

# Grand Prairie Independent School District

Annual Financial Report  
For the Fiscal Year Ended August 31, 2018



2602 South Belt Line Road  
Grand Prairie, Texas 75052  
[www.gpisd.org](http://www.gpisd.org)



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**Grand Prairie Independent School District**  
Grand Prairie, Texas



Annual Financial Report  
For the Fiscal Year Ended August 31, 2018

Prepared by  
Grand Prairie Independent School District  
Business Operations Department

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# Grand Prairie Independent School District

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## Certificate of Board

Grand Prairie Independent School District  
Name of School


Dallas  
County

057-910  
Co.-Dist Number

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

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved \_\_\_\_\_ disapproved for the year ended August 31, 2018 at a meeting of the Board of Trustees of such school district on the 17<sup>th</sup> day of January, 2019.

  
\_\_\_\_\_  
Signature of Board Secretary

  
\_\_\_\_\_  
Signature of Board President

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

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## Independent Auditor's Report

The Board of Trustees of  
Grand Prairie Independent School District  
Grand Prairie, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Prairie Independent School District (District) as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2018, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

#### Change in Accounting Principle

As discussed in Note 1.E. and Note 4.D. to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Beginning net position has been restated to reflect the change in accounting principle resulting from this statement. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Grand Prairie Independent School District's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements.

The Supplementary Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Board of Trustees of  
Grand Prairie Independent School District

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
January 17, 2019

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## Management's Discussion and Analysis

As management of the Grand Prairie Independent School District (the District), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2018. (In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable, claims payable of the District's self-insured workers' compensation program, and net pension liability.)

### Financial Highlights

- Governmental Activities assets and deferred outflows of resources was less than liabilities and deferred inflows of resources at year-end by \$125,970,882.
- The District's total net position increased by \$47,896,891 from current operations.
- The District implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, resulting in a prior period adjustment of (\$173,947,494).
- At the end of the year, unassigned fund balance of the general fund was \$65,016,398, or 23 percent of the year's total general fund expenditures.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$85,595,797, a decrease of \$34,315,827 as compared to the preceding year due to non-recurring expenditures on capital acquisitions and construction projects.
- The District entered into an agreement for a note payable to purchase a building, and entered into a capital lease for various educational Apple ipads and computers.

### Overview of the Financial Statements

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

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

The *Statement of Net Position* (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of how the financial position of the District is changing.

The *Statement of Activities* (Exhibit B-1) presents information showing how the District's net position changed during the year. Changes in net position are reported upon occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some transactions that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and incurred but unpaid workers' compensation benefits).

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Payments Related to Shared Services Arrangements, Payments to Juvenile Justice Alternative Education Programs, Payments to Tax Increment Fund, and Other Intergovernmental Charges.*

In fiscal year 2018, the District implemented the Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – which superseded GASB Statement No. 45 (GASB 75). GASB 75 establishes financial reporting standards and/or accounting standards for state and local government defined benefit OPEB plans and defined contribution OPEB plans. GASB 75 requires that, at transition, a government recognizes a beginning deferred outflow of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. The effects of the implementation of this statement has no impact on the District's governmental fund financial statements. However, implementation has resulted in certain changes to the presentation of the financial statements of the District's government-wide financial statements. More information on the implementation of this statement and the District's OPEB plan is available in Note 1. E. and Note 4.D., respectively.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, as do other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

The basic governmental fund financial statements can be found as noted in the table of contents of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of students and student organizations. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs and activities. A statement of fiduciary assets and liabilities is presented as noted in the table of contents of this report.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as noted in the table of contents of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report presents required supplementary information and supplementary information, including schedules required by the Texas Education Agency. Such information can be found as noted in the table of contents of this report. The required supplementary information also provides information on the District's cost-sharing multiple employer pension and OPEB plan of which the District is a participant. The required supplementary information is referenced as Exhibits E-1 through E-5, and the associated notes immediately follow the exhibits in this report.

**Government-Wide Financial Analysis**

As mentioned earlier, net position may, over time, serve as an indicator of a District's changing financial position. The following table shows the net position of the District for the current and prior year.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S NET POSITION**

	Governmental Activities					
	2018		2017		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	\$ 118,381,443	18	\$ 142,532,678	22	\$ (24,151,235)	(17)
Capital assets, net of depreciation	535,582,941	82	499,654,244	78	35,928,697	7
Total assets	653,964,384	100	642,186,922	100	11,777,462	
Total deferred outflows of resources	36,925,974	100	44,174,886	100	(7,248,912)	(16)
Long-term liabilities outstanding	719,885,179	96	646,764,213	97	73,120,966	11
Other liabilities	32,010,615	4	21,308,006	3	10,702,609	50
Total liabilities	751,895,794	100	668,072,219	100	83,823,575	
Total deferred inflows of resources	64,965,446	100	18,209,868	100	46,755,578	257
Net position:						
Net investment in capital assets	(21,184,539)	17	(35,699,372)	(44,780)	14,514,833	(41)
Restricted for grants	4,963,151	(4)	4,639,697	5,820	323,454	7
Restricted for debt service	11,742,837	(9)	9,624,671	12,073	2,118,166	22
Unrestricted	(121,492,331)	96	21,514,725	26,987	(143,007,056)	(665)
Total net position	<u><u>\$(125,970,882)</u></u>	<u>100</u>	<u><u>\$ 79,721</u></u>	<u>100</u>	<u><u>\$(126,050,603)</u></u>	

The deficiency of assets/deferred outflows of resources over liabilities/deferred inflows of resources reported on the government-wide *Statement of Net Position* of \$(125,970,882) at August 31, 2018 results from several factors. The most significant items include a prior period adjustment of (\$173,947,494) due to the implementation of GASB 75 in fiscal year 2018.

The District's investment in capital assets (e.g., land, buildings and improvements, furniture and equipment and construction in progress), less any related debt used to acquire those assets that are still outstanding totaled \$(21,184,539) of net position. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net position that is restricted for debt service totals \$11,742,837 of net position, and net position restricted for grants is \$4,963,151. At the end of the current fiscal year, the District reported Unrestricted Net Position of (\$121,492,331).

**Governmental Activities.** Governmental activities increased the District's net position by \$47,896,891 from current operations. The elements giving rise to this change may be determined from the table below.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION**

	Governmental Activities					
	2018		2017		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
<b>Revenue:</b>						
Program revenues:						
Charges for services	\$ 6,655,703	2	\$ 6,317,580	2	\$ 338,123	5
Operating grants and contributions	23,189,659	7	62,812,539	18	(39,622,880)	(63)
General revenues:						
Property taxes, levied for general purpose	75,983,975	24	67,572,581	19	8,411,394	12
Property taxes, levied for debt service	27,556,103	9	24,549,197	7	3,006,906	12
Grants and contributions not restricted to specific programs	177,870,590	56	182,485,542	53	(4,614,952)	(3)
Investment earnings	2,338,969	1	1,390,354	-	948,615	68
Miscellaneous	4,562,977	1	4,564,606	1	(1,629)	-
Total revenues	<u>318,157,976</u>	<u>100</u>	<u>349,692,399</u>	<u>100</u>	<u>(31,534,423)</u>	
<b>Expenses:</b>						
Instruction	134,959,818	50	175,722,620	52	(40,762,802)	(23)
Instructional resources and media services	2,253,568	1	2,933,707	1	(680,139)	(23)
Curriculum and staff development	4,386,325	2	10,088,536	3	(5,702,211)	(57)
Instructional leadership	3,768,255	1	5,044,906	2	(1,276,651)	(25)
School leadership	15,488,860	6	20,310,732	6	(4,821,872)	(24)
Guidance, counseling, and evaluation services	8,665,309	3	14,257,843	4	(5,592,534)	(39)
Social work services	215,590	-	853,041	-	(637,451)	(75)
Health services	2,645,152	1	3,502,171	1	(857,019)	(24)
Student transportation	5,624,890	2	6,538,953	2	(914,063)	(14)
Food service	14,016,627	5	18,805,491	6	(4,788,864)	(25)
Extracurricular activities	8,628,497	3	8,717,342	3	(88,845)	(1)
General administration	8,726,252	3	7,751,016	2	975,236	13
Plant maintenance and operations	25,245,157	9	25,861,929	8	(616,772)	(2)
Security and monitoring services	2,632,611	1	2,623,088	1	9,523	-
Data processing services	5,296,487	2	4,530,237	1	766,250	17
Community services	4,688,581	2	6,277,692	2	(1,589,111)	(25)
Interest on long-term debt	17,984,186	7	16,723,568	5	1,260,618	8
Issuance costs and fees	22,489	-	1,242,899	-	(1,220,410)	(98)
Facilities repair and maintenance	-	-	392,484	-	(392,484)	(100)
Payments related to shared services arrangements	404,608	-	405,013	-	(405)	-
Payments to Juvenile Justice Alternative Education Programs	81,924	-	42,066	-	39,858	95
Payments to tax increment fund	4,189,392	2	3,107,065	1	1,082,327	35
Other intergovernmental charges	336,507	-	324,858	-	11,649	4
Total expenses	<u>270,261,085</u>	<u>100</u>	<u>336,057,257</u>	<u>100</u>	<u>(65,796,172)</u>	
Change in net position	<u>47,896,891</u>		<u>13,635,142</u>		<u>34,261,749</u>	
Net position - beginning	79,721		(13,555,421)		13,635,142	
Cummulative effect of change in accounting principle - implement GASB 75 for OPEB <sup>(a)</sup>	(173,947,494)		-		(173,947,494)	
Net position - beginning, as restated	<u>(173,867,773)</u>		<u>(13,555,421)</u>		<u>(160,312,352)</u>	
<b>Net position - ending</b>	<u>\$ (125,970,882)</u>		<u>\$ 79,721</u>		<u>\$ (126,050,603)</u>	

<sup>(a)</sup> The restatement of the beginning net position is the result of the District implementing GASB Statement No. 75 in fiscal year 2018. The implementation is discussed in the MD&A.

The decrease in governmental activities ending net position was primarily due to a prior period adjustment of (\$173,947,494) due to the implementation of GASB 75 in fiscal year 2018.



Revenues, aggregating \$318,157,976, were generated primarily from two sources. Property taxes in the amount of \$103,540,078 represent 32 percent of total revenues while grants and contributions (including those not restricted for program-specific use as well as for general operations, totaling \$177,870,590), represent 56 percent of total revenues. The remaining 12 percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expenses of the District were Instruction in the amount of \$134,959,818 which represents 50 percent of total expenses. All remaining expense categories are 10 percent or less of total expenses.

### **Financial Analysis of the Government's Funds**

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$85,595,797, a decrease of \$34,315,827 from the preceding year.

The general fund is the primary operating fund of the District. At year-end, unassigned fund balance of the general fund was \$65,016,398, while total fund balance was \$65,960,513. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represents 23 percent of total general fund expenditures. The fund balance of the general fund decreased \$2,609,066 during the year from current activities, primarily due to increases in expenditures.

The debt service fund ending fund balance of \$12,170,879 is restricted for the payment of principal and interest on debt. The debt service fund balance increased \$2,198,702 during the year, primarily due to the principal payments for debt offset by an increase in local and state funding.

The capital projects fund ending fund balance of \$2,501,254 is restricted for capital expenditures. The net decrease in fund balance during the current year in the capital projects fund was \$34,228,917. The decrease was due to capital outlay expenditures related to construction projects.

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

### **General Fund Budgetary Highlights**

The majority of the \$5,696,807 net increase between the originally-adopted budget and the final amended general fund budget provided funding for capital acquisitions, construction, and improvements. Amendments were approved by the governing body.

### **Capital Assets and Long-term Liabilities**

**Capital Assets.** The District's capital asset balance for governmental activities as of August 31, 2018 was \$535,582,941 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress. Net investment in capital assets increased by \$14,514,833 in the current fiscal year.

Major capital asset activity during the year included the following:

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

	Governmental Activities					
	2018		2017		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	\$ 23,826,072	4	\$ 23,377,072	5	\$ 449,000	2
Buildings and improvements	481,525,565	91	393,358,480	78	88,167,085	22
Furniture and equipment	23,790,058	4	13,161,790	3	10,628,268	81
Construction in progress	6,441,246	1	69,756,902	14	(63,315,656)	(91)
<b>Totals</b>	<u>\$ 535,582,941</u>	<u>100</u>	<u>\$ 499,654,244</u>	<u>100</u>	<u>\$ 35,928,697</u>	

Additional information on the District's capital assets can be found in Note 3. D. Capital Assets of the notes to the financial statements per the table of contents of this report.

**Long-Term Liabilities.** At year-end, the District had the following long-term liabilities:

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S LONG-TERM LIABILITIES OUTSTANDING**

	Governmental Activities					
	2018		2017		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 549,383,680	76	\$ 575,323,599	70	\$ (25,939,919)	(5)
Lease payable	10,988,252	2	-	-	10,988,252	100
Note payable	679,785	-	-	-	679,785	100
Workers' compensation claims	959,364	-	936,220	-	23,144	2
Compensated absences	178,328	-	174,490	-	3,838	2
Net pension liability	58,494,975	8	70,329,904	9	(11,834,929)	(17)
Net OPEB liability*	99,200,795	14	175,133,992	21	(75,933,197)	(43)
<b>Totals</b>	<u>\$ 719,885,179</u>	<u>100</u>	<u>\$ 821,898,205</u>	<u>100</u>	<u>\$ (102,013,026)</u>	

\*Per GASB 75, beginning balance for net OPEB liability includes the restatement of net OPEB liability September 1, 2017

The District's total bonded debt decreased by \$25,939,919 due to normal annual bond principal payments.

The District's general obligation debt is backed by the full faith and credit of the District and is further guaranteed by the Texas Permanent School Fund Guarantee Program.

State statutes do not limit the tax rate or amount of local tax support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt can be found as noted in Note 3. E. Long-term Liabilities of the notes to the financial statements per the table of contents of this report.

The decrease in the District's net pension liability (NPL) to \$58,494,975 at August 31, 2018 from \$70,329,904 at August 31, 2017 was the result of an increase in earnings in the TRS plan during 2018.

The following table provides the District's key pension statistics related to the TRS plan as of and for the fiscal year ended August 31, 2018:

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S KEY PENSION STATISTICS**

Net pension liability (NPL)	\$	58,494,975
Pension expense	\$	8,697,287

Additional information on the District's net pension liability can be found in the notes to the financial statements as indicated in the table of contents of this report.

The District implemented GASB 75 in the current year. As a result of the implementation, there was a prior period adjustment in the governmental activities of (\$173,947,494). The decrease in the District's net OPEB liability (NOL) to \$99,200,795 at August 31, 2018 from \$175,133,992 at August 31, 2017 was the result of an increase in earnings in the TRS plan and changes in actuarial assumptions during 2018.

The following table provides the District's key pension statistics related to the TRS plan as of and for the fiscal year ended August 31, 2018:

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S KEY OPEB STATISTICS**

Net OPEB liability (NOL)	\$	99,200,795
OPEB expense	\$	(84,645,220)

Additional information on the District's OPEB liability can be found in Note 4.D. to the financial statements as indicated in the table of contents of this report.

**Economic and Other Factors and Fiscal Year 2017-18 Budgets and Rates**

- School year (2017-18) student enrollment is 29,362.
- District staff totals 2,274 employees in 2017-18, excluding substitutes and other part-time employees, which includes 1,927 teachers and 347 teacher aides.
- The District maintains forty-one school campuses, including four in-district charter schools.
- The unemployment rate for the County is currently 3.6 percent, which is favorable when compared to the state's average unemployment rate of 4.0 percent during the same period.
- Property values of the District are projected to increase by 10 percent in the 2017-18 year.
- A maintenance and operations tax rate of \$1.17 and a debt service tax rate of \$0.425, a total rate of \$1.595 was adopted for 2017-18, resulting in no change from the prior year.

All of these factors and others were considered in preparing the District's budget for the 2017-18 fiscal year.

During the current fiscal year, fund balance in the general fund decreased to \$65,960,513.

**Requests for Information**

This financial report is intended to provide a general overview of the District's finances for those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant Superintendent of Business Services, Grand Prairie Independent School District, 2602 South Beltline Road, Grand Prairie, Texas 75052.

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# **Basic Financial Statements**

**Grand Prairie Independent School District**  
Statement of Net Position  
August 31, 2018

**Exhibit A-1**

<u>Data Control Codes</u>		<u>1 Primary Governmental Governmental Activities</u>
<b>ASSETS</b>		
1110	Cash and cash equivalents	\$ 10,202,223
1120	Current investments	92,207,526
1220	Property taxes receivables	3,695,251
1230	Allowance for uncollectible taxes	(2,032,388)
1240	Due from other governments	12,677,429
1290	Other receivables	687,287
1300	Inventories	382,477
1410	Prepaid items	561,638
	Capital assets, not being depreciated:	
1510	Land and improvements	23,826,072
1580	Construction in progress	6,441,246
	Capital Assets, net of accumulated depreciation:	
1520	Buildings and improvements	481,525,565
1530	Furniture and equipment	23,790,058
1000	Total assets	<u>653,964,384</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
1705	Deferred outflows - pension	19,846,019
1706	Deferred outflows - OPEB	1,744,986
1710	Deferred loss on refunding	15,334,969
1700	Total deferred outflows of resources	<u>36,925,974</u>
<b>LIABILITIES</b>		
2110	Accounts payable	3,005,948
2140	Interest payable	888,082
2150	Payroll deductions and withholdings	2,582,263
2160	Accrued wages payable	15,491,757
2180	Due to other governments	10,042,565
	Noncurrent liabilities	
2501	Due within one year	28,346,836
2502	Due in more than one year	533,842,573
2540	Net pension liabilities	58,494,975
2545	Net OPEB liabilities	99,200,795
2000	Total liabilities	<u>751,895,794</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2605	Deferred inflows - pension	9,917,580
2606	Deferred inflows - OPEB	41,495,880
2610	Deferred gain on refunding	13,551,986
2600	Total deferred inflows of resources	<u>64,965,446</u>
<b>NET POSITION</b>		
3200	Net investment in capital assets	(21,184,539)
3820	Restricted for grants	4,963,151
3850	Restricted for debt service	11,742,837
3900	Unrestricted	(121,492,331)
3000	<b>TOTAL NET POSITION</b>	<u>\$ (125,970,882)</u>

The Notes to the Financial Statements are an integral part of this statement.

# Grand Prairie Independent School District

# Exhibit A-2

## Statement of Activities

For the Fiscal Year Ended August 31, 2018

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			3 Charges for Services	4 Operating Grants and Contributions	
					Governmental Activities
<b>PRIMARY GOVERNMENT</b>					
	Governmental activities				
0011	Instruction	\$ 134,959,818	\$ 1,737,679	\$ (9,900,697)	\$ (143,122,836)
0012	Instructional resources and media services	2,253,568	18,079	(297,282)	(2,532,771)
0013	Curriculum and staff development	4,386,325	50,568	5,308,365	972,608
0021	Instructional leadership	3,768,255	-	(143,868)	(3,912,123)
0023	School leadership	15,488,860	81,510	(2,026,213)	(17,433,563)
0031	Guidance, counseling, and evaluation services	8,665,309	2,753	1,178,382	(7,484,174)
0032	Social work services	215,590	-	566,392	350,802
0033	Health services	2,645,152	684	(400,537)	(3,045,005)
0034	Student transportation	5,624,890	6,255	(247,759)	(5,866,394)
0035	Food service	14,016,627	3,180,444	15,076,428	4,240,245
0036	Extracurricular activities	8,628,497	1,388,488	(482,898)	(7,722,907)
0041	General administration	8,726,252	930	307,624	(8,417,698)
0051	Plant maintenance and operations	25,245,157	167,959	(2,764,431)	(27,841,629)
0052	Security and monitoring services	2,632,611	-	(316,500)	(2,949,111)
0053	Data processing services	5,296,487	-	(546,208)	(5,842,695)
0061	Community services	4,688,581	20,354	567,274	(4,100,953)
0072	Interest on long-term debt	17,984,186	-	17,006,979	(977,207)
0073	Issuance costs and fees	22,489	-	-	(22,489)
0093	Payments related to shared services arrangements	404,608	-	404,608	-
0095	Payments to Juvenile Justice Alternative Education Programs	81,924	-	-	(81,924)
0097	Payments to tax increment fund	4,189,392	-	-	(4,189,392)
0099	Other intergovernmental charges	336,507	-	(100,000)	(436,507)
TG	Total governmental activities	<u>270,261,085</u>	<u>6,655,703</u>	<u>23,189,659</u>	<u>(240,415,723)</u>
TP	<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 270,261,085</u>	<u>\$ 6,655,703</u>	<u>\$ 23,189,659</u>	<u>(240,415,723)</u>
<b>GENERAL REVENUES</b>					
MT	Property taxes, levied for general purposes				75,983,975
DT	Property taxes, levied for debt service				27,556,103
GC	Grants and contributions not restricted to specific programs				177,870,590
IE	Investment earnings				2,338,969
MI	Miscellaneous				4,562,977
TR	Total general revenues				<u>288,312,614</u>
CN	Change in net position				47,896,891
NB	Net position - beginning				79,721
PA	Cumulative effect of change in accounting principle				<u>(173,947,494)</u>
	Net position - beginning, as restated				<u>(173,867,773)</u>
NE	<b>NET POSITION - ENDING</b>				<u>\$ (125,970,882)</u>

The Notes to the Financial Statements are an integral part of this statement.

**Grand Prairie Independent School District**  
 Balance Sheet - Governmental Funds  
 August 31, 2018

Data Control Codes		199	599
		General Fund	Debt Service Fund
<b>ASSETS</b>			
1110	Cash and cash equivalents	\$ 8,607,556	\$ 82,745
1120	Current investments	72,617,645	13,267,938
1220	Property taxes receivables (delinquent)	2,672,941	1,022,310
1230	Allowance for uncollectible taxes (credit)	(1,470,117)	(562,271)
1240	Due from other governments	10,261,714	-
1260	Due from other funds	971,801	-
1290	Other receivables, net	-	-
1300	Inventories	382,477	-
1410	Prepaid items	561,638	-
1000	Total assets	<u>94,605,655</u>	<u>13,810,722</u>
1000a	<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 94,605,655</u></u>	<u><u>\$ 13,810,722</u></u>
<b>LIABILITIES</b>			
2110	Accounts payable	1,546,037	-
2150	Payroll deductions and withholdings	2,582,263	-
2160	Accrued wages payable	14,439,392	-
2170	Due to other funds	11,615	-
2180	Due to other governments	8,862,762	1,179,803
2000	Total liabilities	<u>27,442,069</u>	<u>1,179,803</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2600	Unavailable revenue	1,203,073	460,040
	Total deferred inflows of resources	<u>1,203,073</u>	<u>460,040</u>
<b>FUND BALANCES</b>			
Nonspendable:			
3410	Inventories	382,477	-
3430	Prepaid items	561,638	-
Restricted:			
3450	Grant funds	-	-
3470	Capital projects	-	-
3480	Debt service	-	12,170,879
Assigned:			
3600	Unassigned	65,016,398	-
3000	Total fund balances	<u>65,960,513</u>	<u>12,170,879</u>
4000	<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u><u>\$ 94,605,655</u></u>	<u><u>\$ 13,810,722</u></u>

The Notes to the Financial Statements are an integral part of this statement.



<b>699</b>	<b>Other</b>	<b>98</b>
<b>Capital Projects</b>	<b>Governmental</b>	<b>Total</b>
<b>Fund</b>	<b>Funds</b>	<b>Governmental</b>
<b>Funds</b>	<b>Funds</b>	<b>Funds</b>
\$ 166,362	\$ 1,345,560	\$ 10,202,223
2,473,496	3,848,447	92,207,526
-	-	3,695,251
-	-	(2,032,388)
-	2,415,715	12,677,429
-	11,615	983,416
-	687,287	687,287
-	-	382,477
-	-	561,638
<u>2,639,858</u>	<u>8,308,624</u>	<u>119,364,859</u>
<u>\$ 2,639,858</u>	<u>\$ 8,308,624</u>	<u>\$ 119,364,859</u>
138,604	1,321,307	3,005,948
-	-	2,582,263
-	1,052,365	15,491,757
-	971,801	983,416
-	-	10,042,565
<u>138,604</u>	<u>3,345,473</u>	<u>32,105,949</u>
-	-	1,663,113
-	-	1,663,113
-	-	382,477
-	-	561,638
-	4,963,151	4,963,151
2,501,254	-	2,501,254
-	-	12,170,879
-	-	65,016,398
<u>2,501,254</u>	<u>4,963,151</u>	<u>85,595,797</u>
<u>\$ 2,639,858</u>	<u>\$ 8,308,624</u>	<u>\$ 119,364,859</u>

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**Grand Prairie Independent School District**  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 August 31, 2018

**Exhibit B-1R**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT B-1)** \$ 85,595,797

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:

Governmental capital assets costs	828,182,792	
Accumulated depreciation of governmental capital assets	<u>(292,599,851)</u>	535,582,941

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds. 1,663,113

Long-term liabilities, including bonds payable, workers' compensation, compensated absences, net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:

Bonds payable, at original par	(499,730,000)	
Premium on bonds payable	(49,653,680)	
Accrued interest on the bonds	(888,082)	
Note payable	(679,785)	
Capital lease liability	(10,988,252)	
Workers' compensation	(959,364)	
Compensated absences	(178,328)	
Net pension liability	(58,494,975)	
Net OPEB liability	<u>(99,200,795)</u>	(720,773,261)

Deferred charge on refunding is reported as deferred outflow in the statement of net position and is not reported in the funds due to it is not a current financial resource available to pay for current expenditures. 1,782,983

Deferred outflows for pension are included in the statement of net position and are not reported in the funds due to they are not current financial resources available to pay for current expenditures. 19,846,019

Deferred inflows for pension are included in the statement of net position and are not reported in the funds due to they are not current financial resources available to pay for current expenditures. (9,917,580)

Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. 1,744,986

Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. (41,495,880)

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)** \$ (125,970,882)

**Grand Prairie Independent School District**  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Governmental Funds  
For the Fiscal Year Ended August 31, 2018

Data Control Codes		199	599
		General Fund	Debt Service Fund
<b>REVENUES</b>			
5700	Total local and intermediate sources	\$ 84,078,695	\$ 27,988,281
5800	State program revenues	186,639,240	17,161,698
5900	Federal program revenues	3,870,927	-
5020	Total revenues	<u>274,588,862</u>	<u>45,149,979</u>
<b>EXPENDITURES</b>			
Current:			
0011	Instruction	171,783,119	-
0012	Instructional resources and media services	2,831,545	-
0013	Curriculum and staff development	3,180,402	-
0021	Instructional leadership	4,504,835	-
0023	School leadership	19,676,074	-
0031	Guidance, counseling, and evaluation services	11,152,008	-
0032	Social work services	190,526	-
0033	Health services	3,598,657	-
0034	Student (pupil) transportation	6,814,376	-
0035	Food services	471,233	-
0036	Cocurricular/extracurricular activities	5,374,901	-
0041	General administration	8,351,765	-
0051	Plant maintenance and operations	27,311,570	-
0052	Security and monitoring services	2,835,707	-
0053	Data processing services	5,854,896	-
0061	Community services	4,963,231	-
Debt service:			
0071	Debt service - Principal on long-term debt	4,395,392	21,259,498
0072	Debt service - Interest on long-term debt	823,606	20,658,816
0073	Debt service - Bond issuance costs and fees	1,974	20,515
Capital outlay:			
0081	Facilities acquisition and construction	5,405,616	-
Intergovernmental:			
0093	Payments to member districts of SSA	-	-
0095	Payments to Juvenile Justice Alternative Education Programs	81,924	-
0097	Payments to Tax Increment Fund	3,176,944	1,012,448
0099	Other intergovernmental charges	336,507	-
6030	Total expenditures	<u>293,116,808</u>	<u>42,951,277</u>
1100	Excess (Deficiency) of revenues over (under) expenditures	<u>(18,527,946)</u>	<u>2,198,702</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
7912	Sale of real or personal property	322,926	-
7913	Proceeds from capital leases	14,779,954	-
7914	Proceeds from loans	816,000	-
7080	Total other financing sources (uses)	<u>15,918,880</u>	<u>-</u>
1200	Net change in fund balances	<u>(2,609,066)</u>	<u>2,198,702</u>
0100	Fund balances - beginning	68,569,579	9,972,177
3000	<b>FUND BALANCES - ENDING</b>	<u>\$ 65,960,513</u>	<u>\$ 12,170,879</u>

The Notes to the Financial Statements are an integral part of this statement.

699	Other	98
Capital Projects	Governmental	Total
Fund	Funds	Governmental
Funds	Funds	Funds
\$ 411,864	\$ 5,830,136	\$ 118,308,976
-	2,665,053	206,465,991
-	31,249,728	35,120,655
<u>411,864</u>	<u>39,744,917</u>	<u>359,895,622</u>
-	8,151,345	179,934,464
-	22,332	2,853,877
-	5,636,627	8,817,029
-	336,859	4,841,694
-	240,433	19,916,507
-	2,410,409	13,562,417
-	587,657	778,183
-	1,727	3,600,384
-	518,384	7,332,760
-	18,618,597	19,089,830
-	1,008,428	6,383,329
-	7,083	8,358,848
-	350,000	27,661,570
-	-	2,835,707
-	62,379	5,917,275
-	1,064,595	6,027,826
-	-	25,654,890
-	-	21,482,422
-	-	22,489
34,640,781	-	40,046,397
-	404,608	404,608
-	-	81,924
-	-	4,189,392
-	-	336,507
<u>34,640,781</u>	<u>39,421,463</u>	<u>410,130,329</u>
<u>(34,228,917)</u>	<u>323,454</u>	<u>(50,234,707)</u>
-	-	322,926
-	-	14,779,954
-	-	816,000
-	-	15,918,880
<u>(34,228,917)</u>	<u>323,454</u>	<u>(34,315,827)</u>
36,730,171	4,639,697	119,911,624
<u>\$ 2,501,254</u>	<u>\$ 4,963,151</u>	<u>\$ 85,595,797</u>

# Grand Prairie Independent School District

# Exhibit B-2R

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended August 31, 2018

<b>TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUND (EXHIBIT B-2)</b>		<b>\$ (34,315,827)</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital asset additions	\$ 58,974,669	
Depreciation expense	<u>(23,045,972)</u>	35,928,697
<p>Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year.</p>		
		(491,834)
<p>Issuance of long-term debt (e.g., bonds, loans, capital leases) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.</p>		
<p>Debt issued:</p>		
Capital lease	(14,779,954)	
Loan payable	<u>(816,000)</u>	(15,595,954)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		25,642,415
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The (increase) decrease in interest reported in the statement of activities consist of the following:</p>		
Accrued interest on current interest bonds payable (increased) decreased	(46,183)	
Accreted interest paid	825,502	
Interest accreted on the capital appreciation bonds	(37,200)	
Amortization of bond premium and discount	3,437,119	
Amortization of defeasance costs	<u>(668,527)</u>	3,510,711
<p>The (increase) decrease in workers' compensation is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.</p>		
		(23,144)
<p>The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.</p>		
		(3,838)
<p>The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:</p>		
Deferred outflows increased (decreased)	(7,723,060)	
Deferred inflows (increased) decreased	(5,862,009)	
Net pension liability (increased) decreased	<u>11,834,929</u>	(1,750,140)
<p>The net change in net OPEB liability, deferred outflows and deferred inflows is reported in the statement of activities, but does not require the use of current financial resources and, therefore, is not reported as revenue or expenditures in the governmental funds. The net change consists of the following:</p>		
Deferred outflows increased (decreased)	558,488	
Deferred inflows (increased) decreased	(41,495,880)	
Net OPEB liability (increased) decreased	<u>75,933,197</u>	34,995,805
<b>CHANGE IN NET POSITION FOR GOVERNMENTAL ACTIVITIES (EXHIBIT A-2)</b>		<b><u>\$ 47,896,891</u></b>

The Notes to the Financial Statements are an integral part of this statement.

**Grand Prairie Independent School District**  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Fund  
August 31, 2018

**Exhibit D-1**

<u>Data Control Codes</u>		<u>Agency Fund</u>
	<b>ASSETS</b>	
1110	Cash and cash equivalents	\$ 159,198
1120	Current investments	309,293
1000	<b>TOTAL ASSETS</b>	<u>\$ 468,491</u>
	<b>LIABILITIES</b>	
2190	Due to student groups	\$ 468,491
2000	<b>TOTAL LIABILITIES</b>	<u>\$ 468,491</u>

The Notes to the Financial Statements are an integral part of this statement.

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# Grand Prairie Independent School District

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies

#### A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities* are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions.

#### B. Reporting Entity

The Grand Prairie Independent School District (District) is governed by a seven-member board of trustees (Board), which has governance responsibilities over all activities related to public, elementary and secondary, education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District. Additionally, no other organizations are required to be included within the District's reporting entity.

#### C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

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

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital projects fund* accounts for the acquisition and construction of the District's major capital facilities, other than those financed by proprietary funds.

The District reports the following Non-Major funds:

The *special revenue funds* are used to account for Food Services activities, federal and state financed programs and other local programs where unused balances are returned to the grantor at the close of specified project periods. The budget for the Food Services Fund is adopted by the Board each fiscal year.

## Grand Prairie Independent School District

### Notes to the Financial Statements

Additionally, the District reports the following fiduciary fund:

The *agency fund* accounts for assets held by the District for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operations.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the governmental funds included in the governmental activities (i.e., the governmental funds) column are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the governmental funds included in governmental activities are eliminated.

#### **E. Change in Accounting Principle**

In fiscal year 2018, the District implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions – which supersedes GASB Statement No. 45*.

The requirements of Statement No. 75 apply to the financial statements of all state and local government employers whose employees are provided postemployment benefits other than pensions that are administered through trusts or equivalent arrangements, and to the financial statements of state and local government in which the non-employer contributing entity (State) and District have a legal obligation to make contributions directly to such OPEB plan. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to the OPEB plan. Note disclosure and RSI requirements about the OPEB plan also are addressed. The implementation of Statement No. 75 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively. The calculation of OPEB contributions is unaffected by the change. However, the implementation has resulted in the restatement of the District's beginning net position for the fiscal year 2018 government-wide financial statements to reflect the reporting of net OPEB liability and deferred inflows of resources and deferred outflows of resources for its qualified OPEB plan and the recognition of OPEB expense in accordance with the provisions of the Statement. Net position as of September 1, 2017 was decreased by \$173,947,494 to reflect the cumulative effect of implementation. An aggregate net OPEB liability of \$175,133,992 offset by aggregate deferred outflows of resources of \$1,186,498 at August 31, 2017 were reported as a prior period adjustment to the net position on September 1, 2017. Refer to Note 4.D. for more information regarding the District's OPEB plan. At transition, a government recognizes a beginning deferred outflows of resources for its OPEB contributions, if any, made subsequent to the measurement date of the beginning net OPEB liability. Since the measurement date of the OPEB plan was different than the District's fiscal year-end, the effects from the plan reported contributions to the plan subsequent to the respective measurement date as an increase in deferred outflows of resources and a decrease in net position. The beginning deferred outflows for OPEB includes contributions from September 1, 2016 through August 31, 2017, totaling \$1,729,459.

## **Grand Prairie Independent School District**

### Notes to the Financial Statements

#### **F. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

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

#### **G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

##### **1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, and demand or time deposits with original maturities of three months or less from the date of acquisition.

##### **2. Investments**

Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in investment pools. In accordance with state law, the pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as a 2a7-like pool and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

# Grand Prairie Independent School District

## Notes to the Financial Statements

### 3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### 4. Capital Assets

Capital assets, which include land and improvements, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings and improvements	7-50
Furniture and equipment	3-25

### 5. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

## Grand Prairie Independent School District

### Notes to the Financial Statements

The components of the deferred outflows of resources and deferred inflows of resources in the government-wide and fund level financial statements are as follows:

	Statement of	Balance Sheet - Governmental Funds	
	Net Position	General	Debt Service
	Governmental	Fund	Fund
	Activities		
Deferred outflows of resources			
Deferred outflows from pension activities	\$ 19,846,019	\$ -	\$ -
Deferred outflows from OPEB activities	1,744,986	-	-
Deferred loss on refunding	15,334,969	-	-
<b>Total deferred outflows of resources</b>	<b>\$ 36,925,974</b>	<b>\$ -</b>	<b>\$ -</b>
Deferred inflows of resources			
Deferred inflows from pension activities	\$ 9,917,580	\$ -	\$ -
Deferred inflows from OPEB activities	41,495,880	-	-
Unavailable property taxes	-	1,203,073	460,040
Deferred gain on refunding	13,551,986	-	-
<b>Total deferred inflows of resources</b>	<b>\$ 64,965,446</b>	<b>\$ 1,203,073</b>	<b>\$ 460,040</b>

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB except for projected and actual earnings differences on investments which are amortized on a closed basis over a five-year period.
- District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent fiscal year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.

#### 6. Pension

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### 7. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

## **Grand Prairie Independent School District**

### Notes to the Financial Statements

#### **8. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

#### **9. Fund Balance Flow Assumptions**

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Restricted fund balance reflects resources that are externally enforceable legal restrictions imposed by parties outside of the District. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### **10. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these amounts can only be used for the purpose intended, which requires formal Board action to establish (as noted in Board minutes or resolution), unless the Board modifies or removes the specified use by taking the same formal Board action.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board of trustees (Board) has by resolution authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

#### **11. Pension**

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.C. and the RSI section immediately following the Notes to the Financial Statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability for the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the respective pensions' fiscal year-end.

# Grand Prairie Independent School District

## Notes to the Financial Statements

Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

### H. Revenues and Expenditures/Expenses

#### 1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

#### 2. Property Taxes

Property values are determined by the Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

#### 3. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick leave benefits. Payment for unused state sick leave days accumulated locally will be made upon retirement (in accordance with guidelines established by the Teacher Retirement System of Texas). All sick pay is accrued when incurred (employee is eligible for retirement) in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, the result of employee terminations or retirement.

The District does not have a liability for unpaid local leave at year end due to the District's policy does not allow a payment for unused local leave not taken at upon retirement or termination.

#### 4. Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### 5. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by TEA in the Financial Accountability System Resource Guide. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide data base for policy development and funding plans.

# Grand Prairie Independent School District

## Notes to the Financial Statements

### Note 2. Stewardship, Compliance, and Accountability

#### A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, *National School Breakfast and Lunch Program* special revenue fund and, debt service fund. All other governmental funds adopt project length budgets. All annual appropriations lapse at fiscal year-end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a campus/department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The District made several supplemental budgetary appropriations throughout the year that were not significant to a function.

#### B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

### Note 3. Detailed Notes on All Funds

#### A. Deposits and Investments

Cash Deposits. The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.



## Grand Prairie Independent School District

### Notes to the Financial Statements

Investments. The District's investment policy is in accordance with the Public Funds Investment Act (PFIA), the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm (NRIRF) not less than A or its equivalent; 2) Certificates of deposit issued by a depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Securities lending program if the loan is secured by pledged securities, irrevocable letters of credit, or cash and the term of the loan is one year or less; 5) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 6) Commercial paper that has a stated maturity of 270 days or fewer from the date of issuance is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies; 7) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRIRF. 8) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 9) Public funds investment pools which meets the requirements of the Public Funds Investment Act.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs-other than quoted prices included within Level 1- that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

# Grand Prairie Independent School District

## Notes to the Financial Statements

The District's investments are in investment pools and are not subject to fair value measurements as presented in the table below. The District's investment balances and weighted average maturity of such investments are as follows:

	Fair Value Measurements				Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
	August 31, 2018	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs			
Cash							
Bank deposits	\$ 10,361,421	\$ -	\$ -	\$ -			
<b>Total cash</b>	<b>\$ 10,361,421</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>			
Investments measured at amortized cost							
Investment pools							
TexPool	\$ 5,305,048	\$ -	\$ -	\$ -	5.73%	28	AAAm
Investments measured at net asset value (NAV), fair value							
Investment pools							
Texas class	71,781,596	-	-	-	77.59%	39	AAAm
Lonestar	18,206	-	-	-	0.02%	20	AAAm
TexStar	1,140,698	-	-	-	1.23%	24	AAAm
Investments by fair value level							
U.S. Government agency securities							
Federal Home Loan Mortgage Corp.	428,482	-	428,482	-	0.46%	600	AA+
Municipal bonds	2,065,882	2,065,882	-	-	2.23%	156	AA
Fixed income	11,776,907	11,776,907	-	-	12.73%	608	NR
<b>Total investments</b>	<b>\$ 92,516,819</b>	<b>\$ 13,842,789</b>	<b>\$ 428,482</b>	<b>\$ -</b>			
<b>Total cash and investments</b>	<b>\$ 102,878,240</b>	<b>\$ 13,842,789</b>	<b>\$ 428,482</b>	<b>\$ -</b>			

Portfolio Weighted Average Maturity

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Investment Pools are measured at amortized cost and are exempt for fair value reporting. The Texpool and Lone Star investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions.

Texpool and Lone Star have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Credit Risk. For fiscal year 2018, the District invested in Texpool, Texas Class, Lone Star, and TexStar. Texpool is duly chartered and administered by the State Comptroller's Office. Texas Class is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by Public Trust Advisors, LLC. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Public, LLC, formerly the Texas Association of School Boards Financial Services. TexStar is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. At year end, the District's investments were rated as noted in the table above. All credit ratings met acceptable levels required by legal guidelines prescribed in both the PPIA and the District's investment policy.

# Grand Prairie Independent School District

## Notes to the Financial Statements

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any other individual investment not to exceed one year from the time of purchase, unless specifically authorized by the Board of Trustees.

Concentration of Credit Risk. The District's investment policy does not limit an investment in any one issuer. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specified class of investments, specific maturity, or specific issuer.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2018, District's bank balances of \$10,361,421 were not exposed to custodial credit risk because balances were insured and collateralized with securities held by the District's agent in the District's name.

### B. Receivables

Tax revenues of the general and debt service fund are reported net of estimated uncollectible amounts based on collection history.

### C. Interfund Receivables and Payables

#### 1. Receivables/Payables

The composition of interfund balances as of August 31, 2018, is as follows:

Fund	Interfund Receivables	Interfund Payables
General fund	\$ 971,801	\$ 11,615
Nonmajor governmental funds	11,615	971,801
<b>Totals</b>	<b>\$ 983,416</b>	<b>\$ 983,416</b>

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are primarily paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

#### 2. Transfers

There were no transfers for the year ended August 31, 2018.

**Grand Prairie Independent School District**  
Notes to the Financial Statements

**D. Capital Assets**

Capital asset activity for the year ended August 31, 2018 was as follows:

	Beginning Balance	Additions	Transfers	Retirements & Adjustments	Ending Balance
Governmental activities					
Capital assets, not being depreciated					
Land and improvements	\$ 23,377,072	\$ 449,000	\$ -	\$ -	\$ 23,826,072
Construction in progress	69,756,902	40,430,181	(103,745,837)	-	6,441,246
Total capital assets, not being depreciated	93,133,974	40,879,181	(103,745,837)	-	30,267,318
Capital assets, being depreciated					
Buildings and improvements	626,679,667	-	103,745,837	-	730,425,504
Furniture and equipment	50,002,982	18,095,488	-	(608,500)	67,489,970
Total capital assets, being depreciated	676,682,649	18,095,488	103,745,837	(608,500)	797,915,474
Less accumulated depreciation for					
Buildings and improvements	(233,321,187)	(15,578,751)	-	-	(248,899,938)
Furniture and equipment	(36,841,192)	(7,467,221)	-	608,500	(43,699,913)
Total accumulated depreciation	(270,162,379)	(23,045,972)	-	608,500	(292,599,851)
Total capital assets, being depreciated, net	406,520,270	(4,950,484)	103,745,837	-	505,315,623
<b>Governmental activities capital assets, net</b>	<b>\$ 460,117,035</b>	<b>\$ 35,928,697</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 535,582,941</b>

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

Governmental activities		
11	Instruction	\$ 17,250,440
23	School leadership	681,815
31	Instructional leadership	3,379
34	Student transportation	753,896
35	Food service	416,561
36	Extracurricular activities	3,218,236
41	General administration	132,600
51	Facilities maintenance and operations	584,812
52	Security and monitoring services	4,233
<b>Total depreciation expense - governmental activities</b>		<b>\$ 23,045,972</b>

# Grand Prairie Independent School District

## Notes to the Financial Statements

### Construction Commitments

The District has active construction projects as of August 31, 2018. The projects include the construction and equipment of school facilities. At year-end, the District's active commitments with contractors are as follows:

Project	Remaining Commitment
Grand Prairie HS Additions and Renovations	\$ 932,263
South Grand Prairie HS Additions & Renovations	989,434
Austin Elementary Additions & Renovations	228,892
Bowie Elementary Additions & Renovations	776,644
Garner Fine Arts Academy Additions & Renovations	14,122
Daniels Elementary HVAC Replacement	151,589
Lee Elementary HVAC Replacement	333,964
YMLA @ Kennedy Middle HVAC Replacement	35,166
Bonham Early Education Center	13,292
Districtwide Lighting & Energy Projects	14,695
<b>Total</b>	<b>\$ 3,490,061</b>

### E. Long-term Liabilities

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

#### 1. Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2018, was as follows:

	Beginning Balance	Additions and (Provision Adjustment)	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 521,444,498	\$ -	\$ (21,714,498)	\$ 499,730,000	\$ 23,475,000
Deferred amounts					
For issuance premiums (CIB's)	53,090,799	-	(3,437,119)	49,653,680	-
For accreted interest (CAB's)	788,302	37,200	(825,502)	-	-
Total bonds payable, net	575,323,599	37,200	(25,977,119)	549,383,680	23,475,000
Lease payable	-	14,779,954	(3,791,702)	10,988,252	3,578,716
Note payable		816,000	(136,215)	679,785	155,428
Workers' compensation	936,220	681,833	(658,689)	959,364	959,364
Compensated absences	174,490	39,168	(35,330)	178,328	178,328
Net pension liability	70,329,904	6,242,055	(18,076,984)	58,494,975	-
Net OPEB liability*	175,133,992	16,787	(75,949,984)	99,200,795	-
<b>Governmental activity Long-term liabilities</b>	<b>\$ 821,898,205</b>	<b>\$ 22,612,997</b>	<b>\$ (124,626,023)</b>	<b>\$ 719,885,179</b>	<b>\$ 28,346,836</b>

\*Per GASB 75, beginning balance for net OPEB liability includes the restatement of net OPEB liability September 1, 2017

# Grand Prairie Independent School District

## Notes to the Financial Statements

### 2. General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school buildings (BLDG) and to refund general obligation bonds (REF).

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as 2-31 year current interest (CIB) or capital appreciation bonds (CAB) with various amounts of principal maturing each year. Rates may be fixed or variable.

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

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>Bonded indebtedness</b>							
2000A (REF)(CAB)	-	\$ 24,588,398	2018	\$ 494,498	\$ -	\$ (494,498)	\$ -
2008 (BLDG)	2.00-4.77%	60,465,000	2037	1,090,000	-	(1,090,000)	-
2011 (BLDG)	2.00-4.00%	45,000,000	2029	22,845,000	-	(2,295,000)	20,550,000
2011 (REF)	2.00-5.00%	55,805,000	2026	54,670,000	-	(3,235,000)	51,435,000
2012 (BLDG)	2.00-3.00%	8,900,000	2029	7,020,000	-	(510,000)	6,510,000
2013 (BLDG)	2.00-4.00%	13,945,000	2030	11,550,000	-	(675,000)	10,875,000
2013 (REF)	0.23-2.04%	19,245,000	2020	11,470,000	-	(3,760,000)	7,710,000
2014 (REF)	2.00-4.00%	22,535,000	2024	19,615,000	-	(405,000)	19,210,000
2015 (REF)	3.00-5.25%	127,820,000	2037	126,720,000	-	(1,935,000)	124,785,000
2016 (REF)	2.00-4.00%	94,640,000	2033	91,895,000	-	(2,395,000)	89,500,000
2016 (BLDG)	2.00-5.00%	61,895,000	2041	59,240,000	-	(2,175,000)	57,065,000
2016A (REF)	4.00-5.00%	47,440,000	2041	46,730,000	-	(90,000)	46,640,000
2016B (REF)	2.00-5.00%	37,975,000	2031	37,310,000	-	(2,090,000)	35,220,000
2016 (BLDG)	4.00-5.00%	17,090,000	2041	17,090,000	-	(110,000)	16,980,000
2017 (MTN)	3.00-5.00%	13,705,000	2032	13,705,000	-	(455,000)	13,250,000
<b>Total bonded indebtedness</b>				<b>\$ 521,444,498</b>	<b>\$ -</b>	<b>\$ (21,714,498)</b>	<b>\$ 499,730,000</b>
<b>Other direct obligations</b>							
Note payable	4.50%	816,000	2023	-	816,000	(136,215)	679,785
<b>Total other obligations</b>				<b>-</b>	<b>816,000</b>	<b>(136,215)</b>	<b>679,785</b>
<b>Total obligations of district</b>				<b>\$ 521,444,498</b>	<b>\$ 816,000</b>	<b>\$ (21,850,713)</b>	<b>\$ 500,409,785</b>

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

Years Ending August 31,	Principal Value	Interest	Total Requirements
2019	\$ 23,475,000	\$ 22,228,190	\$ 45,703,190
2020	24,130,000	21,363,341	45,493,341
2021	25,125,000	20,324,544	45,449,544
2022	25,065,000	19,238,744	44,303,744
2023	26,065,000	18,185,950	44,250,950
2024-2028	142,415,000	73,224,107	215,639,107
2029-2033	135,805,000	42,380,445	178,185,445
2034-2038	83,325,000	13,915,700	97,240,700
2039-2041	14,325,000	1,098,125	15,423,125
<b>Totals</b>	<b>\$ 499,730,000</b>	<b>\$ 231,959,146</b>	<b>\$ 731,689,146</b>

As of August 31, 2018, the District did not have any authorized, but unissued bonds for school building purposes. The District does have \$32,319,011 of authorized, but unissued debt for refunding purposes which serves to replace interest cost with principal amortization when applicable.

## Grand Prairie Independent School District

### Notes to the Financial Statements

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of: (1) the amount earned on investments purchased with bond proceeds, or (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The District has estimated that it has no arbitrage liability as of August 31, 2018.

### 3. Note Payable

On September 9, 2017, the District entered into a note payable with Grand Bank of Texas to finance the purchase of a building to be used by the District. The total note was \$816,000 with an additional \$98,237 in interest, and is seen as an addition on the long term debt rollforward. The note requires a total payment of \$914,237 over 60 months, maturing on September 19, 2022. The first payment was made on October 19, 2017. Debt service payments for the note will be paid from the general fund. The payment requirements are on the following page:

Years Ending August 31,	Principal Value	Interest	Total Requirements
2019	\$ 155,428	\$ 27,420	\$ 182,848
2020	162,568	20,280	182,848
2021	170,036	12,812	182,848
2022	177,847	5,000	182,847
2023	13,906	53	13,959
<b>Totals</b>	<u>\$ 679,785</u>	<u>\$ 65,565</u>	<u>\$ 745,350</u>

### 4. Capital Leases

In fiscal year ended August 31, 2018, the District entered into a lease agreement as lessee for financing the acquisition of various apple computers which is payable from the general fund. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the capital lease are as follows:

	Governmental Activities
Assets:	
Equipment	\$ 14,779,954
Less: Accumulated depreciation	<u>(2,955,991)</u>
Total	<u>\$ 11,823,963</u>

## Grand Prairie Independent School District

### Notes to the Financial Statements

The future minimum lease obligations and the net present value of these minimum lease payments as of August 31, 2018 are as follows:

Years Ending August 31,	Governmental Activities
2019	\$ 3,834,750
2020	3,834,750
2021	<u>3,834,750</u>
Total minimum future lease payments	11,504,250
Less: amount representing interest	<u>(515,998)</u>
Present value of minimum lease payments	<u>\$ 10,988,252</u>

### F. Revenues from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General	Debt Service	Capital Projects	Other Governmental Funds	Totals
Property taxes	\$ 76,360,311	\$ 27,671,598	\$ -	\$ -	\$ 104,031,909
Investment income	1,637,542	316,683	346,066	38,678	2,338,969
Food sales	-	-	-	3,240,145	3,240,145
Extracurricular activities	381,357	-	-	-	381,357
Other	5,699,485	-	65,798	2,551,313	8,316,596
<b>Totals</b>	<u>\$ 84,078,695</u>	<u>\$ 27,988,281</u>	<u>\$ 411,864</u>	<u>\$ 5,830,136</u>	<u>\$ 118,308,976</u>

### Note 4. Other Information

#### A. Risk Management

##### 1. Property/Liability

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

##### 2. Health Care Coverage

During the year ended August 31, 2018, employees of the District were covered by a health insurance plan. The District paid premiums of \$350 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The contract between the District and the licensed insurer is renewable annually and terms of coverage and premium costs are included in the contractual provisions.



# Grand Prairie Independent School District

## Notes to the Financial Statements

### 3. Workers' Compensation

The District is self-insured for workers' compensation coverage and such transactions are accounted in an internal service fund. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other nonincremental claims adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$1,000,000. Settlements have not exceeded coverages for each of the past three fiscal years and there were no significant reductions in insurance coverage from the prior year. The workers' compensation claims liability is presented at a discounted rate of 3% in the amount of \$959,364.

Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended August 31, 2018	Year Ended August 31, 2017
Unpaid claims, beginning of fiscal year	\$ 936,220	\$ 1,104,083
Incurred claims, including incremental provision for IBNRs	681,833	583,833
Claim payments	(658,689)	(751,696)
<b>Unpaid claims, end of fiscal year</b>	<b>\$ 959,364</b>	<b>\$ 936,220</b>

### B. Litigation and Contingencies

The District is a defendant in various lawsuits arising principally in the normal course of operations. In the opinion of the District's management, the potential losses, after insurance coverage, on all allegations, claims, and lawsuits will not have a material effect on the District's financial position, results of operations or liquidity.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2018, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

### C. Defined Benefit Pension Plan

#### 1. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

# Grand Prairie Independent School District

## Notes to the Financial Statements

### 2. Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

### 3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with five years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of services credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad-hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

### 4. Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	2017	2018
Member	7.2%	7.7%
Non-employer contributing entity (State)	6.8%	6.8%
Employers / District	6.8%	6.8%

The contribution amounts for the District's fiscal year 2018 are as follows:

District contributions	\$ 5,995,769
Member contributions	5,931,995
NECE on-behalf contributions (State)	6,847,147

# Grand Prairie Independent School District

## Notes to the Financial Statements

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

### 5. Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	8.00%
Long-term expected Investment rate of return	8.00%
Inflation	2.50%
Salary increases including inflation	3.50% to 9.50%
Payroll growth rate	2.50%
Benefit changes during the year	None
Ad-hoc post-employment benefit changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

## Grand Prairie Independent School District

### Notes to the Financial Statements

#### 6. Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-term Expected Portfolio Real Rate of Return*
Global equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. developed	13.0%	5.1%	0.8%
Emerging markets	9.0%	5.9%	0.7%
Directional hedge funds	4.0%	3.2%	0.1%
Private equity	13.0%	7.0%	1.1%
Stable value:			
U.S. treasuries	11.0%	0.7%	0.1%
Absolute return	0.0%	1.8%	0.0%
Stable value hedge funds	4.0%	3.0%	0.1%
Cash	1.0%	(0.2%)	0.0%
Real return:			
Global inflation linked bonds	3.0%	0.9%	0.0%
Real assets	16.0%	5.1%	1.1%
Energy and natural resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk parity			
Risk parity	5.0%	6.7%	0.3%
Inflation expectation			2.2%
Alpha	0.0%		1.0%
<b>Total</b>	100.0%		8.7%

\*The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

# Grand Prairie Independent School District

## Notes to the Financial Statements

### 7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the net pension liability.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Proportionate share of the net pension liability	\$ 98,610,970	\$ 58,494,975	\$ 25,091,898

### 8. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2018, the District reported a liability of \$58,494,975 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 58,494,975
State's proportionate share of the net pension liability associated with the District	<u>89,768,017</u>
<b>Total</b>	<u><u>\$ 148,262,992</u></u>

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017, the employer's proportion of the net pension liability was 0.1829419%, which was a decrease of 0.0031726% from its proportionate share of 0.1861145% measured as of August 31, 2016.

### 9. Changes since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the fiscal year ended August 31, 2018, the District recognized pension expense of \$8,697,287 and revenue of \$6,947,147 for support provided by the state.

## Grand Prairie Independent School District

### Notes to the Financial Statements

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actuarial experience	\$ 855,808	\$ 3,154,557
Changes of assumptions	2,664,539	1,525,386
Difference between projected and actual investment earnings	-	4,262,986
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	10,068,984	974,651
District contribution after measurement date	6,256,688	-
<b>Totals</b>	<b>\$ 19,846,019</b>	<b>\$ 9,917,580</b>

\$6,256,688 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2018. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Years Ending August 31,	
2019	\$ 396,411
2020	4,130,297
2021	109,526
2022	(973,192)
2023	189,822
Thereafter	(181,113)
<b>Total</b>	<b>\$ 3,671,751</b>

#### D. Defined Other Post-Employment Benefit Plan

##### 1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

##### 2. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

##### 3. Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

# Grand Prairie Independent School District

## Notes to the Financial Statements

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least ten years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

	TRS-Care 1 Basic Plan	TRS-Care 2 Optional Plan	TRS-Care 3 Optional Plan
Retiree*	\$ -	\$ 70	\$ 100
Retiree and spouse	20	175	255
Retiree* and children	41	132	182
Retiree and family	61	237	337
Surviving children only	28	62	82

\* or surviving spouse

### 4. Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	2017	2018
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.00%	1.25%
Employers / District	0.55%	0.75%
Federal / Private funding remitted by employers	1.00%	1.25%

The contribution amounts for the District's fiscal year 2018 are as follows:

District contributions	\$ 1,185,998
Member contributions	1,239,535
NECE on-behalf contributions (State)	(49,649,415)

# Grand Prairie Independent School District

## Notes to the Financial Statements

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether or not they participate in the TRS Care OPEB program*). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017 and \$182.6 million in fiscal year 2018.

### 5. Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Expected payroll growth
Rates of disability incidence	
Additional actuarial methods and assumptions:	
Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Inflation	2.50%
Discount rate*	3.42%*
Aging factors	Based on plan specific experience
Expenses	third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll growth rate	2.50%
Projected salary increases**	3.50% to 9.50%**
Healthcare trend rates***	4.50% to 12.00%***
Election Rates	
Normal retirement	70% participation prior to age 65 and 75% participation after age 65
Ad hoc post-employment benefit changes	None

\***Source:** Fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.

\*\*Includes inflation at 2.50%

\*\*\*Initial trend rates are 7.00% for non-Medicare retiree; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.

**Other information:** There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase-out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.



# Grand Prairie Independent School District

## Notes to the Financial Statements

### Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Asset Class	Target Allocation	Geometric Real Rate of Return	Portfolio Returns
Global equity			
U.S.	18.0%	4.6%	1.0%
Non-U.S. developed	13.0%	5.1%	0.8%
Emerging markets	9.0%	5.9%	0.7%
Directional hedge funds	4.0%	3.2%	0.1%
Private equity	13.0%	7.0%	1.1%
Stable value			
U.S. treasuries	11.0%	0.7%	0.1%
Absolute return	0.0%	1.8%	0.0%
Stable value hedge funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	0.0%
Real return			
Global inflation linked bonds	3.0%	0.9%	0.0%
Real assets	16.0%	5.1%	1.1%
Energy and natural resources	3.0%	6.6%	0.2%
Commodities	0.0%	1.2%	0.0%
Risk parity	5.0%	6.7%	0.3%
Inflation expectation	-	-	2.2%
Alpha	-	-	0.01
<b>Totals</b>	100.0%		8.7%

\* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

### 6. Sensitivity of the Net OPEB Liability

#### Discount Rate

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumptions		
1% Decrease (2.42%)	Current Discount Rate (3.42%)	1% Increase (4.42%)
\$ 117,081,565	\$ 99,200,795	\$ 84,828,687

# Grand Prairie Independent School District

## Notes to the Financial Statements

### Healthcare Cost Trend Rates

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed health-care cost trend rate.

#### Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 82,594,572	\$ 99,200,795	\$ 120,990,251

### 7. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2018, the District reported a liability of \$99,200,795 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 99,200,795
State's proportionate share of the net OPEB liability associated with the District	148,372,592
<b>Total</b>	<b>\$ 247,573,387</b>

The net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was .002281199% which was the same proportion measured as of August 31, 2016.

### 8. Changes since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

1. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.

## Grand Prairie Independent School District

### Notes to the Financial Statements

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

GASB 75 requires the District to record OPEB expense for the amount of the State's proportionate share of the collective OPEB expense that is allocated to the District and record revenue in the same amount for the support provided for the State. For the measurement period ended August 31, 2017, the State's proportionate share of the collective OPEB expense was a negative expense of \$8,504,163,580 and the District's proportionate share is a negative \$49,649,415. The amount is recorded as a negative revenue and negative expense for the District's year ended August 31, 2018.

For the year ended August 31, 2018, the District recognized total negative OPEB expense of (\$84,645,220) which includes both the District's proportionate share of the collective OPEB expense and the State's proportionate share of the collective OPEB expense that is allocated to the District as described above.

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual economic experience	\$ -	\$ 2,070,892
Changes of assumptions	-	39,424,988
Net difference between projected and actual earnings on pension plan investments	15,069	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	458	-
District contributions after measurement date	1,729,459	-
<b>Totals</b>	<u>\$ 1,744,986</u>	<u>\$ 41,495,880</u>

\$1,729,459 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2019. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending August 31,	
<u>                    </u>	
2019	\$ (5,473,380)
2020	(5,473,380)
2021	(5,473,380)
2022	(5,473,380)
2023	(5,477,148)
Thereafter	(14,109,685)
<b>Total</b>	<u>\$ (41,480,353)</u>

# Grand Prairie Independent School District

## Notes to the Financial Statements

### E. Joint Ventures – Shared Service Agreement

#### Irving Regional School Program for the Deaf

The District participates in the Regional Day School for the Deaf with Irving Independent School District acting as the fiscal agent and the District as a member district. The District's portion of expenditures for the year ended August 31, 2018, totaled \$404,608. The District does not account for the revenues or expenditures for this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in capital assets purchased by the fiscal agent, Irving Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal contingencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the Shared Service Arrangements.

### F. Nonmonetary Transactions

During 2018, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$1,043,549. The District received the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$1,043,549 in a special revenue fund as both state revenues and expenditures, which represent the amount of consideration given by the State of Texas.

### G. Line of Credit

In 2018, the District maintains a \$1 million line of credit agreement with a bank vendor payment and payment card system. The line is unsecured and both the bank and the District can exit the agreement at any time.

### H. Cumulative Effect of Change in Accounting Principle

Net position at September 1, 2017 was restated per the following table for the implementation of GASB 75:

	Governmental Activities
Beginning net position, as previously reported	\$ 79,721
Implementation of GASB 75 for OPEB	(173,947,494)
<b>Beginning net position, restated</b>	<b>\$ (173,867,773)</b>

## **Required Supplementary Information**

# Grand Prairie Independent School District

# Exhibit E-1

## Required Supplementary Information Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund For the Fiscal Year Ended August 31, 2018

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts			Positive
		Original	Final	Actual	(Negative)
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 80,837,034	\$83,175,563	\$84,078,695	\$ 903,132
5800	State program revenues	186,455,278	184,655,278	186,639,240	1,983,962
5900	Federal program revenues	3,432,200	3,502,200	3,870,927	368,727
5020	Total revenues	<u>270,724,512</u>	<u>271,333,041</u>	<u>274,588,862</u>	<u>3,255,821</u>
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	162,995,996	162,114,001	171,783,119	(9,669,118)
0012	Instructional resources and media services	3,314,761	2,986,102	2,831,545	154,557
0013	Curriculum and staff development	4,602,033	3,539,829	3,180,402	359,427
0021	Instructional leadership	4,732,506	4,735,725	4,504,835	230,890
0023	School leadership	18,824,078	19,777,620	19,676,074	101,546
0031	Guidance, counseling, and evaluation services	11,516,681	11,334,587	11,152,008	182,579
0032	Social work services	271,484	496,245	190,526	305,719
0033	Health services	3,622,211	3,824,539	3,598,657	225,882
0034	Student transportation	6,388,329	7,714,393	6,814,376	900,017
0035	Food services	-	650,000	471,233	178,767
0036	Extracurricular activities	5,426,388	5,566,360	5,374,901	191,459
0041	General administration	7,688,499	8,707,312	8,351,765	355,547
0051	Plant maintenance and operations	28,140,989	28,875,856	27,311,570	1,564,286
0052	Security and monitoring services	2,677,065	2,751,420	2,835,707	(84,287)
0053	Data processing services	7,644,584	7,119,590	5,854,896	1,264,694
0061	Community services	5,130,543	5,082,782	4,963,231	119,551
Debt service:					
0071	Debt service - Principal on long-term debt	1,210,000	1,278,000	4,395,392	(3,117,392)
0072	Debt service - Interest on long-term debt	-	-	823,606	(823,606)
0073	Debt service - Bond issuance costs and fees	-	-	1,974	(1,974)
Capital outlay:					
0081	Facilities acquisition and construction	2,800,000	6,128,594	5,405,616	722,978
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Education Programs	85,000	85,000	81,924	3,076
0097	Payments to Tax Increment Fund	3,176,944	3,176,944	3,176,944	-
0099	Other intergovernmental charges	354,374	354,374	336,507	17,867
6030	Total expenditures	<u>280,602,465</u>	<u>286,299,273</u>	<u>293,116,808</u>	<u>(6,817,535)</u>
1100	Excess (Deficiency) of revenues over (under) expenditures	<u>(9,877,953)</u>	<u>(14,966,232)</u>	<u>(18,527,946)</u>	<u>(3,561,714)</u>
<b>OTHER FINANCING SOURCES:</b>					
7912	Sale of real or personal property	-	10,902	322,926	312,024
7913	Proceeds from capital leases	-	-	14,779,954	14,779,954
7914	Proceeds from loans	-	-	816,000	816,000
7080	Total other financing sources	<u>-</u>	<u>10,902</u>	<u>15,918,880</u>	<u>15,907,978</u>
1200	Net change in fund balance	(9,877,953)	(14,955,330)	(2,609,066)	12,346,264
0100	Fund balance - beginning	68,569,579	68,569,579	68,569,579	-
3000	<b>FUND BALANCE - ENDING</b>	<u>\$ 58,691,626</u>	<u>\$53,614,249</u>	<u>\$65,960,513</u>	<u>\$ 12,346,264</u>

The Notes to the Required Supplementary Information are an integral part of this statement.

# Grand Prairie Independent School District

# Exhibit E-2

## Required Supplementary Information

### Schedule of the District's Proportionate Share of the Net Pension Liability of a Cost-Sharing Multiple-Employer Pension Plan

### Teacher Retirement System of Texas (TRS)

### For the Fiscal Years Ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.18294190%	0.18611450%	0.18376600%	0.13153600%
District's proportionate share of the net pension liability	\$ 58,494,975	\$ 70,329,904	\$ 64,958,694	\$ 35,135,085
State's proportionate share of the net pension liability associated with the District	89,768,017	103,609,317	95,800,077	78,026,611
<b>Total</b>	<u>\$ 148,262,992</u>	<u>\$ 173,939,221</u>	<u>\$ 160,758,771</u>	<u>\$ 113,161,696</u>
District's covered payroll	\$ 196,241,763	\$ 190,689,340	\$ 182,621,265	\$ 168,938,867
District's proportionate share of the net pension liability as a percentage of its covered payroll	29.81%	36.88%	35.57%	20.80%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%

**Note:** Only four years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the ten-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement."

**Grand Prairie Independent School District**

**Exhibit E-3**

Required Supplementary Information

Schedule of the District's Contributions to the Teacher Retirement System

Pension Plan (TRS)

For the Fiscal Years Ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>TRS</b>				
Contractually required contributions	\$ 5,995,769	\$ 5,913,329	\$ 5,441,379	\$ 5,717,003
Contributions in relation to the contractually required contributions	<u>(5,995,769)</u>	<u>(5,913,329)</u>	<u>(5,441,379)</u>	<u>(5,717,003)</u>
<b>Contribution deficiency (excess)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
District's covered payroll	\$ 196,241,763	\$ 190,689,340	\$ 182,621,265	\$ 168,938,867
Contributions as a percentage of covered payroll	3.06%	3.10%	2.98%	3.38%

**Note:** Only four years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the ten-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement."



**Grand Prairie Independent School District****Exhibit E-4**

Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB Liability  
 of a Cost-Sharing Multiple-Employer OPEB Plan  
 Teacher Retirement System of Texas (TRS)  
 Last Fiscal Year

	<u>2018</u>
District's proportion of the net OPEB liability	0.2281199%
District's proportionate share of net OPEB liability	\$ 99,200,795
State's proportionate share of the net OPEB liability associated with the District	148,372,592
<b>TOTALS</b>	
District's covered payroll	190,689,340
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.520222027
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%

**Note:** GASB 75, Paragraph 97 requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2017 through the period from September 1, 2016 - August 31, 2017.

**Grand Prairie Independent School District**

**Exhibit E-5**

Required Supplementary Information

Schedule of the District's Contributions to the Teacher Retirement System

OPEB Plan (TRS)

Last Fiscal Year

	<u>2018</u>
<b>Teacher Retirement System</b>	
Contractually required contributions	\$ 1,729,459
Contributions in relation to the contractually required contributions	<u>(1,729,459)</u>
<b>CONTRIBUTIONS (DEFICIENCY) EXCESS</b>	<u>\$ -</u>
District's covered payroll	\$ 196,241,763
Contribution as a percentage of covered payroll	0.88%

**Note:** GASB 75, Paragraph 97 requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2016 - August 31, 2017.

**Note:** Ten years of data is not available.

**Grand Prairie Independent School District**  
Notes to the Required Supplementary Information

**Note 1. Budget**

**A. Budgetary Information**

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year-end.

**B. Variances with Final Budget**

The District's general fund budget differs from the original budget due to budget revisions that were made during the fiscal period:

- Amendments approved shortly after the beginning of the new fiscal year period for amounts restricted, committed, or assigned in the prior year,
- Amendments in early and late spring to revise estimates for local and state revenues based on the latest information on student attendance numbers and tax collections, and
- Amendments during the year for unexpected occurrences.

The significant increase in appropriations was primarily in facilities acquisition and construction (\$3,328,594) due to an increase in construction. Other appropriation increases include payroll for additional staffing.

**C. Excess of Expenditures over Appropriations**

For the year ended August 31, 2018, expenditures exceeded appropriations in the functions (the legal level of budgetary control) in the following funds and functions:

Fund	Function	Final Budget	Actual	Variance
General Fund	11	\$ 162,114,001	\$ 171,783,119	\$ (9,669,118)
General Fund	52	2,751,420	2,835,707	(84,287)
General Fund	71	1,278,000	4,395,392	(3,117,392)
General Fund	72	-	823,606	(823,606)
General Fund	73	-	1,974	(1,974)

**Grand Prairie Independent School District**  
 Notes to the Required Supplementary Information

General Fund function 11 was in excess of final budget in the amount of \$9,669,118 which relates to expenditures for a capital lease for apple computers. The net effect on fund balance was \$0, as corresponding proceeds were also recognized. General fund function 52 was in excess of final budget in the amount of \$84,287 because interest expense for a loan received was not budgeted for. General fund functions 71, 72, and 73 were in excess of final budget by \$3,942,972 due to principal for capital lease not being budgeted for in function 71, and interest for debt not budgeted for.

**Note 2. Pension Liability**

Actuarial Assumptions – The information presented in the required supplementary schedules was used in the actuarial valuation for determining the actuarially determined contribution rate and the net pension liability in accordance with GASB 67. Actuarial methods and assumptions used for funding purposes can be found in the Actuarial Section. The GASB 67 assumptions are as follows:

Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	8.00%
Long-term expected investment rate of return	8.00%
Inflation	2.50%
Salary increases including inflation	3.50% to 9.50%
Payroll growth rate	2.50%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

**Note 3. Defined Benefit Pension Plan**

**TRS – Actuarial Methods and Assumptions used to Determine Contribution Rates**

The information presented in Exhibit G-3 was used in the actuarial valuation for determining the actuarially determined contribution rate used for funding purposes. The methods and assumptions are as follows:

Valuation date	August 31, 2017
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	8.00%
Long-term expected investment rate of return	8.00%
Inflation	2.50%
Salary increases including inflation	3.50% to 9.50%
Payroll growth rate	2.50%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

Actuarial determined contribution rates are calculated as of August 31, of the preceding fiscal year. Members and employees are based upon statutorily fixed rates.

# Supplementary Information

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# **Combining and Individual Fund Financial Statements**

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## **Grand Prairie Independent School District**

### Fund Descriptions

#### Nonmajor Governmental Funds – Special Revenue Funds

The Special Revenue Funds are used to account for financial resources restricted to or committed for specific purposes by a grantor. These funds may be locally, state, or federally funded.

Programs accounted for in the Special Revenue Funds include:

#### **ESEA, Title X, Part C – Education for the Homeless Children and Youth**

This fund classification is used to account, on a project basis, for funds granted for a variety of staff development and supplemental services, including in-service training, counseling, psychological services and tutoring.

#### **ESEA, Title I, Part A – Improving Basic Programs**

This fund classification is used to account, on a project basis, for funds to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

#### **ESEA, Title I, Part C – Education of Migratory Children**

This fund classification is used to account on a project basis for funds granted for programs benefiting children of migrant agriculture or agriculture-related workers and children of migrant fishermen.

#### **IDEA – Part B, Formula**

This fund classification is used to account, on a project basis, for funds granted to operate educational programs for children with disabilities.

#### **IDEA – Part B, Preschool**

This fund classification is used to account, on a project basis, for funds granted for preschool children with disabilities.

#### **National School Breakfast and Lunch Program**

This fund classification is used for programs using federal reimbursement revenues originating from the United States Department of Agriculture (USDA). The funds are used exclusively for allowable child nutrition program purposes.

#### **Career and Technical – Basic Grant**

This fund classification is used to account, on a project basis, for funds granted to provide Career and Technical education to develop new and/or improve Career and Technical education programs for paid and unpaid employment.

#### **ESEA, Title II, Part A – Teacher and Principal Training and Recruiting**

This fund classification is used to provide financial assistance to increase student academic achievement through improving teacher and principal quality and increase the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools; and, to hold schools accountable for improving student academic achievement.

#### **ESEA, Title III, Part A – English Language Acquisition and Language Enhancement**

This fund classification is used to account, on a project basis, for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet challenging State academic content and student academic achievement standards.

## **Grand Prairie Independent School District**

### Fund Descriptions

#### Nonmajor Governmental Funds – Special Revenue Funds – Continued

##### **Dislocated Worker Formula Grant**

The purpose of the program is to provide students opportunities to earn postsecondary course credit prior to high school graduation combined with applied learning opportunities in high demand occupations within targeted industry clusters, including opportunities for internships, externships, apprenticeships, mentorship programs, and career counseling.

##### **National Institution for Excellence in Teaching**

This fund classification is used to account, on a project basis, to utilize TAP evaluation and professional development content and processes using video capture and feedback by regional Master Teachers to TAP Leadership team. Also for participation in the Literacy, STEM, or Leadership Certificate Programs with Texas Tech University and for placement and support for students in completing their clinical field experience.

##### **Improving Academic Achievement (Summer School LEP)**

This fund classification is used to account for funds to provide summer school instruction for Limited English Proficient (LEP) students.

##### **Other Federal Grants**

This fund includes the following grants:

###### **Indian Education Act Title V**

This fund classification is used to account for funds on a project basis for funds granted for programs benefiting children of native Indians from the Office of Indian Education.

###### **Title IV, Part A**

This fund is to increase the capacity of state education agencies, local education agencies, campuses, and communities to meet the following three goals:

1. Provide all students access to a well-rounded education
2. Improve academic outcomes by maintaining safe and healthy students
3. Improve the use of technology to advance student academic achievement

##### **State Supplemental Visually Impaired (SSVI)**

This fund classification is used to account for funds to support the education needs of students who have visual impairments.

##### **Advanced Placement Incentives**

This fund classification is used to account, on a project basis, for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC, and is used to reward students, teachers, and campuses for high achievement. Campuses are awarded money for each student who scores three or above on an AP examination or four or above on an IB examination.

##### **State Textbook Fund**

This fund classification is used to account, on a project basis, for state funds awarded to school districts under the textbook allotment.

## **Grand Prairie Independent School District**

### Fund Descriptions

#### Nonmajor Governmental Funds – Special Revenue Funds – Continued

##### **Other State Grants**

This fund includes the following grants:

##### **Educator Excellence Grants**

The goal of the Educator Excellence Innovation Program grant is to improve educator effectiveness in Texas public schools through the funding of innovative practices that target the entire timeline of a teacher's career. Grant awardees will improve student performance by fostering open, supportive, and collaborative campus cultures that allow teachers to seek and attain growth within their fields.

##### **Industry Cluster – Nursing Academy ECHS**

The purpose of the program is to provide students opportunities to earn postsecondary course credit prior to high school graduation combined with applied learning opportunities in high demand occupations within targeted industry clusters, including opportunities for internships, externships, apprenticeships, mentorship programs, and career counseling.

##### **Pre-Kindergarten Grant**

These funds requirements include the use of a curriculum aligned with the Texas Prekindergarten Guidelines, increased prekindergarten teacher training and/or qualifications, implementation of student progress monitoring, program evaluation and development of a family engagement plan.

##### **Academy Stipends**

The Texas Legislature has appropriated funding to pay stipends to eligible teachers who successfully complete academies. A teacher who successfully completes an academy will be eligible to receive a \$350 stipend, minus applicable income taxes and payroll deductions. (Mathematics, Literacy Achievement, Reading to Learn)

##### **Services to Students with Autism / Dyslexia Services**

This fund classification is used to account for state funds awarded to the school district for services for students with autism and for dyslexia services.

##### **Campus Activity Funds**

This fund classification is used to account for transactions related to a campus or principals' activity funds.

##### **Crime Stopper**

This fund classification is used to account for funds received through donations which flow through the City of Grand Prairie and are used to reward students for any tips or information regarding criminal activity.

##### **Scholarship Fund**

This fund classification is used to account for funds received through donations for the purpose of college scholarships for graduating seniors of the district.

##### **Meadows Foundation Grant**

This fund classification is used to account, on a project basis, for campuses that submit and get approved charitable projects. The funds are donated from the Meadows Foundation.

##### **Target Field Trip Grant**

Target stores award Field Trips grants to K-12 schools nationwide. It's become increasingly difficult for schools to fund learning opportunities outside the classroom. To help them out, Target has launched the Field Trip Grants.

## **Grand Prairie Independent School District**

### Fund Descriptions

#### Nonmajor Governmental Funds – Special Revenue Funds – Continued

##### **Camp Invention Program**

This fund classification is used to account, on a project basis, for Camp Invention, a STEM summer camp to ensure student success through engaging learning experiences, collaborative leadership, and a focus on maximizing student achievement.

##### **Commit**

To help cradle career network members build capacity to dramatically improve outcomes for every child, from cradle to career. Strengthen and improve financial aid completion rates through the use of results based leadership techniques, disaggregated data, continuous improvement tools and coaching.

##### **Fund Raisers**

Funds generated from campus/departments through local community events to purchase various item for student activities, etc.

##### **HoltCat Caterpillar Foundation**

A partnership between the Caterpillar Foundation and eligible secondary/post-secondary schools. To strengthen curriculum and faculty development, and to increase the pool of qualified service technicians in the industry.

##### **Project Lead the Way Grant**

This fund classification is used to account, on a project basis, for rigorous STEM and college readiness environment that promotes lifelong learning and success.

##### **Foundation for the Education of Young Women**

This fund classification is used to account, on a project basis, a college-preparatory academy for young women in grades six through twelve. These funds are to assist the school to nurture the intellectual curiosity and creativity of young women and to address their developmental needs. Its mission is to cultivate dynamic, participatory learning, enabling students to experience great academic success at many levels, especially in the fields of math, science and technology.

##### **Gen YOUth Foundation**

This fund classification is used to account, on a project basis, for local instructional initiatives at the campus level; each project unique in its own creation.

##### **Early Head Start Program**

This fund classification is used to account, on a project basis, for services to enhance and support early learning setting; provide new, full-day, center based comprehensive services that meet the needs of working families; and prepare children for the transition into preschool.

##### **Dart Foundation**

This fund classification is used to account for a project at the campus level involving a 3D printer allowing students to literally draw in the air as instructionally driven.

##### **Lockheed Martin Grant**

This fund classification is used to account, on a project basis, several activities including the Project Lead the Way Aerospace Program.

##### **Donations**

Funds donated from various local sources/business/community to further enhance the education of our students.

## **Grand Prairie Independent School District**

### Fund Descriptions

#### Nonmajor Governmental Funds – Special Revenue Funds – Continued

##### **Texas Parks and Wildlife Grant**

To assist in the development of our students into young women who are more confident, possess strong character, and demonstrate self-reliance.

##### **Partners in Education**

This fund classification is used to account for donations received by the District to be used for various expenditures not covered by local funds including, but not limited to, students in need, items needed for the district, and various incentives for students and staff.

##### **Lowes Grant**

This fund classification is used to account for school improvement projects to help improve the community. Each school campus that receives this grant will be funded to help the local community. There is a preference for funding that has a permanent impact such as facility enhancement as well as landscaping/clean up type projects. These projects are to encourage parent involvement and build stronger community spirit.

##### **Education Foundation Grants**

A local foundation that awards financial support to various campuses that submit a proposal to support educators in Grand Prairie ISD striving to improve student achievement.

**Grand Prairie Independent School District**  
 Combining Balance Sheet  
 Nonmajor Governmental Funds – Special Revenue Funds  
 August 31, 2018

	206	211	212	224
<b>Data Control Codes</b>	<b>ESEA Title X Part C Homeless</b>	<b>ESEA Title 1 Part A Improving Basic Programs</b>	<b>ESEA Title 1 Part C Migratory Children</b>	<b>IDEA Part B Formula</b>
<b>ASSETS</b>				
1110	\$ -	\$ -	\$ -	\$ -
1120	-	-	-	-
1240	31,036	932,870	-	378,897
1260	-	-	-	-
1290	-	-	-	-
1000	<u>\$ 31,036</u>	<u>\$ 932,870</u>	<u>\$ -</u>	<u>\$ 378,897</u>
<b>LIABILITIES</b>				
2110	\$ -	\$ 358,557	\$ -	\$ -
2160	-	376,904	-	335,401
2170	31,036	197,409	-	43,496
2000	<u>31,036</u>	<u>932,870</u>	<u>-</u>	<u>378,897</u>
<b>FUND BALANCES</b>				
Restricted:				
3450	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 31,036</u>	<u>\$ 932,870</u>	<u>\$ -</u>	<u>\$ 378,897</u>

225	240	244	255	263	287
IDEA Part B Preschool	National School Breakfast and Lunch Program	Career and Technical Basic Grant	ESEA Title II Part A Teacher & Principal Training & Recruiting	ESEA Title III Part A English Language Acquisition and Enhancement	Dislocated Worker Formula Grant
\$ -	\$ 256,201	\$ -	\$ -	\$ -	\$ -
-	3,126,763	-	-	-	-
6,414	782,348	61,121	9,959	56,553	-
-	-	-	-	-	-
-	686,247	-	-	-	-
<u>\$ 6,414</u>	<u>\$ 4,851,559</u>	<u>\$ 61,121</u>	<u>\$ 9,959</u>	<u>\$ 56,553</u>	<u>\$ -</u>
\$ -	\$ 929,764	\$ -	\$ -	\$ 3	\$ -
6,008	287,220	-	-	24,709	-
406	453,803	61,121	9,959	31,841	-
<u>6,414</u>	<u>1,670,787</u>	<u>61,121</u>	<u>9,959</u>	<u>56,553</u>	<u>-</u>
-	3,180,772	-	-	-	-
-	3,180,772	-	-	-	-
<u>\$ 6,414</u>	<u>\$ 4,851,559</u>	<u>\$ 61,121</u>	<u>\$ 9,959</u>	<u>\$ 56,553</u>	<u>\$ -</u>

**Grand Prairie Independent School District**  
Combining Balance Sheet  
Nonmajor Governmental Funds – Special Revenue Funds  
August 31, 2018

<u>Data Control Codes</u>	<b>488</b>	<b>288</b>	<b>289</b>	<b>385</b>
	<b>National Institution for Excellence in Teaching</b>	<b>Improving Academic Achievement (Summer School LEP)</b>	<b>Other Federal Grants</b>	<b>Supplemental Visually Impaired</b>
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1120	Current investments	-	-	-
1240	Due from other governments	65,808	11,949	-
1260	Due from other funds	-	-	-
1290	Other receivables	1,040	-	-
1000	<b>TOTAL ASSETS</b>	<u>\$ 66,848</u>	<u>\$ 11,949</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
2110	Accounts payable	\$ 450	\$ 3,771	\$ -
2160	Accrued wages payable	-	6,919	-
2170	Due to other funds	66,398	1,259	-
2000	Total liabilities	<u>66,848</u>	<u>11,949</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted:				
3450	Grant funds	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 66,848</u>	<u>\$ 11,949</u>	<u>\$ -</u>



397	410	429	459	461	477
Advanced Placement Incentives	State Textbook Fund	Other State Grants	Service to Students with Autism / Dyslexia Services	Campus Activity Funds	Crime Stopper
\$ 11,980	\$ 4,850	\$ -	\$ -	\$ 617,413	\$ 1,875
-	-	-	-	721,684	-
-	-	2,475	76,285	-	-
-	-	-	-	11,615	-
-	-	-	-	-	-
<u>\$ 11,980</u>	<u>\$ 4,850</u>	<u>\$ 2,475</u>	<u>\$ 76,285</u>	<u>\$ 1,350,712</u>	<u>\$ 1,875</u>
\$ -	\$ 4,711	\$ -	\$ -	\$ 17,059	\$ -
-	-	-	1,413	-	-
-	-	201	74,872	-	-
-	4,711	201	76,285	17,059	-
11,980	139	2,274	-	1,333,653	1,875
11,980	139	2,274	-	1,333,653	1,875
<u>\$ 11,980</u>	<u>\$ 4,850</u>	<u>\$ 2,475</u>	<u>\$ 76,285</u>	<u>\$ 1,350,712</u>	<u>\$ 1,875</u>

**Grand Prairie Independent School District**  
Combining Balance Sheet  
Nonmajor Governmental Funds – Special Revenue Funds  
August 31, 2018

		<b>478</b>	<b>480</b>	<b>483</b>	<b>484</b>
<b>Data Control Codes</b>		<b>Scholarship Fund</b>	<b>Meadows Foundation Grant</b>	<b>Target Field Trip Grant</b>	<b>Camp Invention Program</b>
<b>ASSETS</b>					
1110	Cash and cash equivalents	\$ 10,000	\$ 204	\$ -	\$ 265
1120	Current investments	-	-	-	-
1240	Due from other governments	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	<b>TOTAL ASSETS</b>	<u>\$ 10,000</u>	<u>\$ 204</u>	<u>\$ -</u>	<u>\$ 265</u>
<b>LIABILITIES</b>					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	-
2000	Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted:					
3450	Grant funds	10,000	204	-	265
3000	Total fund balances	<u>10,000</u>	<u>204</u>	<u>-</u>	<u>265</u>
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 10,000</u>	<u>\$ 204</u>	<u>\$ -</u>	<u>\$ 265</u>

481	482	486	489	490
<u>Commit</u>	<u>Fund Raisers</u>	<u>HoltCat Caterpillar Foundation</u>	<u>Project Lead the Way Grant</u>	<u>Foundation for the Education of Young Women</u>
\$ 115,563	\$ 70,913	\$ 12,165	\$ 49,207	\$ 15,237
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 115,563</u>	<u>\$ 70,913</u>	<u>\$ 12,165</u>	<u>\$ 49,207</u>	<u>\$ 15,237</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
115,563	70,913	12,165	49,207	15,237
<u>115,563</u>	<u>70,913</u>	<u>12,165</u>	<u>49,207</u>	<u>15,237</u>
<u>\$ 115,563</u>	<u>\$ 70,913</u>	<u>\$ 12,165</u>	<u>\$ 49,207</u>	<u>\$ 15,237</u>

**Grand Prairie Independent School District**  
 Combining Balance Sheet  
 Nonmajor Governmental Funds – Special Revenue Funds  
 August 31, 2018

		491	492	493	494
Data Control Codes		Gen YOUth Foundation	Early Head Start Program	Dart Foundation	Lockheed Marlin Grant
<b>ASSETS</b>					
1110	Cash and cash equivalents	\$ 1,493	\$ 13,791	\$ 804	\$ 17,154
1120	Current investments	-	-	-	-
1240	Due from other governments	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1000	<b>TOTAL ASSETS</b>	<u>\$ 1,493</u>	<u>\$ 13,791</u>	<u>\$ 804</u>	<u>\$ 17,154</u>
<b>LIABILITIES</b>					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	13,791	-	-
2170	Due to other funds	-	-	-	-
2000	Total liabilities	<u>-</u>	<u>13,791</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted:					
3450	Grant funds	1,493	-	804	17,154
3000	Total fund balances	<u>1,493</u>	<u>-</u>	<u>804</u>	<u>17,154</u>
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,493</u>	<u>\$ 13,791</u>	<u>\$ 804</u>	<u>\$ 17,154</u>

495	496	497	498	499	Total Nonmajor Funds (See Exhibit B-1)
Donations	Texas Parks and Wildlife Grant	Partners in Education	Lowes Grant	Education Foundation Grants	
\$ 120,202	\$ 6,997	\$ 6,565	\$ 262	\$ 12,419	\$ 1,345,560
-	-	-	-	-	3,848,447
-	-	-	-	-	2,415,715
-	-	-	-	-	11,615
-	-	-	-	-	687,287
<u>\$ 120,202</u>	<u>\$ 6,997</u>	<u>\$ 6,565</u>	<u>\$ 262</u>	<u>\$ 12,419</u>	<u>\$ 8,308,624</u>
\$ 6,992	\$ -	\$ -	\$ -	\$ -	\$ 1,321,307
-	-	-	-	-	1,052,365
-	-	-	-	-	971,801
<u>6,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,345,473</u>
113,210	6,997	6,565	262	12,419	4,963,151
<u>113,210</u>	<u>6,997</u>	<u>6,565</u>	<u>262</u>	<u>12,419</u>	<u>4,963,151</u>
<u>\$ 120,202</u>	<u>\$ 6,997</u>	<u>\$ 6,565</u>	<u>\$ 262</u>	<u>\$ 12,419</u>	<u>\$ 8,308,624</u>

# Grand Prairie Independent School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
 Nonmajor Governmental Funds – Special Revenue Funds  
 For the Fiscal Year Ended August 31, 2018

Data Control Codes		206	211	212	224
		ESEA Title X Part C Homeless	ESEA Title 1 Part A Improving Basic Programs	ESEA Title 1 Part C Migratory Children	IDEA Part B Formula
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	112,640	7,866,477	5,596	5,298,781
5020	Total revenues	<u>112,640</u>	<u>7,866,477</u>	<u>5,596</u>	<u>5,298,781</u>
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	-	3,094,877	-	2,499,925
0012	Instructional resources and media services	-	4,017	-	-
0013	Curriculum and staff development	-	3,005,477	-	-
0021	Instructional leadership	-	268,588	-	-
0023	School leadership	-	76,821	-	-
0031	Guidance, counseling, and evaluation services	-	3,751	-	2,051,705
0032	Social work services	110,552	469,406	-	-
0033	Health services	-	1,117	-	-
0034	Student transportation	2,088	168,178	-	342,543
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	61,335	-	-
0041	General administration	-	6,254	-	-
0051	Plant maintenance and operations	-	-	-	-
0053	Data processing services	-	14,404	-	-
0061	Community services	-	692,252	5,596	-
Intergovernmental:					
0093	Payments to shared services arrangements	-	-	-	404,608
6030	Total expenditures	<u>112,640</u>	<u>7,866,477</u>	<u>5,596</u>	<u>5,298,781</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund balances - beginning	-	-	-	-
3000	<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

225	240	244	255	263	287
IDEA Part B Preschool	National School Breakfast and Lunch Program	Career and Technical Basic Grant	ESEA Title II Part A Teacher & Principal Training & Recruiting	ESEA Title III Part A English Language Acquisition and Enhancement	Dislocated Worker Formula Grant
\$ -	\$ 3,266,431	\$ -	\$ -	\$ -	\$ -
-	123,058	-	-	-	-
65,471	15,289,841	352,739	673,015	881,338	111,235
<u>65,471</u>	<u>18,679,330</u>	<u>352,739</u>	<u>673,015</u>	<u>881,338</u>	<u>111,235</u>
65,471	-	63,865	-	472,512	111,235
-	-	-	-	497	-
-	-	-	640,689	376,481	-
-	-	-	32,326	29,615	-
-	-	-	-	-	-
-	-	288,874	-	2,233	-
-	-	-	-	-	-
-	-	-	-	-	-
-	18,618,521	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	350,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>65,471</u>	<u>18,968,521</u>	<u>352,739</u>	<u>673,015</u>	<u>881,338</u>	<u>111,235</u>
-	(289,191)	-	-	-	-
-	3,469,963	-	-	-	-
<u>\$ -</u>	<u>\$ 3,180,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# Grand Prairie Independent School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
 Nonmajor Governmental Funds – Special Revenue Funds  
 For the Fiscal Year Ended August 31, 2018

Data Control Codes		488	288	289	385
		National Institution for Excellence in Teaching	Improving Academic Achievement (Summer School LEP)	Other Federal Grants	Supplemental Visually Impaired
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	3,640
5900	Federal program revenues	389,007	157,381	46,207	-
5020	Total revenues	<u>389,007</u>	<u>157,381</u>	<u>46,207</u>	<u>3,640</u>
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	-	157,381	10,823	3,640
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and staff development	357,130	-	1,015	-
0021	Instructional leadership	3,330	-	-	-
0023	School leadership	28,547	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	26,121	-
0032	Social work services	-	-	7,699	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	549	-
Intergovernmental:					
0093	Payments to shared services arrangements	-	-	-	-
6030	Total expenditures	<u>389,007</u>	<u>157,381</u>	<u>46,207</u>	<u>3,640</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund balances - beginning	-	-	-	-
3000	<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



397	410	429	459	461	477
Advanced Placement Incentives	State Textbook Fund	Other State Grants	Service to Students with Autism / Dyslexia Services	Campus Activity Funds	Crime Stopper
\$ -	\$ -	\$ -	\$ -	\$ 1,522,864	\$ -
40,190	1,043,688	1,378,192	76,285	-	-
-	-	-	-	-	-
<u>40,190</u>	<u>1,043,688</u>	<u>1,378,192</u>	<u>76,285</u>	<u>1,522,864</u>	<u>-</u>
-	1,043,549	147,134	69,050	287,105	-
-	-	-	-	16,114	-
28,210	-	1,162,896	7,235	45,071	-
-	-	-	-	-	-
-	-	61,091	-	72,649	-
-	-	-	-	2,454	-
-	-	-	-	-	-
-	-	-	-	610	-
-	-	-	-	5,575	-
-	-	-	-	76	-
-	-	-	-	897,647	-
-	-	-	-	829	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,797	-	18,141	-
-	-	-	-	-	-
<u>28,210</u>	<u>1,043,549</u>	<u>1,375,918</u>	<u>76,285</u>	<u>1,346,271</u>	<u>-</u>
<u>11,980</u>	<u>139</u>	<u>2,274</u>	<u>-</u>	<u>176,593</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,157,060</u>	<u>1,875</u>
<u>\$ 11,980</u>	<u>\$ 139</u>	<u>\$ 2,274</u>	<u>\$ -</u>	<u>\$ 1,333,653</u>	<u>\$ 1,875</u>

# Grand Prairie Independent School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
 Nonmajor Governmental Funds – Special Revenue Funds  
 For the Fiscal Year Ended August 31, 2018

	478	480	483	484
Data Control Codes	Scholarship Fund	Meadows Foundation Grant	Target Field Trip Grant	Camp Invention Program
<b>REVENUES</b>				
5700 Local and intermediate sources	\$ -	\$ 204	\$ 700	\$ 14,000
5800 State program revenues	-	-	-	-
5900 Federal program revenues	-	-	-	-
5020 Total revenues	<u>-</u>	<u>204</u>	<u>700</u>	<u>14,000</u>
<b>EXPENDITURES</b>				
Current:				
0011 Instruction	-	-	700	-
0012 Instructional resources and media services	-	-	-	-
0013 Curriculum and staff development	-	-	-	-
0021 Instructional leadership	-	-	-	-
0023 School leadership	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	-	-	-
0032 Social work services	-	-	-	-
0033 Health services	-	-	-	-
0034 Student transportation	-	-	-	-
0035 Food service	-	-	-	-
0036 Extracurricular activities	-	-	-	13,735
0041 General administration	-	-	-	-
0051 Plant maintenance and operations	-	-	-	-
0053 Data processing services	-	-	-	-
0061 Community services	-	-	-	-
Intergovernmental:				
0093 Payments to shared services arrangements	-	-	-	-
6030 Total expenditures	<u>-</u>	<u>-</u>	<u>700</u>	<u>13,735</u>
1200 Net change in fund balances	-	204	-	265
0100 Fund balances - beginning	10,000	-	-	-
3000 <b>FUND BALANCES - ENDING</b>	<u>\$ 10,000</u>	<u>\$ 204</u>	<u>\$ -</u>	<u>\$ 265</u>

481	482	486	489	490
<u>Commit</u>	<u>Fund Raisers</u>	<u>HoltCat Caterpillar Foundation</u>	<u>Project Lead the Way</u>	<u>Foundation for the Education of Young Women</u>
\$ 116,000	\$ 146,698	\$ 12,165	\$ 51,000	\$ 51,028
-	-	-	-	-
-	-	-	-	-
<u>116,000</u>	<u>146,698</u>	<u>12,165</u>	<u>51,000</u>	<u>51,028</u>
437	3,319	-	-	624
-	-	-	-	-
-	-	-	1,793	-
-	-	-	-	-
-	-	-	-	35,167
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	12,629	-	-	-
-	-	-	-	-
-	-	-	-	-
-	47,975	-	-	-
-	11,862	-	-	-
-	-	-	-	-
<u>437</u>	<u>75,785</u>	<u>-</u>	<u>1,793</u>	<u>35,791</u>
<u>115,563</u>	<u>70,913</u>	<u>12,165</u>	<u>49,207</u>	<u>15,237</u>
-	-	-	-	-
<u>\$ 115,563</u>	<u>\$ 70,913</u>	<u>\$ 12,165</u>	<u>\$ 49,207</u>	<u>\$ 15,237</u>

# Grand Prairie Independent School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
 Nonmajor Governmental Funds – Special Revenue Funds  
 For the Fiscal Year Ended August 31, 2018

		491	492	493	494
Data Control Codes		Gen YOUth Foundation	Early Head Start Program	Dart Foundation	Lockheed Marlin Grant
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 1,551	\$ 305,032	\$ 804	\$ 28,555
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total revenues	<u>1,551</u>	<u>305,032</u>	<u>804</u>	<u>28,555</u>
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	58	-	-	5,207
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and staff development	-	-	-	4,765
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	1,325
0031	Guidance, counseling, and evaluation services	-	-	-	104
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	305,032	-	-
Intergovernmental:					
0093	Payments to shared services arrangements	-	-	-	-
6030	Total expenditures	<u>58</u>	<u>305,032</u>	<u>-</u>	<u>11,401</u>
1200	Net change in fund balances	1,493	-	804	17,154
0100	Fund balances - beginning	-	-	-	-
3000	<b>FUND BALANCES - ENDING</b>	<u>\$ 1,493</u>	<u>\$ -</u>	<u>\$ 804</u>	<u>\$ 17,154</u>

495	496	497	498	499	
Donations	Texas Parks and Wildlife Grant	Partners in Education	Lowes Grant	Education Foundation Grants	Total Nonmajor Funds (See Exhibit B-2)
\$ 128,600	\$ 34,309	\$ 22,766	\$ 1,792	\$ 125,637	\$ 5,830,136
-	-	-	-	-	2,665,053
-	-	-	-	-	31,249,728
<u>128,600</u>	<u>34,309</u>	<u>22,766</u>	<u>1,792</u>	<u>125,637</u>	<u>39,744,917</u>
2,443	3,272	-	-	108,718	8,151,345
1,704	-	-	-	-	22,332
-	5,865	-	-	-	5,636,627
3,000	-	-	-	-	336,859
-	-	-	-	-	240,433
-	-	-	-	-	2,410,409
-	-	-	-	-	587,657
-	-	-	-	-	1,727
-	-	-	-	-	518,384
-	-	-	-	-	18,618,597
407	18,175	-	-	4,500	1,008,428
-	-	-	-	-	7,083
-	-	-	-	-	350,000
-	-	-	-	-	62,379
7,836	-	17,000	1,530	-	1,064,595
-	-	-	-	-	404,608
<u>15,390</u>	<u>27,312</u>	<u>17,000</u>	<u>1,530</u>	<u>113,218</u>	<u>39,421,463</u>
<u>113,210</u>	<u>6,997</u>	<u>5,766</u>	<u>262</u>	<u>12,419</u>	<u>323,454</u>
-	-	799	-	-	4,639,697
<u>\$ 113,210</u>	<u>\$ 6,997</u>	<u>\$ 6,565</u>	<u>\$ 262</u>	<u>\$ 12,419</u>	<u>\$ 4,963,151</u>

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## **Agency Fund**

The District's agency fund is used to account for assets held by the District as an agent for student organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Grand Prairie Independent School District**  
Statement of Changes in Assets and Liabilities  
Fiduciary Fund  
For the Fiscal Year Ended August 31, 2018

**Exhibit H-1**

<u>Data Control Codes</u>		<u>Beginning Balance September 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance August 31, 2018</u>
	<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ 303,244	\$ 707,234	\$ (851,280)	\$ 159,198
1120	Current investments	303,983	5,310	-	309,293
1290	Other receivables	16,200	19,770	(35,970)	-
1000	<b>TOTAL ASSETS</b>	<u>\$ 623,427</u>	<u>\$ 732,314</u>	<u>\$ (887,250)</u>	<u>\$ 468,491</u>
	<b>LIABILITIES</b>				
2170	Due to other funds	\$ 14,347	\$ 6,288	\$ (20,635)	\$ -
2190	Due to student groups	609,080	726,026	(866,615)	468,491
2000	<b>TOTAL LIABILITIES</b>	<u>\$ 623,427</u>	<u>\$ 732,314</u>	<u>\$ (887,250)</u>	<u>\$ 468,491</u>



## **Compliance Schedules**

Compliance schedules are required by Texas Education Agency and are not required disclosures in the Comprehensive Annual Financial Report.

**Grand Prairie Independent School District**

Schedule of Delinquent Taxes Receivable

For the Fiscal Year Ended August 31, 2018

Years Ended August 31,	1	2	3
	Tax Rates		Actual Taxable Value For School Tax Purposes
	Maintenance	Debt Service	
2009 and prior years	Various	Various	Various
2010	1.0400	0.4250	\$ 4,797,819,113
2011	1.0400	0.4250	4,784,353,678
2012	1.0400	0.4250	4,734,829,420
2013	1.0400	0.4250	4,598,635,222
2014	1.0400	0.4250	4,801,502,799
2015	1.0400	0.4250	5,175,669,488
2016	1.1700	0.4250	5,243,894,357
2017	1.1700	0.4250	5,901,543,746
2018 (School year audit)	1.1700	0.4250	6,520,938,970
1000 Totals			

9000 - Portion of row 1000 for taxes paid into Tax Increment Zone under Chapter 311, Tax Code

**Exhibit I-1**

<b>10</b> <b>Beginning</b> <b>Balance</b> <b>September 1,</b> <b>2017</b>	<b>20</b>  <b>Current</b> <b>Year's</b> <b>Total Levy</b>	<b>31</b>  <b>Maintenance</b> <b>Collections</b>	<b>32</b>  <b>Debt Service</b> <b>Collections</b>	<b>40</b>  <b>Entire</b> <b>Year's</b> <b>Adjustments</b>	<b>50</b> <b>Ending</b> <b>Balance</b> <b>August 31,</b> <b>2018</b>
\$ 558,295	\$ -	\$ 25,731	\$ 6,698	\$ (16,069)	\$ 509,797
141,947	-	6,330	2,588	(218)	132,811
163,977	-	8,410	3,438	(222)	151,907
159,342	-	10,608	4,336	(4,075)	140,323
269,003	-	42,060	17,189	(49,586)	160,168
285,691	-	37,286	15,238	5,758	238,925
319,881	-	15,123	6,181	(38,817)	259,760
757,615	-	232,987	84,636	(50,783)	389,209
1,207,823	-	223,408	81,157	(379,026)	524,232
-	101,507,772	73,758,802	26,792,738	231,887	1,188,119
<u>\$ 3,863,574</u>	<u>\$ 101,507,772</u>	<u>\$ 74,360,745</u>	<u>\$ 27,014,199</u>	<u>\$ (301,151)</u>	<u>\$ 3,695,251</u>
		\$ 3,176,944	\$ 1,012,448		

**Grand Prairie Independent School District**  
 Budgetary Comparison Schedule  
 National School Breakfast and Lunch Program  
 For the Fiscal Year Ended August 31, 2018

**Exhibit I-2**

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>REVENUES</b>					
5700	Local and Intermediate Sources	\$ 3,508,655	\$ 2,958,655	\$ 3,266,431	\$ 307,776
5800	State program revenues	88,000	88,000	123,058	35,058
5900	Federal program revenues	14,244,305	14,644,305	15,289,841	645,536
5020	Total revenues	<u>17,840,960</u>	<u>17,690,960</u>	<u>18,679,330</u>	<u>988,370</u>
<b>EXPENDITURES</b>					
Current:					
0035	Food service	17,840,960	19,715,960	18,618,521	1,097,439
0051	Plant maintenance and operations	-	350,000	350,000	-
6030	Total expenditures	<u>17,840,960</u>	<u>20,065,960</u>	<u>18,968,521</u>	<u>1,097,439</u>
1100	Excess (Deficiency) of revenues over (under) expenditures	-	(2,375,000)	(289,191)	2,085,809
1200	Net change in fund balance	-	(2,375,000)	(289,191)	2,085,809
0100	Fund balance - beginning	3,469,963	3,469,963	3,469,963	-
3000	<b>FUND BALANCE - ENDING</b>	<u>\$ 3,469,963</u>	<u>\$ 1,094,963</u>	<u>\$ 3,180,772</u>	<u>\$ 2,085,809</u>

**Grand Prairie Independent School District**  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 For the Fiscal Year Ended August 31, 2018

**Exhibit I-3**

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 28,653,962	\$27,403,962	\$ 27,988,281	\$ 584,319
5800	State program revenues	14,731,214	15,981,214	17,161,698	1,180,484
5020	Total revenues	<u>43,385,176</u>	<u>43,385,176</u>	<u>45,149,979</u>	<u>1,764,803</u>
<b>EXPENDITURES</b>					
Debt service:					
0071	Principal on long-term debt	21,259,499	21,259,499	21,259,498	1
0072	Interest on long-term debt	20,740,050	20,740,050	20,658,816	81,234
0073	Issuance costs and fees	249,907	249,907	20,515	229,392
Intergovernmental:					
0097	Payments to tax increment fund	1,135,720	1,135,720	1,012,448	123,272
6030	Total expenditures	<u>43,385,176</u>	<u>43,385,176</u>	<u>42,951,277</u>	<u>433,899</u>
1100	Excess (Deficiency) of revenues over (under) expenditures	-	-	2,198,702	2,198,702
1200	Net change in fund balance	-	-	2,198,702	2,198,702
0100	Fund balance - beginning	9,972,177	9,972,177	9,972,177	-
3000	<b>FUND BALANCE - ENDING</b>	<u>\$ 9,972,177</u>	<u>\$ 9,972,177</u>	<u>\$ 12,170,879</u>	<u>\$ 2,198,702</u>

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# **Federal Awards Section**

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**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards**

To the Board of Trustees  
Grand Prairie Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Prairie Independent School District (the District), as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 17, 2019, which included an emphasis paragraph on the restatement of beginning net position due to the implementation of new accounting guidance, GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions".

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board of Trustees  
Grand Prairie Independent School District

**Purpose of this Report**

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

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
January 17, 2019

**Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance**

To the Board of Trustees  
Grand Prairie Independent School District

**Report on Compliance for Each Major Federal Program**

We have audited Grand Prairie Independent School District's (the District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of finding and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2018.

The Board of Trustees  
Grand Prairie Independent School District

### **Report on Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
January 17, 2019

**Grand Prairie Independent School District**

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2018

**Section 1. Summary of Auditor's Results**

**Financial Statements**

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes     X  No

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes     X  None reported

Noncompliance which is material to the financial statements noted? \_\_\_\_\_ Yes     X  No

**Major Programs**

Internal controls over major federal programs:

Material weakness(es) identified? \_\_\_\_\_ Yes     X  No

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes     X  None reported

An unmodified opinion was issued on compliance for major programs.

Any audit findings disclosed that were required to be reported in accordance with Uniform Guidance? \_\_\_\_\_ Yes     X  No

Identification of major programs:

10.553, 10.555 – Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$948,745

Auditee qualified as a low-risk auditee? \_\_\_\_\_ Yes     X  No

**Grand Prairie Independent School District**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended August 31, 2018

**Section 2. Financial Statement Findings**

None

**Section 3. Federal Awards Findings**

None

## **Grand Prairie Independent School District**

Summary of Prior Year Audit Findings

For the Fiscal Year Ended August 31, 2018

### **Section 4. Schedule of Prior Audit Findings and Questioned Costs**

#### **2017-001 Unreconciled Differences between General Ledger Cash Balances and Bank Cash Balances**

Condition: During the current audit, it was noted that the District's General Ledger cash balance was different than the District's bank reconciliation balance, and that the District had not identified the reconciling items within the audit year.

Corrective Action: The District developed and implemented control procedures to ensure all General Ledger cash balances are reconciled to the bank cash balances each month within thirty days of the receipt of the bank statements. Reconciling items are identified, researched, and appropriate adjustments are made in a timely manner. As a result, all end-of-month as well as fiscal year end General Ledger cash balances now represent reconciled cash.

Status: Corrected

#### **2017-002 Timely and Accurate Closing of Books**

Condition: Significant adjustments were made to numerous accounts throughout the audit.

Corrective Action: The District developed and implemented control procedures to ensure all General Ledger balance sheet accounts are verified and accurate representations of the District's financial position each month and at fiscal year-end. Recurring monthly processes as well as month-end verification and adjustment processes have been implemented to ensure accuracy of the District's General Ledger balance sheet accounts on an ongoing basis. In addition, the District developed and implemented timelines and procedures to ensure balance sheet account accuracy on the District's Annual Financial Report prior to the start of the audit process.

Status: Corrected

**Grand Prairie Independent School District**  
 Schedule of Expenditures of Federal Awards  
 For the Fiscal Year Ended August 31, 2018

**Exhibit K-1**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Direct programs			
Indian Education Act, Title V	84.060A	S060A151185	\$ 11,637
Texas SEED Grant	84.367D	U367D130024	389,007
Total direct programs			<u>400,644</u>
Passed through State Department of Education			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101057910	7,142,843
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101057910	402,203
ESEA, Title I - Priority and Focus School Grant	84.010A	18610123057910	121,129
School Redesign Grant	84.010A	186101207110004	377,746
Total Title I, Part A			<u>8,043,921</u>
Special Education Cluster (IDEA)			
IDEA - Part B, Formula	84.027A	186600010579106000	5,449,478
IDEA - Part B, Formula	84.027A	1966000105791060000	1,477
IDEA - Part B, Preschool	84.173A	186610010579106000	67,381
Total Special Education Cluster (IDEA)			<u>5,518,336</u>
Career and Technical - Basic Grant	84.048A	17420006057910	243,877
Career and Technical - Basic Grant	84.048A	18420006057910	61,121
Perkins Reserve Grant	84.048A	184200547110007	47,741
Total Career and Technical - Basic Grant			<u>352,739</u>
Title III, Part A - English Language Acquisition	84.365A	18671001057910	840,384
Title III, Part A - English Language Acquisition	84.365A	19671001057910	24,709
Title III, Part A - Immigrant	84.365A	18671003057910	40,759
Total Title III, Part A			<u>905,852</u>
ESEA, Title II, Part A - Teacher and Principal Training	84.367A	18694501057910	691,015
Title IV, Part A -	84.424A	18680101057910	28,713
Title IV, Part A -	84.424A	19680101057910	6,919
Total Title IV, Part A			<u>35,632</u>
Improving Academic Achievement, Summer School LEP	84.369A	69551702	15,433
2016-2018 Industry Cluster TWC Adult (287)	17.258	173918017110012	111,235
2016-2018 Industry Cluster TWC Dislocated (288)	17.278	173920017110012	141,948
Total Industry Nursing Cluster			<u>253,183</u>
Passed through Region X Education Service Center			
Title I, Part C - Migrant Education Program	84.011A	18615001057950	5,596
McKinney-Vento Homeless Education	84.196A	18-058	112,640
Total U.S. Department of Education			<u>16,334,991</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through the State Department of Agriculture			
Child Nutrition Cluster*			
National School Breakfast Program	10.553	71401701	4,016,034
National School Lunch Program - Cash Assistance	10.555	71301801	10,050,010
National School Lunch Program - Non-Cash Assistance	10.555	00280	1,223,797
Total Child Nutrition Cluster			<u>15,289,841</u>
Total Passed through the State Department of Agriculture			<u>15,289,841</u>
Total U.S. Department of Agriculture			<u>15,289,841</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 31,624,832</u>

\* Denotes major federal program

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.



## Grand Prairie Independent School District

Notes to the Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended August 31, 2018

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.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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 unearned revenues until earned.

The District participates in numerous state and federal grant programs that 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, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2018, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

The following table reconciles total expenditures per the schedule of expenditures of federal awards (Exhibit K-1) to the federal program revenues per Exhibit B-2:

Total expenditures of federal awards per Exhibit K-1	\$	31,624,832
General fund - federal revenue		
SHARS		2,884,054
E-Rate		406,502
Medical assistance program		55,473
ROTC		149,794
<b>Total federal revenues per Exhibit B-2</b>	<b>\$</b>	<b>35,120,655</b>

The District has elected not to use the 10% de minimis indirect cost rate.