
E-2	Statement of Changes in Fiduciary Net Assets	33
	Notes to Financial Statements	35
<b><u>Required Supplementary Information</u></b>		
F-1	Budgetary Comparison Schedule - General Fund	54
	Notes to Required Supplementary Information	55

TABLE OF CONTENTS - CONTINUED

<u>Exhibit</u>		<u>Page</u>
 <b><u>Supplementary Information</u></b>		
<b><u>Combining Statements and Schedules</u></b>		
Nonmajor Governmental Funds:		
G-1	Combining Balance Sheet	58
G-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	60
Private Purpose Trust Funds		
G-3	Combining Statement of Net Assets	62
G-4	Combining Statement of Changes in Fiduciary Funds Net Assets	63
 <b><u>Required Texas Education Agency Schedules</u></b>		
H-1	Schedule of Delinquent Taxes Receivable	66
H-2	Schedule of Expenditures for Computations of Indirect Cost for 2006-2007	68
H-3	Fund Balance and Cash Flow Calculation Worksheet	69
H-4	Budgetary Comparison Schedule - Child Nutrition Program	70
H-5	Budgetary Comparison Schedule - Debt Service Fund	71
 <b><u>Federal Awards Section</u></b>		
	Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.	75
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .	77
	Schedule of Audit Findings and Questioned Costs	79
	Schedule of Prior Audit Findings	81
I-1	Schedule of Expenditures of Federal Awards	82
	Notes to Schedule of Expenditures of Federal Awards	83

CERTIFICATE OF 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) xx approved \_\_\_\_\_ disapproved for the year ended August 31, 2007 at a meeting of the Board of Trustees of such school district on the 10th day of January, 2008.

/s/ Bebe Bingham  
Signature of Board Secretary

/s/ Paul E. Martinez  
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)

**THIS PAGE INTENTIONALLY LEFT BLANK**

## **FINANCIAL SECTION**

**THIS PAGE IS LEFT BLANK INTENTIONALLY.**



**WEAVER  
AND  
TIDWELL**

L.L.P.

CERTIFIED PUBLIC  
ACCOUNTANTS  
AND CONSULTANTS

## 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, 2007 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 government activities, business type activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2007, 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 8, 2008, 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.

### DALLAS

Three Forest Plaza  
12221 Merit Drive  
Suite 1400  
Dallas, Texas 75251-2280  
972.490.1970  
F 972.702.8321

### FORT WORTH

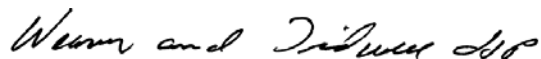
1600 West Seventh Street  
Suite 300  
Fort Worth, Texas 76102-2506  
817.332.7905  
F 817.429.5936

The accompanying management's discussion and analysis (on pages 9 through 16) and the Budgetary Comparison Schedule-General Fund on page 54 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**

Page Two

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, L.L.P.**

Dallas, Texas

January 8, 2008

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2007

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, 2007. 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 \$167.3 million, or 78.9% of all fiscal year 2007 revenues. Program-specific revenues in the form of charges for services and grants and contributions accounted for \$44.8 million or 21.1% of total fiscal year 2007 revenues.
- The District had approximately \$192.6 million in expenses related to governmental activities, of which, \$34.9 million of these expenses were offset by program-specific charges for services or grants and contributions. General revenues and special items of \$167.3 million were more than adequate to provide for the remaining costs of these programs, resulting in a \$9.6 million increase in net assets.
- The District's Invested in Capital Assets, Net of Related Debt reflects a fiscal year 2007 balance of \$5.0 million, an \$11.4 million increase to the fiscal year 2006 deficit of \$6.4 million.
- Among major funds, the General Fund had \$153.8 million in fiscal year 2007 revenues, which primarily consisted of state aid and property taxes, and \$152.4 million in expenditures. After the transfer out of \$1.4 million to the Internal Service Fund, the General Fund's fund balance remained at \$25.0 million as of August 31, 2007.
- The District's total debt principal payments amounted to \$6.4 million during the current fiscal year. During fiscal year 2007, the District optionally redeemed \$2.3 million of the Grand Prairie Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2004.
- The District held a successful bond election on May 12, 2007 to authorize \$222 million in general obligation bonds. The first bond sale for this authorization took place on August 9, 2007 when the District issued \$157.8 million in new debt.

**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.

**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.

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 \$28.9 million as of August 31, 2007, with net assets increasing by \$10.2 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, 2007, the District's restricted net assets for scholarships were \$10,000. As of August 31, 2007, 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 (\$39,609,020) and \$557,761, respectively.

**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, 2007 and 2006:

Table I						
Net Assets						
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities	Primary	Activities	Activities	Primary
	2006	2006	Government	2007	2007	Government
<u>Assets</u>						
Current and Other Assets	\$ 52,812,734	\$ 274,061	\$ 53,086,795	215,047,273	\$ 689,787	\$ 215,737,060
Capital Assets	214,065,028	990,461	215,055,489	215,187,116	891,733	216,078,849
Total Assets	<u>266,877,762</u>	<u>1,264,522</u>	<u>268,142,284</u>	<u>430,234,389</u>	<u>1,581,520</u>	<u>431,815,909</u>
<u>Liabilities</u>						
Current Liabilities	15,719,581	430,498	16,150,079	14,511,576	132,026	14,643,602
Long-Term Liabilities	291,126,268	-	291,126,268	446,074,413	-	446,074,413
Total Liabilities	<u>306,845,849</u>	<u>430,498</u>	<u>307,276,347</u>	<u>460,585,989</u>	<u>132,026</u>	<u>460,718,015</u>
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	(6,388,785)	990,461	(5,398,324)	4,954,716	891,733	5,846,449
Restricted for Retirement of Long-term Debt	3,119,457.00	-	3,119,457.00	4,292,704	-	4,292,704
Restricted for Scholarships	10,000	-	10,000	10,000	-	10,000
Unrestricted	<u>(36,708,759)</u>	<u>(156,437)</u>	<u>(36,865,196)</u>	<u>(39,609,020)</u>	<u>557,761</u>	<u>(39,051,259)</u>
Total Net Assets	<u>\$ (39,968,087)</u>	<u>\$ 834,024</u>	<u>\$ (39,134,063)</u>	<u>\$ (30,351,600)</u>	<u>\$ 1,449,494</u>	<u>\$ (28,902,106)</u>

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

- The principal retirement of \$6,446,344 of bonds.
- The increase in net assets of the Internal Service Fund of \$1,810,851.
- The sale and issuance of \$157,795,000 of general obligation bonds.

The District's total revenues for the fiscal year ended August 31, 2007 were \$212.1 million. The total cost of all programs and services was \$201.9 million. The following table presents a summary of the changes in net assets for the fiscal years ended August 31, 2007 and 2006:

Table II  
Changes in Net Assets

	Governmental Activities 2006	Business-Type Activities 2006	Total Primary Government	Governmental Activities 2007	Business-Type Activities 2007	Total Primary Government
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,211,355	\$ 3,222,428	\$ 4,433,783	\$ 1,247,123	\$ 3,173,415	\$ 4,420,538
Operating Grants & Contributions	35,171,562	6,164,638	41,336,200	33,650,098	6,751,806	40,401,904
General Revenues:						
Maintenance & Operations Taxes	59,418,346	-	59,418,346	58,510,928	-	58,510,928
Debt Service Taxes	10,559,583	-	10,559,583	11,311,696	-	11,311,696
State Grants	77,488,110	-	77,488,110	86,168,082	-	86,168,082
Grants & Contributions Not Restricted	-	-	-	-	-	-
Investment Earnings	1,904,898	-	1,904,898	3,298,485	-	3,298,485
Miscellaneous Local & Intermediate	779,642	-	779,642	929,541	-	929,541
Gain on Asset Disposal	-	-	-	-	-	-
Special Items	-	-	-	7,100,000	-	7,100,000
<b>Total Revenues</b>	<b>186,533,496</b>	<b>9,387,066</b>	<b>195,920,562</b>	<b>202,215,953</b>	<b>9,925,221</b>	<b>212,141,174</b>
Expenses:						
Instruction, Curriculum, Media Services	109,848,693	-	109,848,693	119,186,805	-	119,186,805
Instructional & School Leadership	12,398,619	-	12,398,619	13,356,582	-	13,356,582
Student Support Services	13,111,834	-	13,111,834	13,781,578	-	13,781,578
Child Nutrition	86,486	8,964,378	9,050,864	9,315	9,309,751	9,319,066
Cocurricular Activities	3,539,289	-	3,539,289	3,836,268	-	3,836,268
General Administration	3,910,665	-	3,910,665	3,988,249	-	3,988,249
Plant Maintenance	17,776,149	-	17,776,149	17,595,860	-	17,595,860
Security & Data Processing	3,165,291	-	3,165,291	4,293,068	-	4,293,068
Community Services	1,585,706	-	1,585,706	1,023,937	-	1,023,937
Debt Services	14,181,241	-	14,181,241	13,706,431	-	13,706,431
Facilities Acquisition & Construction	(366,360)	-	(366,360)	68,629	-	68,629
Intergovernmental Charges	1,203,602	-	1,203,602	1,752,744	-	1,752,744
<b>Total Expenses</b>	<b>180,441,215</b>	<b>8,964,378</b>	<b>189,405,593</b>	<b>192,599,466</b>	<b>9,309,751</b>	<b>201,909,217</b>
Decrease in Net Assets	6,092,281	422,688	6,514,969	9,616,487	615,470	10,231,957
Beginning Net Assets	(46,060,368)	411,336	(45,649,032)	(39,968,087)	834,024	(39,134,063)
Ending Net Assets	\$ (39,968,087)	\$ 834,024	\$ (39,134,063)	\$ (30,351,600)	\$ 1,449,494	\$ (28,902,106)

The cost of all governmental activities this year was \$192.6 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 \$157.7 million because some of the costs were paid by those who directly benefited from the programs (\$1.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$33.7 million).

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):

<u>Description</u>	Total Expenses <u>2006</u>	Net Expenses <u>2006</u>	Total Expenses <u>2007</u>	Net Expenses <u>2007</u>
Instruction, Curriculum, Media Services	\$ 109,848,693	\$ 92,956,896	\$ 119,186,805	\$ 99,060,535
Instructional & School Leadership	12,398,619	11,260,516	13,356,582	12,590,404
Student Support Services	13,111,834	10,330,483	13,781,578	12,543,659
Child Nutrition	86,486	-	9,315	9,315
Cocurricular Activities	3,539,289	2,722,432	3,836,268	2,857,369
General Administration	3,910,665	3,488,731	3,988,249	3,610,358
Plant Maintenance	17,776,149	16,871,691	17,595,860	16,767,543
Security & Data Processing	3,165,291	3,008,992	4,293,068	4,083,328
Community Services	1,585,706	340,483	1,023,937	928,804
Debt Services	14,181,241	2,393,458	13,706,431	3,671,487
Facilities Acquisition & Construction	(366,360)	(366,360)	68,629	68,629
Intergovernmental Charges	<u>1,203,602</u>	<u>1,050,976</u>	<u>1,752,744</u>	<u>1,510,814</u>
Total/Net Expenses	<u>\$ 180,441,215</u>	<u>\$ 144,058,298</u>	<u>\$ 192,599,466</u>	<u>\$ 157,702,245</u>

#### THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$201.2 million, which is a net increase of \$160.6 million over the prior year. The schedule below indicates the fund balance by fund type as of August 31, 2007 and 2006:

#### Fund Balances

<u>Fund</u>	<u>2006</u>	<u>2007</u>
General Fund	\$ 24,979,138	\$ 24,979,138
Debt Service	7,154,420	8,955,506
Capital Projects	8,240,719	166,946,803
Nonmajor Funds	<u>217,664</u>	<u>277,363</u>
Total Fund Balances	<u>\$ 40,591,941</u>	<u>\$ 201,158,810</u>

#### General Fund Expenditures

<u>Object</u>	<u>2006</u>	<u>2007</u>
Payroll Costs	\$ 120,669,900	\$ 132,926,810
Contracted Services	9,716,919	9,085,733
Supplies & Materials	4,362,590	5,382,923
Other Operating	3,287,399	3,631,454
Capital Outlay	<u>744,874</u>	<u>1,368,129</u>
Total Expenditures	<u>\$ 138,781,682</u>	<u>\$ 152,395,049</u>

## General Fund

After the transfer out of \$1.4 million to the Internal Service Fund, the General Fund's fund balance remained at \$25.0 million as of August 31, 2007.

## Debt Service Fund

The fund balance of the Debt Service Fund increased \$1.8 million from \$7.2 million in 2005-2006 to \$9.0 million in 2006-2007. This increase is primarily attributable to an increase in revenues received from the State of Texas for the Existing Debt Allotment Program.

On August 1, 2007, the District optionally redeemed \$2.3 million of the Grand Prairie Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2004.

## Capital Projects Fund

The fund balance of the Capital Projects Fund increased \$158.7 million from \$8.2 million in 2005-2006 to \$166.9 million in 2006-2007 due to the sale of \$157.8 million of general obligation bonds during the fiscal year. During fiscal year 2007, the District continued construction of the final elementary school campus provided for in the 2003 bond program. Various projects provided for in the 2007 bond program are under final development with anticipated start dates in fiscal year 2008.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of August 31, 2007, the District had invested \$215.2 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 \$1.1 million from the prior year.

The total depreciation expense for the 2006-2007 fiscal year was \$7,286,721.

The following schedule presents capital asset balances, net of depreciation, for the fiscal year ended August 31, 2007:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land	\$ 14,266,113	\$ -
Buildings	185,735,635	-
Furniture & Equipment	3,730,612	891,733
Construction in Progress	11,454,756	-
Total Capital Assets	<u>\$ 215,187,116</u>	<u>\$ 891,733</u>

## DEBT ADMINISTRATION

As of August 31, 2007, the District had \$446.1 million in general obligation bonds and other long-term debt outstanding, of which \$11.1 million is due within one year. The following table presents a summary of the District's outstanding long-term liabilities at August 31, 2006 and 2007.

<u>Description</u>	<u>2006</u>	<u>2007</u>
General Obligation Bonds	\$ 267,008,950	\$ 418,357,606
Accreted Interest	27,857,812	29,959,184
Deferred Amount on Refunding	(5,669,849)	(7,816,560)
Discount Amount on Bonds	(709,299)	(933,855)
Premium Amount on Bonds	<u>2,638,654</u>	<u>6,508,038</u>
Total Long-term Liabilities	<u>\$ 291,126,268</u>	<u>\$ 446,074,413</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 an increasing property tax base for the last ten years, with increases averaging 7.3%. The recent five-year average increase was 7.5%. The increase for fiscal year 2008 was 9.5%. Due to continued property tax rate compression mandated by House Bill 1, the Board of Education decreased the Maintenance and Operations tax rate \$0.3211 while the Interest and Sinking tax rate increased \$0.1564 for the 2007-2008 budget year. This net decrease of \$0.1647 brings the overall tax rate to \$1.4650.

The adopted 2007-2008 budget is \$9.1 million more than the previous year and includes a base pay raise of the greater of \$1,400 or 3.00% for returning teachers, nurses, librarians, and counselors, a 3.00% of base pay raise for auxiliary staff, and a 3.00% of midpoint raise for other employee groups. Also included is a total of 99 new staff positions.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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, contact the District's Deputy Superintendent of Business Operations, Earl Husfeld, at 2602 S. Belt Line Road, Grand Prairie, Texas, 75052, 972-237-5500, or [earl.husfeld@gpsd.org](mailto:earl.husfeld@gpsd.org).

## **BASIC FINANCIAL STATEMENTS**

**THIS PAGE IS LEFT BLANK INTENTIONALLY**

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
AUGUST 31, 2007**

Data Control Codes		1	2	3
		Primary Government		
		Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ 182,111,719	\$ 1,221,865	\$ 183,333,584
1170	Investments	7,406,295	-	7,406,295
1220	Delinquent property taxes receivables	4,725,405	-	4,725,405
1230	Allowance for uncollectible taxes (credit)	(571,542)	-	(571,542)
1240	Due from other governments	15,591,881	-	15,591,881
1260	Internal balances	1,003,585	(1,003,585)	-
1290	Other receivables (net)	180,144	-	180,144
1300	Inventories	934,468	471,507	1,405,975
1410	Deferred expenditures or expenses	587,145	-	587,145
1420	Capital bond & other debt issuance costs	3,078,173	-	3,078,173
	Capital assets:			
1510	Land	14,266,113	-	14,266,113
1520	Buildings and improvements	185,735,635	-	185,735,635
1530	Furniture and equipment	3,730,612	891,733	4,622,345
1580	Construction in progress	11,454,756	-	11,454,756
1000	Total Assets	<u>430,234,389</u>	<u>1,581,520</u>	<u>431,815,909</u>
<b>LIABILITIES</b>				
2110	Accounts payable	3,320,608	132,026	3,452,634
2140	Interest payable	1,131,054	-	1,131,054
2150	Payroll deductions & withholdings	74,373	-	74,373
2160	Accrued wages payable	4,506,304	-	4,506,304
2180	Due to other governments	370	-	370
2200	Accrued expenditures or expenses	4,602,549	-	4,602,549
2300	Deferred revenue	876,318	-	876,318
	Noncurrent liabilities:			
2501	Due within one year	11,100,000	-	11,100,000
2502	Due in more than one year	434,974,413	-	434,974,413
2000	Total Liabilities	<u>460,585,989</u>	<u>132,026</u>	<u>460,718,015</u>
<b>NET ASSETS</b>				
3200	Invested in capital assets, net of related debt	4,954,716	891,733	5,846,449
3820	Restricted for retirement of long term debt	4,292,704	-	4,292,704
3880	Restricted for scholarships	10,000	-	10,000
3900	Unrestricted net assets	(39,609,020)	557,761	(39,051,259)
3000	Total net assets	<u>\$ (30,351,600)</u>	<u>\$ 1,449,494</u>	<u>\$ (28,902,106)</u>

The accompanying notes are an integral part of this statement.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2007**

Data Control Codes	1 Expenses	Program Revenues		
		3 Charges for Services	4 Capital and Operating Grants and Contributions	
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11	Instruction	\$ 113,016,795	\$ 129,198	\$ 17,514,039
12	Instructional resources & media services	3,777,742	-	369,786
13	Curriculum and staff development	2,392,268	-	2,113,247
21	Instructional leadership	3,120,413	-	285,290
23	School leadership	10,236,169	-	480,888
31	Guidance, counseling, and evaluation services	8,749,722	-	982,318
32	Social work services	532,402	-	63,579
33	Health services	1,863,512	-	78,630
34	Student (pupil) transportation	2,635,942	-	113,392
35	Food Service	9,315	-	-
36	Cocurricular/Extracurricular activities	3,836,268	834,959	143,940
41	General administration	3,988,249	203,451	174,440
51	Plant maintenance and operations	17,595,860	79,515	748,802
52	Security and monitoring services	934,642	-	39,299
53	Data processing services	3,358,426	-	170,441
61	Community services	1,023,937	-	95,133
72	Interest on long-term debt	13,323,028	-	10,034,944
73	Bond Issuance costs and fees	383,403	-	-
81	Facilities acquisition and construction	68,629	-	-
95	Payments to juvenile justice alternative education programs	284,864	-	-
97	Payments to tax increment fund	1,467,880	-	241,930
	<b>[TG] Total Governmental Activities:</b>	<u>192,599,466</u>	<u>1,247,123</u>	<u>33,650,098</u>
BUSINESS-TYPE ACTIVITIES:				
35	Enterprise Fund- National School Breakfast & Lunch	9,309,751	3,173,415	6,751,806
	<b>[TB] Total Business-Type Activities:</b>	<u>9,309,751</u>	<u>3,173,415</u>	<u>6,751,806</u>
	<b>[TP] Total Primary Government</b>	<u>\$ 201,909,217</u>	<u>\$ 4,420,538</u>	<u>\$ 40,401,904</u>

Data Control Codes	General Revenues:
	Taxes:
MT	Property taxes, levied for general purposes
DT	Property taxes, levied for debt service
SF	State aid - formula grants
GC	Miscellaneous local and intermediate revenue
IE	Investment earnings
SI	Special item - insurance proceeds
TR	Total general revenues and special items
CN	Change in net assets
NB	Net assets-beginning
NE	Net assets-ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
6	7	8
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (95,373,558)	\$ -	\$ (95,373,558)
(3,407,956)	-	(3,407,956)
(279,021)	-	(279,021)
(2,835,123)	-	(2,835,123)
(9,755,281)	-	(9,755,281)
(7,767,404)	-	(7,767,404)
(468,823)	-	(468,823)
(1,784,882)	-	(1,784,882)
(2,522,550)	-	(2,522,550)
(9,315)	-	(9,315)
(2,857,369)	-	(2,857,369)
(3,610,358)	-	(3,610,358)
(16,767,543)	-	(16,767,543)
(895,343)	-	(895,343)
(3,187,985)	-	(3,187,985)
(928,804)	-	(928,804)
(3,288,084)	-	(3,288,084)
(383,403)	-	(383,403)
(68,629)	-	(68,629)
(284,864)	-	(284,864)
(1,225,950)	-	(1,225,950)
<u>(157,702,245)</u>	<u>-</u>	<u>(157,702,245)</u>
-	615,470	615,470
-	615,470	615,470
<u>(157,702,245)</u>	<u>615,470</u>	<u>(157,086,775)</u>
58,510,928	-	58,510,928
11,311,696	-	11,311,696
86,168,082	-	86,168,082
929,541	-	929,541
3,298,485	-	3,298,485
7,100,000	-	7,100,000
<u>167,318,732</u>	<u>-</u>	<u>167,318,732</u>
9,616,487	615,470	10,231,957
<u>(39,968,087)</u>	<u>834,024</u>	<u>(39,134,063)</u>
<u>\$ (30,351,600)</u>	<u>\$ 1,449,494</u>	<u>\$ (28,902,106)</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2007**

<u>Data Control Codes</u>		<u>10 General Fund</u>	<u>50 Debt Service Fund</u>
	<b>ASSETS</b>		
1110	Cash and cash equivalents	\$ 5,592,494	\$ 3,904,712
1170	Investments	7,406,295	-
1220	Property taxes delinquent	3,926,961	798,444
1230	Allowance for uncollectible taxes (credit)	(482,708)	(88,834)
1240	Receivables from other governments	13,959,703	94,464
1260	Due from other funds	7,340,735	4,956,330
1290	Other receivables	150,000	-
1300	Inventories	934,468	-
1410	Deferred expenditures	565,877	-
1000	Total assets	<u>\$ 39,393,825</u>	<u>\$ 9,665,116</u>
	<b>LIABILITIES AND FUND BALANCES</b>		
	LIABILITIES:		
2110	Accounts payable	\$ 1,225,155	\$ -
2150	Payroll deductions and withholdings payable	74,373	-
2160	Accrued wages payable	4,506,304	-
2170	Due to other funds	5,164,232	-
2180	Due to other governments	370	-
2200	Accrued expenditures	-	-
2300	Deferred revenue	3,444,253	709,610
2000	Total liabilities	<u>14,414,687</u>	<u>709,610</u>
	<b>Fund balances:</b>		
	RESERVED FOR:		
3410	Inventories	934,468	-
3420	Retirement of long-term debt	-	8,955,506
3430	Prepaid items	565,877	-
3440	Encumbrances	-	-
3450	Other purposes	-	-
	DESIGNATED FOR:		
3530	Capital expenditures for equipment	4,221,720	-
	UNRESERVED AND UNDESIGNATED		
3600	General fund	19,257,073	-
3610	Special revenue funds	-	-
3620	Capital projects funds	-	-
3000	Total fund balances	<u>24,979,138</u>	<u>8,955,506</u>
4000	<b>Total liabilities and fund balances</b>	<u>\$ 39,393,825</u>	<u>\$ 9,665,116</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

<b>60</b>		<b>98</b>
<b>Capital Projects</b>	<b>Non Major Funds</b>	<b>Total Governmental Funds</b>
\$ 169,263,950	\$ 432,720	179,193,876
-	-	7,406,295
-	-	4,725,405
-	-	(571,542)
-	1,537,714	15,591,881
17,273	-	12,314,338
-	-	150,000
-	-	934,468
21,268	-	587,145
<u>\$ 169,302,491</u>	<u>\$ 1,970,434</u>	<u>\$ 220,331,866</u>
\$ 1,852,015	\$ 243,438	\$ 3,320,608
-	-	74,373
-	-	4,506,304
-	573,315	5,737,547
-	-	370
503,673	-	503,673
-	876,318	5,030,181
<u>2,355,688</u>	<u>1,693,071</u>	<u>19,173,056</u>
-	-	934,468
-	-	8,955,506
-	-	565,877
480,258	-	480,258
-	10,000	10,000
-	-	4,221,720
-	-	19,257,073
-	267,363	267,363
166,466,545	-	166,466,545
<u>166,946,803</u>	<u>277,363</u>	<u>201,158,810</u>
\$ <u>169,302,491</u>	\$ <u>1,970,434</u>	\$ <u>220,331,866</u>

**THIS PAGE IS LEFT BLANK INTENTIONALLY.**

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
AUGUST 31, 2007**

---

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	\$ 201,158,810
<b>1</b> 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.	(7,727,680)
<b>2</b> The portion of internal service funds to charge the costs of self-insurance attributed to business-type activities is included in internal balances.	1,003,585
<b>3</b> Capital bond and other debt issuance costs incurred in governmental activities are not financial resources and therefore are not reported in governmental funds.	3,078,173
<b>4</b> Non-depreciable capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	25,720,869
<b>5</b> Depreciable capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	317,845,943
<b>6</b> Accumulated depreciation associated with capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	(128,379,696)
<b>7</b> Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(1,131,054)
<b>8</b> Revenue reported as deferred revenue related to property taxes in governmental funds was recognized as revenue in the government-wide financial statements.	4,153,863
<b>9</b> 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.	(446,074,413)
<b>19 NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ (30,351,600)</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED AUGUST 31, 2007**

Data Control Codes		10 General Fund	50 Debt Service Fund
<b>REVENUES</b>			
5700	Local and intermediate sources	\$ 61,038,939	\$ 12,638,206
5800	State program revenues	92,018,258	10,034,944
5900	Federal program revenues	710,205	-
5020	Total revenues	<u>153,767,402</u>	<u>22,673,150</u>
<b>EXPENDITURES</b>			
CURRENT:			
0011	Instruction	96,234,717	-
0012	Instructional resources and media services	2,816,761	-
0013	Curriculum and staff development	885,611	-
0021	Instructional leadership	2,596,841	-
0023	School leadership	9,781,235	-
0031	Guidance, counseling, and evaluation services	6,778,061	-
0032	Social work services	240,438	-
0033	Health services	1,801,785	-
0034	Student transportation	2,598,345	-
0035	Food service	-	-
0036	Extracurricular activities	3,063,764	-
0041	General administration	3,987,361	-
0051	Plant maintenance and operations	16,698,678	-
0052	Security and monitoring services	900,518	-
0053	Data processing services	2,247,516	-
0061	Community services	252,604	-
DEBT SERVICE:			
0071	Principal on long-term debt	-	6,446,344
0072	Interest on long-term debt	-	14,211,898
0073	Bond issuance costs and fees	-	1,012,834
CAPITAL OUTLAY			
0081	Facilities acquisition and construction	-	-
INTERGOVERNMENTAL:			
0095	Payments to juvenile justice alternative Ed. Prg	284,864	-
0097	Payments to tax increment fund	1,225,950	241,930
6030	Total expenditures	<u>152,395,049</u>	<u>21,913,006</u>
1100	Excess (deficiency) of revenues over expenditures	<u>1,372,353</u>	<u>760,144</u>
OTHER FINANCING SOURCES (USES)			
7901	Refunding Bonds Issued	-	59,625,176
7911	Capital Related Debt Issued	-	-
7915	Transfers In	-	315,387
7916	Premium or Discount on Issuance of Bonds	-	(189,442)
7918	Special Item	-	-
8911	Transfers Out (Use)	(1,372,353)	-
8949	Payments to Bond Refunding Escrow Agent	-	(58,710,179)
	Total Other Financing Sources (Uses)	<u>(1,372,353)</u>	<u>1,040,942</u>
1200	Net Change in Fund Balances	-	1,801,086
0100	Fund balances--beginning	24,979,138	7,154,420
3000	Fund balances--ending	<u>\$ 24,979,138</u>	<u>\$ 8,955,506</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-3

60 Capital Projects	Nonmajor Funds	98 Total Governmental Funds
\$ 1,134,589	\$ 668,329	\$ 75,480,063
-	3,262,867	105,316,069
-	13,496,497	14,206,702
<u>1,134,589</u>	<u>17,427,693</u>	<u>195,002,834</u>
495,848	11,009,537	107,740,102
298,028	387,119	3,501,908
-	1,508,085	2,393,696
-	525,847	3,122,688
32,324	232,796	10,046,355
2,935	1,982,099	8,763,095
-	293,232	533,670
3,975	61,867	1,867,627
-	347,199	2,945,544
9,315	-	9,315
-	155,107	3,218,871
-	400	3,987,761
877,553	20,071	17,596,302
31,459	-	931,977
1,153,033	71,806	3,472,355
-	772,829	1,025,433
-	-	6,446,344
-	-	14,211,898
1,080,524	-	2,093,358
7,419,035	-	7,419,035
-	-	284,864
-	-	1,467,880
<u>11,404,029</u>	<u>17,367,994</u>	<u>203,080,078</u>
<u>(10,269,440)</u>	<u>59,699</u>	<u>(8,077,244)</u>
-	-	59,625,176
157,795,000	-	157,795,000
-	-	315,387
4,395,911	-	4,206,469
7,100,000	-	7,100,000
(315,387)	-	(1,687,740)
-	-	(58,710,179)
<u>168,975,524</u>	<u>-</u>	<u>168,644,113</u>
158,706,084	59,699	160,566,869
8,240,719	217,664	40,591,941
<u>\$ 166,946,803</u>	<u>\$ 277,363</u>	<u>\$ 201,158,810</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, 2007**

---

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 160,566,869

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. 1,786,809

Current year capital outlays (\$8,418,711) 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 (\$9,902) of capital assets are shown as decreases to capital assets in the government-wide financial statements. 8,408,809

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. (7,286,721)

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 6,446,344 and payments on accreted interest \$4,073,656. 10,520,000

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. (2,884,853)

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 - \$107,063, premium on bonds - (\$192,968), discount on bonds - \$41,707, deferred loss on refunding - \$326,481) in the government-wide statements. (282,283)

Interest is accrued on outstanding debt in the government-wide financial statements, but are recorded in governmental funds as expenditures when due. (299,933)

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	\$	(217,420,176)	
(Premiums) discounts from debt issues		(4,206,469)	
Payments to bond refunding escrow agent		58,710,179	
Debt issuance costs from debt issues		1,992,238	(160,924,228)

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. 12,018

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 9,616,487**

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AUGUST 31, 2007**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,221,865	\$ 2,917,843
Accounts Receivable	-	30,144
Due From other funds	-	190,629
Inventories	<u>471,507</u>	<u>-</u>
Total Current Assets	<u>1,693,372</u>	<u>3,138,616</u>
NONCURRENT ASSETS:		
Capital Assets:		
Furniture and equipment	2,134,692	-
Accumulated depreciation on furniture and equipment	<u>(1,242,959)</u>	<u>-</u>
Total Noncurrent Assets	<u>891,733</u>	<u>-</u>
Total Assets	<u>2,585,105</u>	<u>3,138,616</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts payable	132,026	-
Due to other funds	-	6,767,420
Accrued expenses	<u>-</u>	<u>4,098,876</u>
Total Liabilities	<u>132,026</u>	<u>10,866,296</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	891,733	-
Unrestricted Net Assets	<u>1,561,346</u>	<u>(7,727,680)</u>
Total Net Assets	<u>\$ 2,453,079</u>	<u>\$ (7,727,680)</u>

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

Total net assets- enterprise fund \$ 2,453,079

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.

(1,003,585)

Total net asset- business type activities

\$ 1,449,494

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2007**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>OPERATING REVENUES:</b>		
Local and intermediate sources	\$ 3,173,415	\$ 15,805,988
Total operating revenues	<u>3,173,415</u>	<u>15,805,988</u>
<b>OPERATING EXPENSES:</b>		
Payroll costs	4,576,303	10,528
Professional and contracted services	227,339	1,258,678
Supplies and materials	4,278,016	905
Other operating costs	<u>252,135</u>	<u>14,198,480</u>
Total operating expenses	<u>9,333,793</u>	<u>15,468,591</u>
Operating income	<u>(6,160,378)</u>	<u>337,397</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
National school breakfast program	1,006,924	-
National school lunch program	5,301,556	-
Donated commodities	275,199	-
State program revenues	168,127	-
Earnings from temporary deposits and investments	-	101,101
Transfers In	<u>-</u>	<u>1,372,353</u>
Total nonoperating revenue (expenses)	<u>6,751,806</u>	<u>1,473,454</u>
Change in net assets	591,428	1,810,851
Total net assets—beginning	<u>1,861,651</u>	<u>(9,538,531)</u>
Total net assets—ending	<u>\$ 2,453,079</u>	<u>\$ (7,727,680)</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 \$ 591,428

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.

24,042

Change in net assets of business-type activities \$ 615,470

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, 2007**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from user charges and state government	\$ 3,173,415	\$ -
Cash received from assessments - other funds	-	15,615,359
Cash payments to employees for services	(4,576,303)	-
Cash payments for insurance claims	-	(16,030,378)
Cash payments for suppliers	(4,576,488)	(905)
Cash payments for other operating expenses	(430,060)	-
Net cash used for operating activities	<u>(6,409,436)</u>	<u>(415,924)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Received from federal and state governments	6,751,806	-
Cash payment of interfund payable	-	(1,097,729)
Net cash provided by (used for) non-capital financing activities	<u>6,751,806</u>	<u>(1,097,729)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of capital assets	(24,934)	-
Net cash used for non-capital financing activities	<u>(24,934)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and dividends on investments	-	1,473,454
Net cash provided by capital and investing activities	<u>-</u>	<u>1,473,454</u>
Net increase(decrease) in cash and cash equivalents.	317,436	(40,199)
Cash and cash equivalents at beginning of the year:	904,429	2,958,042
Cash and cash equivalents at the end of the year:	<u>\$ 1,221,865</u>	<u>\$ 2,917,843</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (6,160,378)	\$ 337,397
<b>Adjustments to Reconcile Operating Income to Net Cash Used For Operating Activities:</b>		
Depreciation	123,662	-
Effect of increases and decreases in current Assets and Liabilities:		
Decrease (increase) in inventories	(74,248)	-
Decrease (increase) in accounts receivable	-	(30,144)
Decrease (increase) in interfund receivables	-	(190,629)
Decrease (increase) in prepaid expenses	-	40,704
Increase (decrease) in accounts payable	(298,472)	-
Increase (decrease) in accrued expenses	-	(573,252)
Net cash used for operating activities	<u>\$ (6,409,436)</u>	<u>\$ (415,924)</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
AUGUST 31, 2007**

---

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 26,654	\$ 371,077
Total Assets	<u>\$ 26,654</u>	<u>\$ 371,077</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 174,067
Due to student groups	-	197,010
Total liabilities	<u>-</u>	<u>\$ 371,077</u>
<b>NET ASSETS</b>		
Restricted for scholarships	<u>26,654</u>	
Total Net Assets	<u>\$ 26,654</u>	

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2007**

---

	<u>Private- Purpose Trusts</u>
<b>ADDITIONS</b>	
Local and intermediate sources	\$ 23,321
Total additions	<u>23,321</u>
<b>DEDUCTIONS</b>	
Other operating costs	-
Total deductions	<u>-</u>
Change in net assets	23,321
Net assets—beginning of the year	3,333
Net assets—end of the year	<u>\$ 26,654</u>

**THIS PAGE IS LEFT BLANK INTENTIONALLY.**

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2007**

---

**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, 2007**

---

**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, 2007**

---

**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, 2007**

---

**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, 2007**

---

**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, 2007**

---

**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 \$480,258 of encumbrances outstanding as of August 31, 2007.

**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Deficit Fund Equity**

At August 31, 2007, the following fund had a deficit fund balance:

Employee Health/Dental Benefits and Workers' Compensation Programs Internal Service Fund	\$7,727,680
---	-------------

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2007**

---

**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, 2007, the carrying amount of the District's cash deposits was \$9,488,529 (Governmental and Business – Type Activities - \$9,090,798 and Fiduciary Funds - \$397,731) and the bank balance was \$ 10,700,779.

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 \$10,026,797.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$10,700,779 and occurred during the month of August 2007.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$128,393.

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:

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2007**

---

**NOTE 3. DETAILED NOTES ON ALL FUNDS - continued**

**Deposits and Investments - continued**

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

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, 2007, are shown below:

Investment Type	Amount	Weighted Average Maturity	Minimum Legal Rating	Rating as of Year End
Primary Government				
TexPool Investment Pool	\$ 174,794,342	18 days	N/A	AAAm
Federal Home Loan Bank Bond	7,406,295	N/A	N/A	AAA
Total Primary Government	<u>\$ 182,200,637</u>			

As of August 31, 2007 the District did not invest any securities which are highly sensitive to interest rate fluctuations.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED AUGUST 31, 2007**

---

**NOTE 3. DETAILED NOTES ON ALL FUNDS - CONTINUED**

**Deposits and Investments - continued**

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 & Pooors. As a requirement to maintain this rating, weekly portfolio information must be submitted to Standard & Pooors, 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.

The District follows GASB Statement Number 31, Accounting and Reporting for Certain Investments and for External Investment Pools (GASB 31). At August 31, 2007, 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	\$ 8,517,483
TexPool Investment Pool	174,794,342
Change Funds/Petty Cash	<u>21,759</u>
Total	<u>\$ 183,333,584</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 2007 fiscal year was based upon, was \$4,331,074,903.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2007**

---

**NOTE 3. DETAILED NOTES ON ALL FUNDS – continued**

**Property Taxes - continued**

The tax rates assessed for the year ended August 31, 2007 to finance general fund operations and the payment of principal and interest on general obligation long-term were 1.36110 and \$0.2686 per \$100 valuation, respectively, for a total of \$ 1.6297 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.

**Interfund Receivables and Payables**

Interfund balances at August 31, 2007, 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>
General Fund	Debt Service Fund	\$ 4,956,330	Temporary Loan
Medical/Dental Plan Internal Service Fund	General Fund	6,767,420	Temporary Loan
Nonmajor Special Revenue Funds	General Fund	573,315	Temporary Loan
General Fund	Internal Service Fund	190,629	Temporary Loan
General Fund	Capital Projects Fund	17,273	Temporary Loan
		<u>\$ 12,504,967</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, 2007**

**NOTE 3. DETAILED NOTES ON ALL FUNDS – continued**

**Capital Asset Activity**

Capital asset activity for the District for the year ended August 31, 2007, 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	\$ 14,266,113	\$ -	\$ -	\$ -	\$ 14,266,113
Construction in Progress	4,116,611	7,338,145	-	-	11,454,756
Total Capital Assets, Not Depreciated	<u>18,382,724</u>	<u>7,338,145</u>	<u>-</u>	<u>-</u>	<u>25,720,869</u>
Capital Assets, Depreciable assets					
Buildings	312,042,899	-	13,568,425	-	298,474,474
Furniture and Equipment	18,809,490	1,080,566	518,587	-	19,371,469
Total Capital Assets, Depreciated	<u>330,852,389</u>	<u>1,080,566</u>	<u>14,087,012</u>	<u>-</u>	<u>317,845,943</u>
Less Accumulated Depreciation for:					
Buildings	119,887,011	6,420,253	13,568,425	-	112,738,839
Furniture and Equipment	15,283,074	866,468	508,685	-	15,640,857
Total Accumulated Depreciation	<u>135,170,085</u>	<u>7,286,721</u>	<u>14,077,110</u>	<u>-</u>	<u>128,379,696</u>
Total Capital Assets, Depreciated, Net	<u>195,682,304</u>	<u>(6,206,155)</u>	<u>9,902</u>	<u>-</u>	<u>189,466,247</u>
Governmental Activities Capital Assets, Net	<u>\$ 214,065,028</u>	<u>\$ 1,131,990</u>	<u>\$ 9,902</u>	<u>\$ -</u>	<u>\$ 215,187,116</u>
Business Type Activities (Enterprise Fund):					
Capital Assets, Depreciated					
Furniture and Equipment	\$ 2,109,758	\$ 24,934	\$ -	\$ -	\$ 2,134,692
Less Accumulated depreciation for:					
Furniture and Equipment	1,119,297	123,662	-	-	1,242,959
Business Type Activities Capital Assets, Net	<u>\$ 990,461</u>	<u>\$ (98,728)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 891,733</u>

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Function</u>	<u>Depreciation</u>
Instruction	\$ 5,605,649
Instructional Resources and Media Services	287,231
Instructional Leadership	3,055
School Leadership	205,001
Guidance, Counseling and Evaluation Services	803
Student (Pupil) Transportation	325,293
Cocurricular/Extracurricular Activities	617,676
General Administration	5,294
Plant Maintenance and Operations	233,827
Security and Monitoring Service	2,892
Total Depreciation Expense	<u>\$ 7,286,721</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2007**

**NOTE 3. DETAILED NOTES ON ALL FUNDS - continued**

**Bonds Payable**

A summary of changes in bonds payable for the year ended August 31, 2007 is as follows:

Purpose and Lawful Authority	Interest Rate	Amount	Amounts Outstanding 09/01/06	Issued	Refunded	Retired	Amounts Outstanding 08/31/07
Refunding Bonds, Series 1993	2.6% - 8.94%	\$ 14,574,574	\$ 3,530,920	\$ -	-	833,282	\$ 2,697,638
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	10,696,410	-	10,140,000	75,000	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	22,695,367	-	-	1,183,062	21,512,305
Refunding Bonds, Series 2002	1.75% - 5.20%	59,905,884	59,375,000	-	-	120,000	59,255,000
Schoolhouse Bonds, Series 2003	3.00% - 5.75%	60,050,000	54,790,000	-	46,195,000	530,000	8,065,000
Schoolhouse Bonds, Series 2004	Variable Rate	25,800,000	22,750,000	-	-	2,550,000	20,200,000
Refunding Bonds, Series 2004A	3.00% - 5.00%	22,586,630	22,131,630	-	-	415,000	21,716,630
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	-	9,115,000	-	10,000	9,105,000
Refunding Bonds, Series 2007	4.00%-4.50%	47,220,000	-	47,220,000	-	730,000	46,490,000
Schoolhouse Bonds, Series 2007A	4.00%-5.00%	157,795,000	-	157,795,000	-	-	157,795,000
			<u>\$ 267,008,950</u>	<u>\$ 214,130,000</u>	<u>\$ 56,335,000</u>	<u>\$ 6,446,344</u>	<u>\$ 418,357,606</u>

Debt service requirements to maturity are as follows:

Year Ending August 31	General Obligation		Total Requirements
	Principal	Interest	
2008	\$ 6,858,643	\$ 22,292,544	\$ 29,151,187
2009	5,910,889	21,541,936	27,452,825
2010	8,788,699	21,697,945	30,486,644
2011	8,830,726	22,395,108	31,225,834
2012	9,418,895	22,563,522	31,982,417
2013-2017	41,093,064	108,940,162	150,033,226
2018-2022	73,644,527	72,976,224	146,620,751
2023-2027	94,317,163	51,230,181	145,547,344
2028-2032	112,170,000	27,747,285	139,917,285
2033-2037	57,325,000	7,523,138	64,848,138
	<u>\$ 418,357,606</u>	<u>\$ 378,908,045</u>	<u>\$ 797,265,651</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2007**

---

**NOTE 3. DETAILED NOTES ON ALL FUNDS – continued**

**Bonds Payable – continued**

**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, 2006 through July 31, 2007 time period was 3.82%. The interest rate for the August 1, 2007 through July 31, 2008 time period is 3.76%.

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 initial August 1, 2005 through July 31, 2007 time period was 3.05%. The interest rate for the August 1, 2007 through July 31, 2008 time period is 3.76%.

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, 2007, \$106,905,397 of bonds considered legally defeased are still outstanding.

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, 2007.

The District issued \$9,115,000 in Series 2006 unlimited tax refunding bonds in October 2006 and \$47,220,000 in Series 2007 unlimited tax refunding bonds in April 2007 to refund \$10,140,000 and \$46,195,000 of the District's schoolhouse/refunding bonds, series 1996, and schoolhouse bonds, series 2003, respectively. An amount of \$58,710,179 was placed in an irrevocable trust to provide for future debt service payments relating to the defeased bonds. Accordingly, the trust assets and liabilities for the defeased bonds are not included in the District's financial statements. As a result of the advance refundings, The District realized a present value economic gain of \$2,758,500 and decreased its future debt service requirements by \$4,419,128.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2007**

---

**NOTE 3. DETAILED NOTES ON ALL FUNDS – continued**

**Commitments Under Operating Leases**

The District leases certain equipment under operating leases. Total expenditures for such leases were \$428,207 for the year ended August 31, 2007. The future minimum lease payments for these leases are as follows:

Year Ending 31-Aug	Amount
2008	366,539
2009	318,273
2010	199,051
2011	165,876
Total	<u>\$ 1,049,739</u>

**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. 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 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](http://www.trs.state.tx.us), under the TRS Publications heading.

Funding Policy - State law provides for fiscal years 2007, 2006 and 2005 a state contribution rate of 6.0% and a member contribution rate of 6.4%. In certain instances the reporting district (I.S.D., college, university, or state agency) is required to make all or a portion of the state's 6.0% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (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.

Contributions Required and Made - State contributions to TRS made on behalf of the District's employees for the years ended August 31, 2007, 2006 and 2005 were \$5,888,721, \$5,540,379, and \$5,573,618, 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, 2007, 2006 and 2005 in the amount of \$2,720,491, \$2,376,328, and \$2,016,853 respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2007**

---

**NOTE 3. DETAILED NOTES ON ALL FUNDS – continued**

**Health/Dental Care Coverage**

During the year ended August 31, 2007, 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 contract between the District and United Healthcare Insurance Company ended August 31, 2006. Prior to this date, the District sought proposals from interested third party administrators. From the proposals submitted, the District selected Fiserv Health as its third party administrator effective September 1, 2006. The five year contract between the District and Fiserv Health is renewable annually.

In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage purchased from Sun 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 \$15,212,228.

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, 2007 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:

	<u>2007</u>	<u>2006</u>
Claims payable, beginning of year	\$ 1,498,000	\$ 1,498,000
Claims incurred and changes in estimate	13,326,301	12,697,733
Less claim payments	13,326,301	12,697,733
Claims payable, end of year	<u>\$ 1,498,000</u>	<u>\$ 1,498,000</u>

Latest financial statements for Sun 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, 2007, 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.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2007**

---

**NOTE 3. DETAILED NOTES ON ALL FUNDS – continued**

**Workers' Compensation Coverage - continued**

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 \$325,000 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:

	<u>2007</u>	<u>2006</u>
Claims payable, beginning of year	\$ 3,174,128	\$ 3,309,215
Claims incurred and changes in estimate	241,271	909,088
Less claim payments	<u>814,523</u>	<u>1,044,175</u>
Claims payable, end of year	<u>\$ 2,600,876</u>	<u>\$ 3,174,128</u>

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, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Government Activities</b>					
Long-term Liabilities:					
General Obligation Bonds	\$ 267,008,950	\$ 214,130,000	62,781,344	\$ 418,357,606	\$ 6,858,643
Accreted Interest	27,857,812	6,175,028	4,073,655	29,959,185	4,241,357
Deferred Amount on Refunding	(5,669,849)	(2,473,191)	(326,481)	(7,816,559)	-
Discount Amount on Bonds	(709,299)	(266,263)	(41,707)	(933,855)	-
Premium Amounts on Bonds	2,638,654	4,472,732	603,350	6,508,036	-
Total Long-term Liabilities	<u>\$ 291,126,268</u>	<u>\$ 222,038,306</u>	<u>\$ 67,090,161</u>	<u>\$ 446,074,413</u>	<u>\$ 11,100,000</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2007**

---

**NOTE 3. DETAILED NOTES ON ALL FUNDS – continued**

**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, 2007 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, 2007 totaled \$128,500.

**THIS PAGE IS LEFT BLANK INTENTIONALLY.**

**REQUIRED SUPPLEMENTARY INFORMATION**

EXHIBIT F-1

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2007**

Data Control Codes	Budgeted Amounts		Actual Amounts GAAP BASIS	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 57,893,853	\$ 58,968,353	\$ 61,038,939	\$ 2,070,586
5800	State program revenues	97,260,702	97,818,910	92,018,258	(5,800,652)
5900	Federal program revenues	325,000	325,000	710,205	385,205
5020	Total revenues	<u>155,479,555</u>	<u>157,112,263</u>	<u>153,767,402</u>	<u>(3,344,861)</u>
<b>EXPENDITURES</b>					
<b>CURRENT:</b>					
0011	Instruction	98,178,943	98,178,943	96,234,717	1,944,226
0012	Instructional resources and media services	2,964,942	3,019,871	2,816,761	203,110
0013	Curriculum and staff development	1,146,407	1,224,606	885,611	338,995
0021	Instructional leadership	2,615,622	2,635,622	2,596,841	38,781
0023	School leadership	9,757,124	9,824,137	9,781,235	42,902
0031	Guidance, counseling, and evaluation services	7,068,524	7,070,956	6,778,061	292,895
0032	Social work services	258,844	258,844	240,438	18,406
0033	Health services	2,031,132	2,031,132	1,801,785	229,347
0034	Student transportation	2,628,529	2,631,224	2,598,345	32,879
0036	Extracurricular activities	3,040,668	3,078,719	3,063,764	14,955
0041	General administration	3,946,676	4,130,196	3,987,361	142,835
0051	Plant maintenance and operations	17,764,965	17,764,965	16,698,678	1,066,287
0052	Security and monitoring services	864,203	915,570	900,518	15,052
0053	Data processing services	2,441,930	2,441,930	2,247,516	194,414
0061	Community services	280,325	280,325	252,604	27,721
0095	Payments to juvenile justice alternative Ed. Prg	225,223	290,223	284,864	5,359
0097	Payments to tax increment fund	1,345,000	1,345,000	1,225,950	119,050
6030	Total expenditures	<u>156,559,057</u>	<u>157,122,263</u>	<u>152,395,049</u>	<u>4,727,214</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(1,079,502)</u>	<u>(10,000)</u>	<u>1,372,353</u>	<u>1,382,353</u>
<b>OTHER FINANCING SOURCES (USES) :</b>					
7912	Sale of real and personal property	10,000	10,000	-	(10,000)
8911	Operating transfers out	-	-	(1,372,353)	(1,372,353)
7080	Total other financing sources and (uses)	<u>10,000</u>	<u>10,000</u>	<u>(1,372,353)</u>	<u>(1,382,353)</u>
1200	Net change in fund balances	(1,069,502)	-	-	-
0100	Fund balances--beginning	24,979,138	24,979,138	24,979,138	-
3000	Fund balances--ending	<u>\$ 23,909,636</u>	<u>\$ 24,979,138</u>	<u>\$ 24,979,138</u>	<u>\$ -</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2007**

---

**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.

**THIS PAGE IS LEFT BLANK INTENTIONALLY.**

## **SUPPLEMENTARY INFORMATION**

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2007**

<u>Data Control Codes</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total Non Major Special Revenue Funds</u>
<b>ASSETS</b>				
1110 Cash and cash equivalents	\$ -	\$ -	\$ 422,720	\$ 422,720
1240 Due from other governments	<u>304,153</u>	<u>1,233,561</u>	<u>-</u>	<u>1,537,714</u>
1000 Total assets	<u>\$ 304,153</u>	<u>\$ 1,233,561</u>	<u>\$ 422,720</u>	<u>\$ 1,960,434</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
2110 Accounts payable	\$ -	\$ 126,884	\$ 116,554	\$ 243,438
2170 Due to other funds	302,019	271,296	-	573,315
2300 Deferred revenues	<u>2,134</u>	<u>835,381</u>	<u>38,803</u>	<u>876,318</u>
2000 Total liabilities	<u>304,153</u>	<u>1,233,561</u>	<u>155,357</u>	<u>1,693,071</u>
<b>Fund balances:</b>				
Reserved for:				
3450 Other purposes	-	-	-	-
Unreserved and undesignated:				
3610 Reported in special revenue funds	<u>-</u>	<u>-</u>	<u>267,363</u>	<u>267,363</u>
3000 Total fund balances	<u>-</u>	<u>-</u>	<u>267,363</u>	<u>267,363</u>
4000 Total liabilities and fund balances	<u>\$ 304,153</u>	<u>\$ 1,233,561</u>	<u>\$ 422,720</u>	<u>\$ 1,960,434</u>

---

<u>Permanent Fund - Stubbs</u>	<u>Total Non Major Governmental Funds</u>
\$ 10,000	\$ 432,720
<u>-</u>	<u>1,537,714</u>
<u>\$ 10,000</u>	<u>\$ 1,970,434</u>
\$ -	\$ 243,438
-	573,315
<u>-</u>	<u>876,318</u>
<u>-</u>	<u>1,693,071</u>
10,000	10,000
<u>-</u>	<u>267,363</u>
<u>10,000</u>	<u>277,363</u>
<u>\$ 10,000</u>	<u>\$ 1,970,434</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2007**

<u>Data Control Codes</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total Non Major Special Revenue Funds</u>
<b>REVENUES</b>				
5700 Local and intermediate sources	\$ -	\$ -	\$ 668,329	\$ 668,329
5800 State program revenues	-	3,262,867	-	3,262,867
5900 Federal program revenues	<u>13,496,497</u>	<u>-</u>	<u>-</u>	<u>13,496,497</u>
5020 Total revenues	<u>13,496,497</u>	<u>3,262,867</u>	<u>668,329</u>	<u>17,427,693</u>
<b>EXPENDITURES</b>				
Current:				
0011 Instruction	8,383,414	2,471,155	154,968	11,009,537
0012 Instructional resources and media services	92,205	242,877	52,037	387,119
0013 Curriculum and instructional staff development	1,129,538	315,926	62,621	1,508,085
0021 Instructional leadership	525,847	-	-	525,847
0023 School leadership	52,205	1,648	178,943	232,796
0031 Guidance, counseling, and evaluation services	1,834,616	146,299	1,184	1,982,099
0032 Social work services	292,715	-	517	293,232
0033 Health services	61,867	-	-	61,867
0034 Student (Pupil) transportation	347,199	-	-	347,199
0036 Cocurricular/Extracurricular activities	-	-	155,107	155,107
0041 General administration	400	-	-	400
0051 Plant maintenance and operations	-	20,071	-	20,071
0053 Data processing services	11,648	60,158	-	71,806
0061 Community services	<u>764,843</u>	<u>6,684</u>	<u>1,302</u>	<u>772,829</u>
6030 Total expenditures	<u>13,496,497</u>	<u>3,264,818</u>	<u>606,679</u>	<u>17,367,994</u>
1200 Net Change in fund balance	-	(1,951)	61,650	59,699
0100 Fund balances—beginning	<u>-</u>	<u>1,951</u>	<u>205,713</u>	<u>207,664</u>
3000 Fund balances—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,363</u>	<u>\$ 267,363</u>

EXHIBIT G-2

---

<u>Permanent Fund - Stubbs</u>	<u>Total Non Major Governmental Funds</u>
\$ -	\$ 668,329
-	3,262,867
-	13,496,497
<u>-</u>	<u>17,427,693</u>
-	11,009,537
-	387,119
-	1,508,085
-	525,847
-	232,796
-	1,982,099
-	293,232
-	61,867
-	347,199
-	155,107
-	400
-	20,071
-	71,806
-	772,829
<u>-</u>	<u>17,367,994</u>
-	59,699
<u>10,000</u>	<u>217,664</u>
<u>\$ 10,000</u>	<u>\$ 277,363</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 PRIVATE PURPOSE TRUST FUNDS  
 AUGUST 31, 2007**

---

	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
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 3,264	\$ 69	\$ 23,321	\$ 26,654
Total Assets	<u>3,264</u>	<u>69</u>	<u>23,321</u>	<u>26,654</u>
 <b>NET ASSETS</b>				
Restricted for scholarships	<u>3,264</u>	<u>69</u>	<u>23,321</u>	<u>26,654</u>
Total Net Assets	<u>\$ 3,264</u>	<u>\$ 69</u>	<u>\$ 23,321</u>	<u>\$ 26,654</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY FUNDS  
 NET ASSETS – PRIVATE PURPOSE TRUST FUNDS  
 AUGUST 31, 2007**

---

	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
<b>Additions:</b>				
Local and Intermediate Sources				
Total Additions	\$ -	\$ -	\$ 23,321	\$ 23,321
<b>Deductions</b>				
Other operating costs	-	-	-	-
Total Deductions	-	-	-	-
Change in net assets	-	-	23,321	23,321
Total Net Assets- September 1 (Beginning)	3,264	69	-	3,333
Total Net Assets- August 31 (Ending)	<u>\$ 3,264</u>	<u>\$ 69</u>	<u>\$ 23,321</u>	<u>\$ 26,654</u>

**THIS PAGE IS LEFT BLANK INTENTIONALLY**

## **TEA REQUIRED SCHEDULES**

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
AUGUST 31, 2007**

---

Last Ten Years Ended August 31	Tax Rates		3 Net Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
1997 and prior years	Various	Various	Various
1998	1.14250	0.32530	2,437,696,286
1999	1.20499	0.30281	2,563,109,296
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 (School year under audit)	1.36110	0.26860	4,331,074,903

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

<b>10</b> Beginning Balance 09/01/06	<b>20</b> Current Year's Total Levy	<b>31</b> Maintenance Total Collections	<b>32</b> Debt Service Total Collections	<b>40</b> Entire Year's Adjustments	<b>50</b> Ending Balance 08/31/07
558,862	\$ -	\$ 4,977	\$ 1,726	\$ (1,850)	\$ 550,309
100,171	-	1,144	326	(67)	98,634
99,441	-	2,007	504	(69)	96,861
88,949	-	4,705	405	956	84,795
122,671	-	8,818	1,453	21,000	133,400
198,592	-	10,817	2,022	(7,397)	178,356
287,900	-	16,498	2,871	(10,124)	258,407
415,528	-	48,640	9,758	(17,272)	339,858
705,741	-	186,231	36,750	(29,583)	453,177
2,136,407	-	968,490	174,588	(357,988)	635,341
-	68,753,179	56,487,252	11,147,216	777,556	1,896,267
<u>\$ 4,714,262</u>	<u>\$ 68,753,179</u>	<u>\$ 57,739,579</u>	<u>\$ 11,377,619</u>	<u>\$ 375,162</u>	<u>\$ 4,725,405</u>
<u>\$ -</u>	<u>\$ -</u>	<u>1,225,950</u>	<u>241,930</u>	<u>\$ -</u>	<u>\$ -</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT  
COST FOR 2006-2007  
GENERAL AND SPECIAL REVENUE FUNDS  
AUGUST 31, 2007**

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	\$ -	\$ -	\$ 323,675	\$ 1,705,516	\$ 655,584	\$ -	\$ 2,684,775
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	180,818	-	-	-	180,818
6212	Audit Services	-	-	-	70,000	-	-	70,000
6213	Tax Appraisal and Collection	-	303,135	-	-	-	-	303,135
621X	Other Professional Services	17,693	-	-	8,500	5,591	-	31,784
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	879	-	1,641	327,761	1,666	-	331,947
6240	Contr. Maint. And Repair	-	-	-	-	90,828	-	90,828
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	-	-	-	-
6290	Miscellaneous Contr.	-	-	-	22,664	-	-	22,664
6320	Textbooks and Reading	336	-	353	726	2,945	-	4,360
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	4,549	-	14,200	129,352	132,826	-	280,927
6410	Travel, Subsistence, Stipends	4,992	-	1,891	12,464	7,147	-	26,494
6420	Ins. And Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	75,087	-	-	27,071	-	-	102,158
6490	Miscellaneous Operating	1,350	-	14,355	68,081	50,872	-	134,658
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	41,334	41,334
6000	TOTAL	<u>\$ 104,886</u>	<u>\$ 303,135</u>	<u>\$ 536,933</u>	<u>\$ 2,372,135</u>	<u>\$ 947,459</u>	<u>\$ 41,334</u>	<u>\$ 4,305,882</u>

Total expenditures/expenses for General, Special Revenue, and Enterprise Funds: (9) \$ 179,096,836  
LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 2,522,012
Total Debt & Lease (6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	16,455,854
Food (Function 35, 6341 and 6499)	(13)	4,157,955
Stipends (6413)	(14)	780
Column 4 (above) - Total Indirect Cost		<u>2,372,135</u>

SubTotal:

Net Allowed Direct Cost \$ 153,588,100

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$	298,474,474
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) \$	21,506,161
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:

\$318,521 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, 2007  
 UNAUDITED**

---

1	Total General Fund Balance as of 8/31/07 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 24,979,138
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	1,500,345	
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	4,221,720	
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	750,754	
5	Estimate of one month's average cash disbursements during the regular school session (9/1/07- 5/31/08)	14,171,641	
6	Estimate of delayed payments from state sources (58xx) including August payment delays	398,180	
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	850,663	
8	Estimate of delayed payments from federal sources (59xx)	302,019	
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>22,195,322</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)		<u>\$ 2,783,816</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, 2007**

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700	\$ 3,195,633	\$ 3,195,633	\$ 3,173,415	\$ (22,218)
5800	101,357	201,357	168,127	(33,230)
5020	<u>3,296,990</u>	<u>3,396,990</u>	<u>3,341,542</u>	<u>(55,448)</u>
EXPENDITURES:				
0035	9,083,544	9,183,544	9,333,793	(150,249)
6030	<u>9,083,544</u>	<u>9,183,544</u>	<u>9,333,793</u>	<u>(150,249)</u>
1100	<u>(5,786,554)</u>	<u>(5,786,554)</u>	<u>(5,992,251)</u>	<u>(205,697)</u>
OTHER FINANCING SOURCES (USES)				
8940	880,062	880,062	1,006,924	126,862
7953	4,528,157	4,528,157	5,301,556	773,399
7954	378,335	378,335	275,199	(103,136)
7080	<u>5,786,554</u>	<u>5,786,554</u>	<u>6,583,679</u>	<u>797,125</u>
1200	-	-	591,428	591,428
0100	<u>1,861,651</u>	<u>1,861,651</u>	<u>1,861,651</u>	<u>-</u>
3000	<u>\$ 1,861,651</u>	<u>\$ 1,861,651</u>	<u>\$ 2,453,079</u>	<u>\$ 591,428</u>

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2007**

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	\$ 11,872,716	\$ 11,872,716	\$ 12,638,206	\$ 765,490
5800	State program revenues	9,130,484	9,130,484	10,034,944	904,460
5020	Total Revenues	21,003,200	21,003,200	22,673,150	1,669,950
	EXPENDITURES:				
0071	Debt Service - principal on long-term debt	5,706,346	5,706,346	6,446,344	(739,998)
0072	Debt Service - interest on long-term debt	14,826,729	14,826,729	14,211,898	614,831
0073	Debt Service - bond issuance cost and fees	225,125	450,000	1,012,834	(562,834)
0097	Payments to tax increment fund	245,000	245,000	241,930	3,070
6030	Total Expenditures	21,003,200	21,228,075	21,913,006	(684,931)
1100	Excess (deficiency) of revenues over (under) expenditures	-	(224,875)	760,144	985,019
	OTHER FINANCING SOURCES(USES)				
7901	Refunding bonds issued	-	62,000,000	59,625,176	(2,374,824)
7915	Transfers in	-	-	315,387	315,387
7916	Discount on issuance of bonds	-	-	(189,442)	(189,442)
8949	Payments to bond refunding escrow agent	-	(61,775,125)	(58,710,179)	3,064,946
	Total Other Financing Sources(Uses)	-	224,875	1,040,942	816,067
1200	Net Change in Fund Balance	-	-	1,801,086	1,801,086
0100	Fund Balance - September 1 (Beginning)	7,154,420	7,154,420	7,154,420	-
3000	Fund Balance - August 31 (Ending)	\$ 7,154,420	\$ 7,154,420	\$ 8,955,506	\$ 1,801,086

**THIS PAGE IS LEFT BLANK INTENTIONALLY.**

**FEDERAL AWARDS SECTION**

**THIS PAGE IS LEFT BLANK INTENTIONALLY.**

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, 2007. 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, 2007.

**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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that

DALLAS

Three Forest Plaza  
12221 Merit Drive  
Suite 1400  
Dallas, Texas 75251-2280  
972.490.1970  
F 972.702.8321

FORT WORTH

1600 West Seventh Street  
Suite 300  
Fort Worth, Texas 76102-2506  
817.332.7905  
F 817.429.5936

WWW.WEAVERANDTIDWELL.COM

AN INDEPENDENT MEMBER OF  
BAKER TILLY  
INTERNATIONAL

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

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT**

Page Two

noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the District's Trustees, the audit committee, 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, L.L.P.*

**WEAVER AND TIDWELL, L.L.P.**

Dallas, Texas

January 8, 2008

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



**WEAVER  
AND  
TIDWELL**  
*L.L.P.*

CERTIFIED PUBLIC  
ACCOUNTANTS  
AND CONSULTANTS

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 as of and for the year ended August 31, 2007, and have issued our report thereon dated January 7, 2008. 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider 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 07-01.

This report is intended for the information of the District's Trustees, the audit committee, 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.

**DALLAS**

*Three Forest Plaza  
12221 Merit Drive  
Suite 1400  
Dallas, Texas 75251-2280  
972.490.1970  
F 972.702.8321*

**FORT WORTH**

*1600 West Seventh Street  
Suite 300  
Fort Worth, Texas 76102-2506  
817.332.7905  
F 817.429.5936*

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

Dallas, Texas  
January 8, 2008

WWW.WEAVERANDTIDWELL.COM

AN INDEPENDENT MEMBER OF  
BAKER TILLY  
INTERNATIONAL

**THIS PAGE IS LEFT BLANK INTENTIONALLY.**



**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2007**

---

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

**Finding # 07-1**

**Condition:**

The pledged collateral at the District's financial institution did not exceed its cash deposits during the month of August, 2007.

**Effect:**

The District's deposits are at risk.

**Recommendation:**

The District and contracted depository institution should communicate regularly to ensure deposits are fully collateralized.

**Management's response:**

The District will communicate with the contracted depository institution regularly to ensure deposits are fully collateralized.

**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, 2007**

---

**Findings from the Year Ended August 31, 2006**

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

**Finding # 06-1**

**Condition:**

The pledged collateral at the District's financial institution did not exceed its cash deposits during the month of August, 2006.

**Effect:**

The District's deposits are at risk.

**Recommendation:**

The District and contracted depository institution should communicate regularly to ensure deposits are fully collateralized.

**Management's response:**

The District will communicate with the contracted depository institution regularly to ensure deposits are fully collateralized.

**Current status:**

See finding 07-1.

**Finding # 06-2**

**Condition:**

The District failed to spend at least 85% of state funding allocated to compensatory education.

**Effect:**

Continuing failure to meet minimum expenditure requirements could have an effect on state funding.

**Recommendation:**

The District should continue to monitor "near final" reports from the TEA to ensure state allocations remain in alignment with initial estimates.

**Management's response:**

The District will closely monitor the near final report to ensure significant changes to funding do not effect the initial budgeted amounts for each program.

**Current status:**

The District is in compliance with this requirement for the year ended August 31, 2007.

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

None

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2007**

**EXHIBIT I-1**

(1) Federal and State/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>			
<u>Direct Programs</u>			
Jr ROTC Reimbursements	12.000		\$ 134,586
Total Direct Programs			<u>134,586</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<u>Direct Programs</u>			
Small Learning Communities	84.215L		24,996
Indian Education Act, Title V, Part C	84.060A		31,608
Total Direct Programs			<u>56,604</u>
<u>Passed Through the State Department of Education</u>			
Adult Education (ABE) - Federal	84.002A	54100087110017	96,000
ESEA Title I Part A- Improving Basic Programs	84.010A	5610101057910	5,159,602
ESEA Title I Part C- Migratory Children	84.011	4615001057910	27,685
IDEA- Part B, Formula	84.027	56600010579106600	6,061,060
Vocational Education- Basic Grant	84.048A	542000605791010	255,735
IDEA- Part B, Preschool	84.173	56610010579106600	95,970
Project STOP	84.148D	Q184D050014A	297,168
ESEA Title IV- Safe and Drug-Free Schools	84.186A	5671001057910	101,110
ESEA Title III Subtitle B - Homeless Children	84.196	55002	100,885
Title V, Part A- Innovative Programs	84.298	5685001057910	90,881
Enhancing Education Through Technology	84.318X	5630001057910	48,823
Advanced Placement Spanish Language Middle School Grant	84.330C	0551030271213	4,880
English Lang. Acquisitions and Lang. Enhancement	84.365	5671001057910	462,142
ESEA Title II, Part A, Teacher Principal Training	84.367A	5694501057910	830,267
Impact Aid	84.938C	06520301057910	2,987
Total passed Through State Department of Education			<u>13,635,195</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Direct Programs</u>			
Medical Assistance Program	93.778		19,766
Total Direct Programs			<u>19,766</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<u>Passed Through the State Department of Education</u>			
National School Breakfast Program*	10.553		1,006,924
National School Lunch Program*	10.550		5,301,556
Commodity Supplemental Food Program*	10.565		275,199
Total passed Through State Department of Education			<u>6,583,679</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>20,429,830</u></b>

\*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, 2007**

---

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, 2007. 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, \$134,586, Indirect costs, \$195,302, and Medical Assistance Program, \$19,766 are reported as Federal Program Revenues in the General Fund. School Health and Related Services (SHARS) revenues in the amounts of \$360,551 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 \$5,301,556 and \$1,006,924, and Food Distribution amount of \$275,199, are reported as non-operating revenues in the Enterprise Fund.

Schedule L-1 – Required Responses to Selected School First Indicators

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? – Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	Yes
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year-end:	\$ 29,959,185