

GARLAND INDEPENDENT SCHOOL DISTRICT  
GARLAND, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED  
AUGUST 31, 2012

Prepared by:  
The Department of  
Business Operations



GARLAND INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2012

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
<b>INTRODUCTORY SECTION (Unaudited)</b>		
	Certificate of the Board	i
	Board of Trustees and Administrative Officials	ii
	Plan of Organization	iii
	Transmittal Letter	iv
	GFOA Certificate of Achievement	x
	ASBO Certificate of Excellence	xi
<b>FINANCIAL SECTION</b>		
	Independent Auditor's Report	1
	Management's Discussion and Analysis (Unaudited)	3
<b>BASIC FINANCIAL STATEMENTS</b>		
Government Wide Statements:		
A-1	Statement of Net Assets	13
B-1	Statement of Activities	14
Governmental Fund Financial Statements:		
C-1	Balance Sheet - Governmental Funds	16
C-1R	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	18
C-2	Statement of Revenues, Expenditures, and Changes in Fund Balance	19
C-3	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	21
Proprietary Fund Financial Statements:		
D-1	Statement of Net Assets	22
D-2	Statement of Revenues, Expenses, and Changes in Fund Net Assets	23
D-3	Statement of Cash Flows	24
Fiduciary Fund Financial Statements:		
E-1	Statement of Fiduciary Assets and Liabilities	25
	Notes to the Basic Financial Statements	26
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
G-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	52
G-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - National Breakfast and Lunch Program	53
	Note to Required Supplemental Information	54

GARLAND INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2012

TABLE OF CONTENTS - CONTINUED

<u>Exhibit</u>		<u>Page</u>
<b>COMBINING STATEMENTS</b>		
	Internal Service Funds:	57
H-1	Combining Statement of Net Assets	58
H-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	60
H-3	Combining Statement of Cash Flows	62
	Agency Funds:	64
H-4	Combining Statement of Changes in Assets and Liabilities	65
<b>REQUIRED TEA SCHEDULES SECTION</b>		
J-1	Schedule of Delinquent Taxes Receivable	66
J-2	Schedule of Expenditures for Computations of Indirect Cost	68
J-3	Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Debt Service Fund	69
<b>STATISTICAL SECTION (UNAUDITED):</b>		
	Table of Contents - Statistical Section	70
S-1	Net Assets by Component	71
S-2	Expenses, Program Revenues, and Net (Expense) Revenue	73
S-3	General Revenues and Total Change in Net Assets	75
S-4	Fund Balances, Governmental Funds	77
S-5	Governmental Funds Revenues	79
S-6	Governmental Funds Expenditures and Debt Service Ratio	81
S-7	Other Financing Sources and Uses and Net Change in Fund Balances	83
S-8	Appraised Value and Actual Value of Taxable Property	85
S-9	Direct and Overlapping Property Tax Rates	86
S-10	Principal Property Taxpayers	87
S-11	Property Tax Levies and Collections	88
S-12	Outstanding Debt by Type	89
S-13	Direct and Overlapping Governmental Activities Debt	90
S-14	Legal Debt Margin Information	91

GARLAND INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2012

TABLE OF CONTENTS - CONTINUED

<u>Exhibit</u>		<u>Page</u>
S-15	Demographic and Economic Statistics	93
S-16	Principal Employers	94
S-17	Full Time Equivalent District Employees by Type	95
S-18	Operating Statistics	96
S-19	Operating Indicators	97
S-20	School Building Information	98
 <b>FEDERAL AWARDS SECTION</b>  		
	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	99
	Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	101
K-1	Schedule of Expenditures of Federal Awards	103
	Notes to Supplemental Schedule of Expenditures of Federal Awards	105
	Schedule of Findings and Questioned Costs	106
	Corrective Action Plan	108
	Schedule of Status of Prior Findings	109

**This page intentionally left blank**

## Introductory Section

**This page intentionally left blank**



**CERTIFICATE OF THE BOARD**

Garland Independent School District  
Name of School District

Dallas  
County

057-909-10  
County-District-Regional No.

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, 2012, at a meeting of the Board of Trustees of such school district on the 22nd day of January, 2013.

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

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

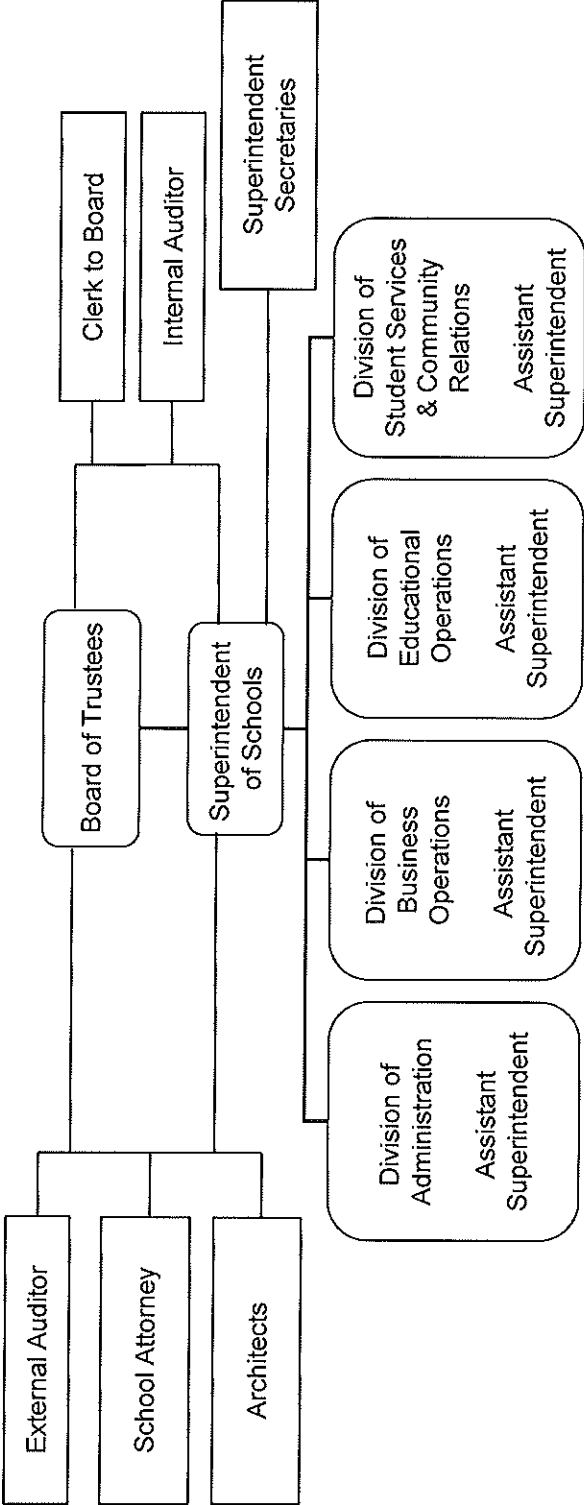
## BOARD OF TRUSTEES

<u>Name</u>	<u>Place</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Larry Glick Vice President	1	5 years	May 2013	Tax Attorney
Vacant Position	2			
Linda Griffin President	3	14 years	May 2013	Consultant
Dr. Cindy Castañeda Secretary	4	4 years	May 2014	College Administrator
Scott Luna Member	5	7 years	May 2014	Attorney
Steve Knagg Member	6	1 year	May 2015	Consultant
Rick Lambert Assistant Secretary	7	1 year	May 2015	Attorney

## ADMINISTRATIVE OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>
Dr. Curtis Culwell	Superintendent	13 years
Dr. Phyllis Parker	Assistant Superintendent Educational Operations	11 years
Dr. Gary Reeves	Assistant Superintendent Administration	45 years
Dr. Rene Barajas	Assistant Superintendent Business Operations	4 years
John Washington	Assistant Superintendent Student Services and Community Relations	13 years

# Garland ISD Plan of Organization





**Garland Independent School District**  
Division of Business Operations

**Street Address**

Harris Hill Administration Building  
501 S. Jupiter RD  
Garland, TX  
75042

**Phone**

972-487-3100

**FAX**

972-485-4922

January 16, 2013

Board of Trustees and Citizens of the  
Garland Independent School District  
501 S. Jupiter  
Garland, Texas 75042

Ladies and Gentlemen:

The Texas Education Agency requires that all school districts file a complete set of financial statements with the Texas Education Agency (TEA). The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Garland Independent School District (the District) for the fiscal year ended August 31, 2012.

The Comprehensive Annual Financial Report (“CAFR”) is presented in five sections:

1. **Introductory Section**, which includes the Certificate of the Board, the Letter of Transmittal, the Plan of Organization, Board of Trustees and Administrative Officials, the Government Finance Officers Association (“GFOA”) Certificate of Achievement in Financial Reporting, and the Association of School Business Officials (“ASBO”) Certificate of Excellence.
2. **Financial Section**, which includes the Independent Auditor’s Report, Management’s Discussion and Analysis (“MD&A”), the Basic Financial Statements, Combining and Individual Statements and Schedules, and Supplementary Information.
3. **Required TEA Schedules Section**, which includes the Schedules of Delinquent Taxes Receivable, Expenditures for Computations of Indirect Cost, and Changes in Fund Balance Budget and Actual-Debt Service Fund.
4. **Statistical Section**, which includes financial and demographic information.
5. **Federal Awards Section**, which includes the Auditor’s Reports, Schedule of Expenditures of Federal Awards, and Schedule of Findings and Questioned Costs.

This report consists of management’s representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. In order to provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed to protect the District’s assets from loss, theft or misuse. Additionally, the internal control framework is designed to compile sufficient, reliable information for the preparation of the District’s financial statements in conformity with GAAP. Because costs of internal controls should not outweigh their benefits, the District’s comprehensive framework of internal controls has been designed to provide reasonable assurance, rather than absolute assurance, that the financial statements

will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Weaver and Tidwell, L.L.P., a firm of independent auditors, have audited the financial statements of the District. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended August 31, 2012, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended August 31, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The District is including all information required by the TEA, as set forth in the Financial Accountability System Resource Guide. In order to comply with state-mandated audit requirements, data control codes are shown on all of the financial statements. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and independent auditor's reports on the internal control and compliance with applicable laws and regulations is included in this report and sent to the TEA.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE DISTRICT**

The District was created in 1949 and is the thirteenth largest school district in Texas. Residents of the District elect a seven-member Board of Trustees (the Board), each of which serves for three years. Semi-monthly meetings of the Board are posted and advertised as prescribed under state law so the Board may fulfill its charge to the students, parents, staff, and taxpayers of the District. Special meetings or work sessions are scheduled as needed. The Board has final control over all school matters except as limited by state law.

Serving the communities of Garland, Rowlett, and Sachse, the District's boundaries encompass approximately 93 square miles in Dallas County. The District provides a well-rounded program of public education for children from pre-kindergarten through grade twelve. In addition to basic instructional programs, the District offers special education, gifted and talented, bilingual/ESL, remedial, college preparatory, and career and technical programs. The District is fully accredited by the TEA.

The District has seven traditional high schools serving students in grades nine through twelve. The District has a nontraditional high school program serving students in grades nine through twelve in the evening. The District has twelve middle schools, forty-seven elementary schools, two Pre-K centers and three special learning centers.

The table below shows the demographic composition of the District during the 2001-02 and 2011-12 school years.

	2001-02	2011-12
Enrollment	50,910	58,151
White	44.7%	23.4%
Hispanic	31.0%	48.8%
African-American	17.0%	17.0%
Asian	6.7%	8.1%
Native American	0.6%	
American Indian or Alaska Native		0.6%
Native Hawaiian/Other Pacific Islander		0.1%
Two or More		2.0%
Economically Disadvantaged	34.8%	60.5%
Limited English	15.3%	21.6%
Graduates	2,553	3,772

The District's total student population has remained stable in recent years and is expected to remain relatively unchanged in 2012-13. However, the makeup of the student population continues to change. This change can require adjustments in the instructional programs. Educational research suggests economically disadvantaged students come to school with learning styles that need to be addressed through early childhood programs, accelerated instruction, and extended learning time. The District is expanding existing programs to meet these needs and studying the most effective methods to enhance learning for these children.

A challenge facing many Texas school districts is the growing number of students who do not speak English. While the majority of non-English speakers are Hispanic, the District serves students speaking more than 100 different languages. The District is continuing to expand and improve the bilingual and English-as-a-Second Language instructional programs. The growth, particularly in these two areas, is an ongoing challenge for the Garland Independent School District.

#### Equity Beliefs

- All children, regardless of their racial and socio-economic status differences, have the capability to learn and succeed at equally high academic levels as required by the TEKS.
- It is the responsibility of all adults in the district to ensure that all of the children succeed academically.
- Equitable and excellent classroom learning is the primary focus of district operations.

A high degree of professionalism exists among the District's employees, and an on-going recognition of student and staff excellence contributes to this environment. The instructional program is geared toward having the students meet or exceed grade level expectations. Emphasis is placed on higher level thinking skills, including research methodologies and independent, complex, and critical thinking skills.

The District attracts highly qualified personnel because of its commitment to excellence. The following table shows the employee composition of the District during the 2001-02 and 2011-12 school years.

	2001-02	2011-12
Total Staff	5,838	7,238
Teachers	3,239	3,651
Masters or Doctorate	25.7%	28.4%
Average Years of Experience	10.7	11.4
Student/Teacher Ratio	16.0	15.9

The District maintains budgetary controls throughout all of its financial systems. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the official budget adopted by the Board. The Board adopts an official budget for the general fund, debt service fund, and national breakfast and lunch program (which is included in special revenue funds). In accordance with procedures prescribed by the Texas Education Code, budget amendments that affect the total amount in a fund or functional spending category must be approved by the Board prior to the expenditure of funds. The functional level is specified by Board policy as the legal level of budgetary control.

#### FINANCIAL CONDITION AND LONG RANGE PLANNING

The information presented in the financial statements is perhaps best understood when it is considered within the broader perspective of the specific environment in which the District operates.

**Local Economy** - The District is located approximately fourteen miles northeast of downtown Dallas. The economic condition of the area within the District's boundaries has declined slightly from the prior year. The table below compares property values for the District.

	2010-11	2011-12	2012-13
Certified Market Value	\$15,949,296,220	\$15,777,230,570	\$15,677,898,370
Average Market Value of Residence	\$131,834	\$130,248	\$128,117

Signs of recovery are currently mixed in the District. The extension of the President George Bush Turnpike from State Highway 78 to Interstate 30 has been completed. Dallas Area Rapid Transit is projecting that construction of a light rail station near downtown Rowlett will be completed and light rail service will begin in December 2012. A previously vacant Circuit City at Firewheel Town Center is being renovated to reopen as a Toys R Us/Babies R Us. Construction is currently underway on additional apartments at Firewheel Town Center. An Applebee's opened in Rowlett near the President George Bush Turnpike and Lakeview Parkway.

**Bond Election and Issuance** - On September 21, 2002, the voters of the District authorized the issuance of \$385,000,000 in general obligation bonds to construct two early childhood centers, three elementary schools, one middle school, one high school, one stadium, one special events center, and for renovations and additions to existing facilities and technology upgrades. In May 2012, the District issued \$12,485,000 of Unlimited Tax Qualified School Construction (QSCB) Bonds Series 2012 (Direct Subsidy) for the construction of a new Daugherty Elementary School. The new campus will be

a six section school, an increase from four sections currently. The new campus will be open for the start of the 2013-14 school year. The Series 2012 QSCB's was the last issue of the \$385,000,000 authorized by the voters in 2002. Management continues to evaluate the renovation and new facility needs of the District. The table below provides the average ages of District campuses by type based on the year the campus opened.

	Number	Average Age
Pre Kindergarten Centers	2	7 years
Elementary Schools	47	36 years
Middle Schools	12	39 years
High Schools	7	36 years

**State Funding** – The State of Texas faced a significant reduction in revenue when developing its budget during the past two legislative sessions. To address the budget deficit during the 2009 Legislative session, Legislators utilized funding from the American Recovery and Reinvestment Act (ARRA) to replace state education funding. For fiscal years 2009-10 and 2010-11 the District received approximately \$19,400,000 and \$24,600,000, respectively, through the ARRA State Fiscal Stabilization Fund. Federal funding through the various ARRA programs ends in fiscal year 2011-12, and the majority of the funding was received during fiscal years 2009-10 and 2010-11.

During the 2011 legislative session, the state reduced funding for education by \$4 billion as part of deeper cuts to the state budget for the next two years. The District's funding from the state declined approximately \$21,000,000 for 2011-12 and is expected to decline approximately \$14,000,000 for 2012-13, compared to the funding received under the funding formulas contained in HB 3646. The state funding formula has been modified by SB 1 to achieve this reduction in state funding. The District received approximately \$9,700,000 in additional funding for fiscal year 2011-12 from the Federal Education Jobs Fund.

**Fund Balance** – The unassigned fund balance in the general fund is 31.1% of general fund expenditures. This represents 3.7 months of operations in the general fund.

The District has been aware of the possibility of reductions in state funding for several years and has taken steps to control expenditures and increase operational efficiencies. Accordingly, the fund balance in the general fund has increased for 4 consecutive years.

The increased fund balance will enable the District to compensate for reduced state funding and meet the challenge of possible future cuts in funding when the legislature reconvenes in January 2013.

## MAJOR INITIATIVES AND ACCOMPLISHMENTS

Dr. Curtis Culwell, Superintendent, announced his retirement in August 2012. He will be retiring at the end of December 2012. The Board of Trustees has named Dr. Gary Reeves, Assistant Superintendent of Administration, to be Interim Superintendent. The Board has begun the process to find a new superintendent for the District. The Board hopes to name a new superintendent in February 2013.

On December 20, 2012, Dr. Rene Barajas, Assistant Superintendent of Business Operations, tendered his resignation effective January 18, 2013. He is taking the position of Chief Financial Officer in another school district.

The District enjoys a reputation for academic and financial excellence. Most recently, the District has been recognized for the following:



The District received a rating of four and a half stars in the Texas Comptroller of Public Accounts Financial Allocation Study for Texas (FAST). The study included both independent school districts and charter schools.

- The District received a rating of *Superior* on the Schools Financial Accountability Rating System of Texas (FIRST). The rating system was established during the 76<sup>th</sup> Texas Legislature.

## AWARDS AND ACKNOWLEDGEMENTS

**Awards** - The Government Finance Officers Associations of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, the District published a Comprehensive Annual Financial Report in which contents conformed to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. The District has received a Certificate of Achievement for twenty-four consecutive years. We believe our current Comprehensive Annual Financial Report continues to meet the certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

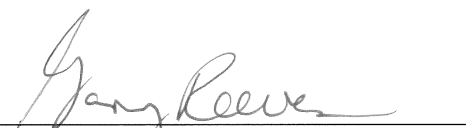
The District was awarded a Certificate of Excellence in Financial Reporting by the Association of School Business Officials (ASBO) stating that the District's Comprehensive Annual Financial Report for the fiscal year ended August 31, 2011, substantially conforms to the recommended principles and standards of financial reporting adopted by that organization.

The District has received the Certificate of Excellence for twenty-four consecutive years. The Certificate of Excellence is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Excellence program requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

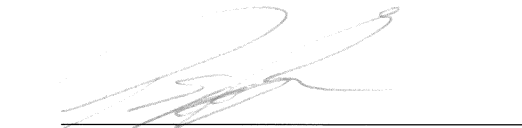
**Acknowledgments** - The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Business Department. We would like to express our appreciation to all members of the Department who assisted and contributed to its preparation.

We also wish to thank the members of the Board of Trustees for their continued leadership and support, and for planning and conducting the financial operations of the District in a responsible and progressive manner.

Sincerely,



Gary Reeves, Ed.D.  
Interim Superintendent



Rene Barajas, Ph.D.  
Assistant Superintendent, Business Operations

**This page intentionally left blank**

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Garland Independent School  
District, Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
August 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Morrill*

President

*Jeffrey R. Enev*

Executive Director

# Association of School Business Officials International

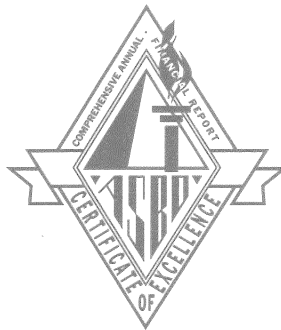


*The Certificate of Excellence in Financial Reporting Award  
is presented to*

## Garland Independent School District

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended August 31, 2011*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



A handwritten signature in cursive script, reading 'Brian L. Mee'.

Brian L. Mee, SFO, RSBA  
President

A handwritten signature in cursive script, reading 'John D. Musso'.

John D. Musso, CAE, RSBA  
Executive Director

## Financial Section

**This page intentionally left blank**



## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees  
Garland Independent School District  
Garland, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Garland Independent School District, Texas (the District) as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Garland Independent School District, Texas, as of August 31, 2012, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2013, on our consideration of the Garland Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

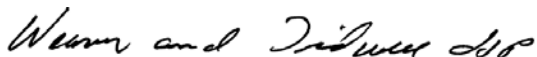
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 3 through 12) and the schedule of revenues, expenditures and changes in fund balances-budget and actual for the General Fund and National Breakfast and Lunch Program (on pages 52 through 56) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.





We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section, the combining statements, required TEA schedules section, 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and in addition the combining statements and required TEA schedules section, are not a required part of the basic financial statements of the District. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
January 16, 2013



**Garland Independent School District**  
 Management's Discussion and Analysis  
 Year Ended August 31, 2012  
 (Unaudited)

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2012.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceed its liabilities at the close of the most recent fiscal year by \$306,792,674 (net assets). Of this amount \$140,382,153 may be used to meet the District's ongoing obligations (unrestricted net assets).
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$230,207,914, which breaks down as follows.

Non-Spendable	\$ 3,981,592	1.7%
Restricted	82,042,203	35.7%
Committed	12,242,543	5.3%
Assigned	17,569,447	7.6%
Unassigned	<u>114,372,129</u>	<u>49.7%</u>
Total	<u>\$ 230,207,914</u>	<u>100.0%</u>

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Both the discussion and analysis presented are 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, 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when revenue is received or expenses incurred. Thus, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has only one *business-type activity*: the Concession Fund. Component units are legally separate organizations for which the

Board of Trustees of the District is legally accountable. The District has no component units for which it is financially accountable. Component units can also be other organizations for which the nature and significance of their relationship with the District is such that exclusion would cause the District's financial statements to be incomplete. The government-wide financial statements can be found on pages 13 - 15 of this report.

**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, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds and not the District as a whole. Some funds are required by State law and/or bond covenants. Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of 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 a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government'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 maintains seven governmental funds. 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, capital projects fund, national breakfast and lunch program, federal special revenue fund, state special revenue fund, and local special revenue fund, all of which are considered to be major funds. Per the Texas Education Agency, the District adopts an annual appropriated budget for its general fund, debt service fund, and national breakfast and lunch program. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 16 - 21 of this report.
- **Proprietary funds.** *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types: Enterprise and Internal Service. *Enterprise funds* are used to report the same functions presented as *business-type activities* in government-wide financial statements. The District uses an *enterprise fund* to account for its concessions operations. The second type of proprietary fund is the *internal service fund*. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the *internal service fund* to report activities for its catering services, risk management, Curtis Culwell Center, print shop, health insurance, motor pool, and copier pool programs. The basic proprietary fund financial statements can be found on pages 22 – 24 of this report.

- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate *Statement of Fiduciary Assets and Liabilities* that can be found on page 25. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**Notes to the financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 - 51 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 52 - 56 of this report.

Combining statements are prepared in connection with internal service funds and are presented immediately following the required supplementary information. Combining statements can be found on pages 57 - 63 of this report.

### Government-wide Financial Analysis

As previously noted, net assets may serve as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$306,792,674 as of August 31, 2012.

### The District's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 290,133,706	\$ 277,348,934	\$ (125,013)	\$ (123,098)	\$ 290,008,693	\$ 277,225,836
Capital assets	<u>479,710,011</u>	<u>478,089,008</u>	<u>14,180</u>	<u>17,536</u>	<u>479,724,191</u>	<u>478,106,544</u>
Total assets	769,843,717	755,437,942	(110,833)	(105,562)	769,732,884	755,332,380
Noncurrent liabilities	421,873,137	446,597,217			421,873,137	446,597,217
Other liabilities	<u>41,064,582</u>	<u>44,668,236</u>	<u>2,491</u>	<u>6,661</u>	<u>41,067,073</u>	<u>44,674,897</u>
Total liabilities	462,937,719	491,265,453	2,491	6,661	462,940,210	491,272,114
Invested in capital assets, net of related debt	150,416,165	135,714,399	14,180	17,536	150,430,345	135,731,935
Restricted	15,980,176	9,516,288			15,980,176	9,516,288
Unrestricted	<u>140,509,657</u>	<u>118,941,802</u>	<u>(127,504)</u>	<u>(129,759)</u>	<u>140,382,153</u>	<u>118,812,043</u>
Total net assets	<u>\$ 306,905,998</u>	<u>\$ 264,172,489</u>	<u>\$ (113,324)</u>	<u>\$ (112,223)</u>	<u>\$ 306,792,674</u>	<u>\$ 264,060,266</u>

Investment in capital assets (e.g., land, buildings, furniture, and equipment) less any related outstanding debt used to acquire those assets is \$150,430,345. 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 capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources,

since the capital assets cannot themselves be used to liquidate these liabilities. An additional portion (approximately 5%) of the District's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$136,725,558, may be used to meet the District's ongoing obligations to citizens and creditors.

**Governmental activities.** Governmental activities increased the District's net assets by \$42,733,509. This increase is due to an increase in state program revenue and a decrease in expenses. The total cost of all *governmental activities* this year was \$468,357,516. The amount our taxpayers paid for these activities through property taxes was \$164,592,326 or 35%.

## Changes in the District's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<b>Program revenues</b>						
Charges for services	\$ 14,621,060	\$ 14,467,550	\$ 245,953	\$ 263,967	\$ 14,867,013	\$ 14,731,517
Operating grants and contributions	91,587,206	132,960,615			91,587,206	132,960,615
<b>General revenues</b>						
Property taxes	164,592,326	167,393,450			164,592,326	167,393,450
State Grants	233,715,404	224,600,836			233,715,404	224,600,836
Other	6,131,061	6,390,888	-	-	6,131,061	6,390,888
Total revenues	<u>510,647,057</u>	<u>545,813,339</u>	<u>245,953</u>	<u>263,967</u>	<u>510,893,010</u>	<u>546,077,306</u>
<b>Expenses</b>						
Instructional and instructional related services	288,707,946	310,983,690			288,707,946	310,983,690
Instructional and school leadership	34,893,541	37,688,228			34,893,541	37,688,228
Support services - Student	67,527,483	70,523,251			67,527,483	70,523,251
Administrative support services	10,252,916	11,255,328			10,252,916	11,255,328
Support services – non-student	60,683,058	55,457,548			60,683,058	55,457,548
Community services	3,086,571	5,289,947			3,086,571	5,289,947
Debt service	921,071	15,816,186			921,071	15,816,186
Facilities acquisition and construction	1,511,554	2,297,277			1,511,554	2,297,277
Payments to Fiscal Agent of Shared Services Arrangement	69,224	31,422			69,224	31,422
Payments to JJAEP	45,714	66,234			45,714	66,234
Intergovernmental Charges	658,438	700,543			658,438	700,543
Concessions	-	-	247,054	258,978	247,054	258,978
Total expenses	<u>468,357,516</u>	<u>510,109,654</u>	<u>247,054</u>	<u>258,978</u>	<u>468,604,570</u>	<u>510,368,632</u>
<b>Excess of revenues over expenses</b>						
Extraordinary Item - Insurance Recoveries	617,430	2,275,658			617,430	2,275,658
Special Item - Loss on Disposal	(877,204)				(877,204)	-
Special Item - Liquidation of Claims Liability	703,742	-	-	-	703,742	-
Increase/(Decreases) in net assets	42,733,509	37,979,343	(1,101)	4,989	42,732,408	37,984,332
Beginning net assets	264,172,489	226,193,146	(112,223)	(117,212)	264,060,266	226,075,934
Ending net assets	<u>\$ 306,905,998</u>	<u>\$ 264,172,489</u>	<u>\$ (113,324)</u>	<u>\$ (112,223)</u>	<u>\$ 306,792,674</u>	<u>\$ 264,060,266</u>

**Business-type Activities.** Business-type activities decreased the District’s net assets by \$1,101. The District’s business-type activities consist entirely of concession operations.

**Financial Analysis of the District’s Funds**

As previously noted, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

**Governmental funds.** The focus of the District’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District’s net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$230,207,914, an increase of \$17,933,550 over last year.

Non-Spendable - Inventories	\$ 3,099,013	1.3%
Non-Spendable - Prepaid Items	882,579	0.4%
Restricted - Grant Funds	8,136,933	3.5%
Restricted - Capital Acquisitions and Contractual Obligations	67,919,393	29.5%
Restricted - Retirement of Long-term Debt	5,985,877	2.6%
Committed - Capital Expenditures for Equipment	2,022,659	0.9%
Committed - Self-Insurance	8,000,000	3.5%
Committed - Local Special Revenue Funds	2,219,884	1.0%
Assigned - Construction and Capital Expenditures	17,569,447	7.6%
Unassigned	<u>114,372,129</u>	<u>49.7%</u>
	<u>\$ 230,207,914</u>	<u>100.0%</u>

The general fund is the primary operating fund of the District. At the end of the current fiscal year, the general fund’s unassigned fund balance was \$114,372,129. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total general fund expenditures. Unassigned fund balance represents 31% of the total general fund expenditures, while total fund balance represents 34% of that same amount.

The general fund’s fund balance increased \$20,020,021 during the current fiscal year. This is due to a decrease in expenditures and a transfer in to close out the Health Insurance Fund.

The debt service fund has a total fund balance of \$5,985,877 all of which is restricted for the payment of debt service. The net increase in debt services fund balance was \$1,453,201. This increase was due to an increase in state revenue and a net increase in other sources and uses related to the refunding of outstanding debt.

The capital projects fund decreased its fund balance by \$3,996,106. This decrease is due to the proceeds from the issuance of the Series 2012 Qualified School Construction Bonds netted against current year expenditures for the construction and renovation of school facilities discussed further under capital assets.



The national breakfast and lunch program fund balance increased by \$2,074,853. This increase is due to an decrease in expenditures.

The federal special revenue fund increased its fund balance by \$88,519. This is due to activities associated with the District's Medicaid Administrative Claiming program.

The state special revenue fund decreased its fund balance by \$1,617,992. This decrease is due to the use of the textbook allotment fund balance in the current year. The State of Texas created the textbook allotment fund in fiscal year 2011. The textbook funding was made available in August 2011, but the District was unable to expend the funds prior to year end.

The local special revenue fund decreased its fund balance by \$88,946. This decrease is due to expenditures of funds raised by campuses in the prior year.

*Proprietary funds.* As previously noted, the District's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail.

Net assets of the District's internal service funds at August 31, 2012, amounted to \$9,071,002 while net assets decreased \$247,347. This is due to a decrease in net assets of \$275,547 in the Health Insurance Fund. The decrease was the result of a transfer to the general fund to terminate the District health self-insurance program. The remaining difference is the result of small increases and decreases in the other internal service funds. Effective September 1, 2011, the District began participating in the state run TRS-ActiveCare health insurance program.

Factors concerning the finances of the Concession Fund have already been addressed in the discussion of the District's business-type activities.

## **Budgetary Highlights**

Over the course of the year, the Board approved several revisions to budgeted revenue and appropriations. These amendments fall into the following categories:

- Amendments approved shortly after the beginning of the new fiscal year for amounts reserved and designated in the prior year
- Amendments approved shortly after the beginning of the new fiscal year to align the payroll budget with job assignment changes
- Amendments in summer to revise estimates for local and state revenue based on the latest information on student attendance numbers and tax collections
- Amendments throughout the year for transfers to and from other funds and federal indirect cost calculations
- Amendments during the year for changes in programs

Differences between the original and the final amended budget are briefly summarized below:

### **GENERAL FUND**

#### **Revenues**

- \$2,102,960 increase in local revenues to align revenue budget with estimated year end totals.
- \$2,226,057 increase in state program revenues to align revenue budget with estimated year end totals.

- \$3,750,000 increase in Federal Medicaid program revenues to align revenue budget with estimated year end totals.
- \$500,000 increase in transfers in from the Health Insurance fund.

#### Expenditures and Transfers Out

- \$6,726,133 decrease in instructional expenditures to align salary budget with estimated year end totals.
- \$1,617,218 increase in instructional staff development to align salary budget with estimated year end totals.
- \$847,452 decrease in guidance, counseling and evaluation to align salary budget with estimated year end totals.
- \$2,706,803 increase in health services to align salary budget with estimated year end totals.
- \$1,100,632 decrease in plant maintenance and operations to align utilities and salary budget with estimated year end totals.
- \$516,900 increase in data processing services to align salary budget with estimated year end totals.
- \$10,000,000 increase in transfers out, of which \$10,000,000 went to Local Capital projects.

After appropriations were amended as described above, actual revenues were \$4,568,348 greater than final budgeted amounts due to more revenue in all categories than final budgeted estimates. Actual expenditures were \$14,621,642 less than final budget amounts. This variance is due to the year end payroll accrual and non-payroll expenses being less than estimated at the time the final amended budget was submitted to the Board of Trustees for approval. Year end revenues were greater than expenditures, thus adding to existing fund balance.

#### NATIONAL BREAKFAST AND LUNCH PROGRAM

##### Revenues

- \$1,833,328 decrease in all categories of revenue sources to align revenue budget with estimated year end totals.

##### Expenditures and Transfers Out

- \$2,129,015 decrease in food service expenditures to align salary budget with estimated year end totals.

After appropriations were amended as described above, actual revenues were \$99,871 less than final budgeted amounts due to less revenue in local and federal categories than final budgeted estimates. Actual expenditures were \$675,966 less than final budget amounts due to the year end payroll accrual being less than estimated at the time the final amended budget was submitted to the Board of Trustees for approval. Year end revenues were greater than expenditures, thus adding to existing fund balance.

#### **Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets, for governmental activities, as of August 31, 2012 and 2011 was \$479,710,011 and \$478,089,008 (net of accumulated depreciation) respectively. This investment in capital assets includes land, buildings and

improvements, and furniture and equipment. The District's investment in capital assets, for business type activities, as of August 31, 2012 and 2011 was \$14,180 and \$17,536 (net of accumulated depreciation) respectively. This investment in capital assets is made up entirely of furniture and equipment.

District's Capital Assets  
(net of depreciation)

	<u>2012</u>	<u>2011</u>
Governmental Activities		
Land	\$ 14,077,107	\$ 14,077,107
Land improvements, net	13,807,944	14,312,447
Buildings and improvements, net	395,148,214	405,288,490
Furniture and equipment, net	44,696,394	39,585,311
Construction in progress	<u>11,980,352</u>	<u>4,825,653</u>
Total at historical cost	<u>\$479,710,011</u>	<u>\$478,089,008</u>
Business Type Activities		
Furniture and equipment, net	<u>\$14,180</u>	<u>\$17,536</u>
Total at historical cost	<u>\$14,180</u>	<u>\$17,536</u>

The increase in governmental capital assets is due primarily to current year additions exceeding current depreciation. The District purchased \$3.2 million of buses, began construction on the new Daugherty campus and began additions and renovations at 4 high schools. The decrease in business type activities capital assets is due primarily to current year depreciation exceeding current year additions.

Additional information on the District's capital assets can be found in Note 4 to the financial statements.

**Long-term debt.** At August 31, 2012, the District had total bonded debt outstanding of \$399,126,740, which represents a decrease of \$23,456,736 from the prior year. This decrease is due to the net of the issuance of \$12,485,000 of bonds, scheduled bond payments, and refundings associated with the Series 2011A, 2012, and 2012A refunding bonds.

The "AAA" long-term rating on the District's Texas bonds reflects the Texas Permanent School Fund guarantee. The District maintains an underlying rating of Aaa from Moody's Investors Service and AA from Standard & Poor's.

Some statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the District is \$1,308,556,467, which is significantly higher than the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 6 to the financial statements.

## **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the City of Garland stands at 6.9%. The Dallas Metropolitan Statistical Area has an 6.9% unemployment rate as compared to a statewide rate of 7.1% and a national average of 8.2%.
- Inflationary trends in the region tend to be similar to the national consumer price index (CPI). The region's CPI increased 2.3%; Texas experienced a 1.2% increase in the CPI. The nation experienced a 1.7% increase in the CPI.
- The District's student attendance rate has historically been approximately 96%.
- The District has appropriated revenues of \$396,453,971 and expenditures of \$402,582,813 in the 2012-13 budget of the General Fund.
- The Debt Service Fund has budgeted revenues of \$41,014,665 and expenditures of \$40,731,536 in the 2012-13 budget.
- The National Breakfast and Lunch Program Fund revenue and expenditure budgets for 2012-13 are \$28,267,030 and \$28,178,192, respectively.
- The 2012-13 budget is based on a total property tax rate of \$1.2533 per hundred dollars of assessed value. The property tax rate has remained unchanged since 2007-08. The District's taxable value for 2012-13 decreased 1% due to an overall decline in the real estate market.

## **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, Garland ISD, P.O. Box 469026, Garland, Texas, 75046-9026.

## Basic Financial Statements

**This page intentionally left blank**

GARLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
AUGUST 31, 2012

Exhibit A-1

Data Codes	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 270,059,322		\$ 270,059,322
1220 Property Taxes - Receivable - Delinquent	7,596,711		7,596,711
1230 Allowance for Uncollectible Taxes (Credit)	(2,627,911)		(2,627,911)
1240 Due From Other Governments	7,271,705		7,271,705
1260 Internal Balances	135,719	\$ (135,719)	-
1270 Due From Fiduciary Funds	126,835		126,835
1290 Other Receivables, net	76,863		76,863
1300 Inventories	3,099,013	10,706	3,109,719
1410 Deferred Expenses	991,246		991,246
1420 Capitalized Bond and Other Debt Issuance Costs	3,404,203		3,404,203
Capital Assets:			
1510 Land and Improvements, net	27,885,051		27,885,051
1520 Buildings and Building Improvements, net	395,148,214		395,148,214
1530 Furniture and Equipment, net	44,696,394	14,180	44,710,574
1580 Construction in Progress	11,980,352	-	11,980,352
1000 Total Assets	769,843,717	(110,833)	769,732,884
<b>LIABILITIES</b>			
2110 Accounts Payable	4,686,267	1,892	4,688,159
2130 Capital Leases Payable	399,522		399,522
2140 Interest Payable	740,460		740,460
2150 Payroll Deductions and Withholdings	2,751,108		2,751,108
2160 Accrued Wages Payable	15,365,168	599	15,365,767
2180 Due to Other Governments	16,330,360		16,330,360
2181 Due to Fiduciary Funds	28,085		28,085
2200 Accrued Expenses	24,932		24,932
2201 Claims Liability	22,303		22,303
2300 Unearned Revenues	716,377		716,377
Noncurrent Liabilities:			
2501 Due Within One Year	26,820,541		26,820,541
2502 Due in More Than One Year	390,438,728		390,438,728
2531 Long-Term Capital Leases Payable	988,183		988,183
2532 Vested Vacation Benefits Payable	1,306,758		1,306,758
2591 Long-Term Claims Liability	2,318,927	-	2,318,927
2000 Total Liabilities	462,937,719	2,491	462,940,210
<b>NET ASSETS</b>			
3200 Invested in Capital Assets, Net of Related Debt	150,416,165	14,180	150,430,345
3840 Restricted for Food Service	5,647,011		5,647,011
3850 Restricted for Debt Service	5,852,827		5,852,827
3860 Restricted for Grant Funds	4,480,338		4,480,338
3900 Unrestricted Net Assets	140,509,657	(127,504)	140,382,153
3000 Total Net Assets	\$ 306,905,998	\$ (113,324)	\$ 306,792,674

The accompanying notes are an integral part of the basic financial statements.

GARLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues	
			3 Charges for Services	4 Operating Grants and Contributions
	Primary government:			
	Governmental activities:			
11	Instruction	\$ 272,825,108	\$ 244,414	\$ 51,381,910
12	Instructional resources and media services	7,368,582		335,685
13	Curriculum and staff development	8,514,256	375	1,141,540
21	Instructional leadership	8,365,560		1,601,028
23	School leadership	26,527,981		1,362,283
31	Guidance, counseling, and evaluation services	16,939,997		2,835,618
32	Social work services	894,164		64,627
33	Health services	5,329,439		601,735
34	Student transportation	10,643,267		59,807
35	Food service	26,033,888	9,011,473	18,008,145
36	Extracurricular activities	7,686,728	5,096,626	50,647
41	General administration	10,252,916		297,996
51	Plant maintenance and operations	35,728,649	268,172	448,265
52	Security and monitoring services	3,667,174		4,013
53	Data processing services	21,287,235		848,200
61	Community services	3,086,571		895,822
72	Interest on long-term debt	691,607		11,540,974
73	Bond issuance costs and fees	229,464		
81	Facilities acquisition and construction	1,511,554		39,690
93	Payments to fiscal agent of shared services arrangement	69,224		69,221
95	Payments to Juvenile Justice Alternative Education Programs	45,714		
99	Intergovernmental charges	658,438	-	-
TG	TG Total governmental activities	<u>468,357,516</u>	<u>14,621,060</u>	<u>91,587,206</u>
	Business-type activities:			
01	01 Concessions	247,054	245,953	-
TB	TB Total business-type activities	<u>247,054</u>	<u>245,953</u>	<u>-</u>
TP	TP Total primary government	<u>\$ 468,604,570</u>	<u>\$ 14,867,013</u>	<u>\$ 91,587,206</u>

Data Control Codes	General revenues:
	Taxes:
MT	Property taxes, levied for general purposes
DT	Property taxes, levied for debt service
SF	State aid-formula grants (Unrestricted)
GC	Grants and contributions not restricted to specific programs
IE	Investment earnings
MI	Miscellaneous
EI	Insurance recoveries
SI	Special Item - Loss on Disposal of Assets
SI	Special Item - Liquidation of Claims Liability (Note 10)
TR	Total general revenues and special items
CN	Change in Net Assets
NB	Net assets—beginning
NE	Net assets—ending

The accompanying notes are an integral part of the basic financial statements.



Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (221,198,784)		\$ (221,198,784)
(7,032,897)		(7,032,897)
(7,372,341)		(7,372,341)
(6,764,532)		(6,764,532)
(25,165,698)		(25,165,698)
(14,104,379)		(14,104,379)
(829,537)		(829,537)
(4,727,704)		(4,727,704)
(10,583,460)		(10,583,460)
985,730		985,730
(2,539,455)		(2,539,455)
(9,954,920)		(9,954,920)
(35,012,212)		(35,012,212)
(3,663,161)		(3,663,161)
(20,439,035)		(20,439,035)
(2,190,749)		(2,190,749)
10,849,367		10,849,367
(229,464)		(229,464)
(1,471,864)		(1,471,864)
(3)		(3)
(45,714)		(45,714)
(658,438)	-	(658,438)
<u>(362,149,250)</u>	<u>-</u>	<u>(362,149,250)</u>
-	\$ (1,101)	(1,101)
-	(1,101)	(1,101)
<u>\$ (362,149,250)</u>	<u>\$ (1,101)</u>	<u>\$ (362,150,351)</u>
136,593,849		136,593,849
27,998,477		27,998,477
233,715,404		233,715,404
4,482,295		4,482,295
286,150		286,150
1,362,616		1,362,616
617,430		617,430
(877,204)		(877,204)
703,742	-	703,742
<u>404,882,759</u>	<u>-</u>	<u>404,882,759</u>
42,733,509	(1,101)	42,732,408
264,172,489	(112,223)	264,060,266
<u>\$ 306,905,998</u>	<u>\$ (113,324)</u>	<u>\$ 306,792,674</u>

GARLAND INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 145,398,183	\$ 12,462,359	\$ 89,304,235
1220 Property Taxes Receivable - Delinquent	6,454,168	1,142,543	
1230 Allowance for Uncollectible Taxes (Credit)	(2,154,517)	(473,394)	
1240 Due From Other Governments	2,649		
1260 Due From Other Funds	9,593,278	347,181	
1290 Other Receivables	6,847		
1300 Inventories	1,108,597		
1410 Deferred Expenditures	882,579	-	-
1000 Total Assets	<u>161,291,784</u>	<u>13,478,689</u>	<u>89,304,235</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
2110 Accounts Payable	2,386,547		1,471,278
2150 Payroll Deductions and Withholdings	2,750,796		
2160 Accrued Wages Payable	14,733,914		
2170 Due to Other Funds	1,574,776		2,344,117
2180 Due to Other Governments	9,436,636	6,893,724	
2200 Accrued Expenditures	16,040		
2300 Deferred Revenues	4,007,111	599,088	-
2000 Total Liabilities	<u>34,905,820</u>	<u>7,492,812</u>	<u>3,815,395</u>
Fund Balances:			
3410 Non-Spendable - Inventories	1,108,597		
3430 Non-Spendable - Prepaid Items	882,579		
3450 Restricted - Grant Funds			
3470 Restricted - Capital Acquisitions and Contractual Obligations			67,919,393
3480 Restricted - Retirement of Long-term Debt		5,985,877	
3530 Committed - Capital Expenditures for Equipment	2,022,659		
3540 Committed - Self-Insurance	8,000,000		
3540 Committed - Local Special Revenue Funds			
3550 Assigned - Construction and Capital Expenditures			17,569,447
3600 Unassigned	114,372,129	-	-
3000 Total Fund Balances	<u>126,385,964</u>	<u>5,985,877</u>	<u>85,488,840</u>
4000 Total Liabilities and Fund Balances	<u>\$ 161,291,784</u>	<u>\$ 13,478,689</u>	<u>\$ 89,304,235</u>

The accompanying notes are an integral part of the basic financial statements.

240 National Breakfast and Lunch Program	289 Federal Special Revenue Fund	429 State Special Revenue Fund	499 Local Special Revenue Fund	Total Governmental Funds
\$ 5,494,148	\$ 3,348,912	\$ 113,635	\$ 2,564,383	\$ 258,685,855
				7,596,711
				(2,627,911)
416,085	2,924,159	3,928,812		7,271,705
1,296	11,731	22,094	1,405	9,976,985
				6,847
1,990,416				3,099,013
-	-	-	-	882,579
<u>7,901,945</u>	<u>6,284,802</u>	<u>4,064,541</u>	<u>2,565,788</u>	<u>284,891,784</u>
427,728	60,246	9,566	167,798	4,523,163
312				2,751,108
546,814	752,173			16,032,901
831,037	4,974,092	11,724	178,106	9,913,852
				16,330,360
8,892				24,932
440,151	61,204	-	-	5,107,554
<u>2,254,934</u>	<u>5,847,715</u>	<u>21,290</u>	<u>345,904</u>	<u>54,683,870</u>
1,990,416				3,099,013
				882,579
3,656,595	437,087	4,043,251		8,136,933
				67,919,393
				5,985,877
				2,022,659
				8,000,000
			2,219,884	2,219,884
				17,569,447
-	-	-	-	114,372,129
<u>5,647,011</u>	<u>437,087</u>	<u>4,043,251</u>	<u>2,219,884</u>	<u>230,207,914</u>
<u>\$ 7,901,945</u>	<u>\$ 6,284,802</u>	<u>\$ 4,064,541</u>	<u>\$ 2,565,788</u>	<u>\$ 284,891,784</u>

**This page intentionally left blank**

GARLAND INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
AUGUST 31, 2012

Exhibit C-1R

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 230,207,914</b>
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.	9,071,002
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	772,657,661
Accumulated depreciation has not been included in the fund financial statements. The accumulated depreciation related to internal service funds (\$1,352,847) is included in the net effect of consolidation above.	(295,795,332)
Bonds payable, related premiums, and loss on refunding have not been included in the fund financial statements.	(414,677,393)
Accrued liabilities for compensated absences due in more than one year have not been reflected in the fund financial statements.	(1,306,758)
Accreted interest on capital appreciation bonds has not been included in the fund financial statements.	(477,498)
Revenue reported as deferred revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	4,554,337
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(732,138)
Bond issuance costs were recorded as an expenditure in the fund financial statements.	6,342,029
Accumulated amortization of bond issuance costs has not been included in the fund financial statements.	(2,937,826)
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 306,905,998</u></b>

The accompanying notes are an integral part of the basic financial statements.

GARLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>REVENUES:</b>			
5700 Total local and intermediate sources	\$ 139,979,333	\$ 28,150,813	\$ 813,791
5800 State program revenues	252,162,023	11,540,974	
5900 Federal program revenues	4,426,992	-	-
5020 Total Revenues	<u>396,568,348</u>	<u>39,691,787</u>	<u>813,791</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	223,519,540		
0012 Instructional Resources and Media Services	6,786,434		
0013 Curriculum and Instructional Staff Development	7,834,411		
0021 Instructional Leadership	6,827,250		
0023 School Leadership	25,995,593		
0031 Guidance, Counseling, and Evaluation Services	14,822,244		
0032 Social Work Services	893,436		
0033 Health Services	5,056,415		
0034 Student (Pupil) Transportation	9,129,592		3,222,031
0035 Food Services	5,380		
0036 Cocurricular/Extracurricular Activities	5,714,268		
0041 General Administration	9,994,137		
0051 Plant Maintenance and Operations	34,201,296		
0052 Security and Monitoring Services	3,456,844		
0053 Data Processing Services	10,384,168		10,222,882
0061 Community Services	1,394,229		
Debt Service:			
0071 Debt Service-Principal on Long-Term Debt	485,000	22,070,971	
0072 Debt Service-Interest on Long-Term Debt	82,513	14,926,388	
0073 Debt Service-Bond Issuance Cost and Fees	300	1,925,844	172,293
Capital Outlay:			
0081 Facilities Acquisition and Construction	360,156		13,655,715
Intergovernmental:			
0093 Payments Related to Shared Services Arrangements			
0095 Payments to Juvenile Justice Alternative Ed Program	45,714		
0099 Other Intergovernmental Charges	658,438	-	-
6030 Total Expenditures	<u>367,647,358</u>	<u>38,923,203</u>	<u>27,272,921</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	28,920,990	768,584	(26,459,130)
<b>OTHER FINANCING SOURCES (USES):</b>			
7911 Capital Related Debt Issued (Bonds)			12,485,000
7911 Refunding Bonds Issued		177,560,213	
7912 Sale of Real and Personal Property	151,831		
7915 Transfers In	939,244		9,978,024
7916 Premium or Discount on Issuance of Bonds		31,307,398	
7949 Other Resources		41,262	
7956 Insurance Recovery	7,956		
8911 Transfers Out	(10,000,000)		
8940 Payments to Refunded Bond Escrow Agents		(208,224,256)	-
7080 Total Other Financing Sources (Uses)	<u>(8,900,969)</u>	<u>684,617</u>	<u>22,463,024</u>
1200 Net Change in Fund Balances	20,020,021	1,453,201	(3,996,106)
0100 Fund Balance - September 1 (Beginning)	106,365,943	4,532,676	89,484,946
3000 Fund Balance - August 31 (Ending)	<u>\$ 126,385,964</u>	<u>\$ 5,985,877</u>	<u>\$ 85,488,840</u>

The accompanying notes are an integral part of the basic financial statements.

240 National Breakfast and Lunch Program	289 Federal Special Revenue Fund	429 State Special Revenue Fund	499 Local Special Revenue Fund	Total Governmental Funds
\$ 9,050,386			\$ 4,764,530	\$ 182,758,853
155,752		\$ 4,533,423		268,392,172
18,107,644	\$ 38,256,620	-	-	60,791,256
<u>27,313,782</u>	<u>38,256,620</u>	<u>4,533,423</u>	<u>4,764,530</u>	<u>511,942,281</u>
	33,192,540	6,091,268	2,980,554	265,783,902
		592	120,327	6,907,353
	621,690	52,699	37,367	8,546,167
	1,259,453	183	912	8,087,798
	7,581	7,124	317,110	26,327,408
	1,944,236		49,273	16,815,753
	598			894,034
	183,729	94	205	5,240,443
	23,245		870	12,375,738
24,867,817			23	24,873,220
			929,685	6,643,953
				9,994,137
406,217	4,969		9,060	34,621,542
			2,433	3,459,277
	2,857		394,531	21,004,438
	821,013		14,545	2,229,787
				22,555,971
				15,008,901
				2,098,437
	39,600		5,916	14,061,387
	69,224			69,224
				45,714
-	-	-	-	658,438
<u>25,274,034</u>	<u>38,170,735</u>	<u>6,151,960</u>	<u>4,862,811</u>	<u>508,303,022</u>
2,039,748	85,885	(1,618,537)	(98,281)	3,639,259
				12,485,000
				177,560,213
35,105	12,096	545	9,335	186,936
				10,939,244
				31,307,398
				41,262
				7,956
	(9,462)			(10,009,462)
-	-	-	-	(208,224,256)
<u>35,105</u>	<u>2,634</u>	<u>545</u>	<u>9,335</u>	<u>14,294,291</u>
2,074,853	88,519	(1,617,992)	(88,946)	17,933,550
3,572,158	348,568	5,661,243	2,308,830	212,274,364
<u>\$ 5,647,011</u>	<u>\$ 437,087</u>	<u>\$ 4,043,251</u>	<u>\$ 2,219,884</u>	<u>\$ 230,207,914</u>

GARLAND INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2012

Exhibit C-3

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 17,933,550</b>
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net loss of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net assets.	(247,347)
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2012 capital outlays is to increase net assets. Total governmental activities additions \$26,426,614 less internal service fund additions \$168,632.	26,257,982
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(25,113,481)
Current year long-term debt principal payments, refunding, payments of accreted interest on capital appreciation bonds, and amortization of loss on refunding are expenditures in the fund financial statements, but shown as reductions in long-term debt in the government-wide financial statements.	222,381,601
Current year accretion on capital appreciation bonds is not reflected in the fund financial statements, but is shown as an increase in accreted interest on the government-wide financial statements.	(478,412)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due.	94,343
Revenue from property taxes is deferred in the fund financial statements until it is considered available to finance current expenditures, but such revenue is recognized when assessed net of allowance for uncollectible accounts in the government-wide financial statements.	(683,198)
Proceeds from debt issuance are recorded as other financing sources in the fund financial statements, but are recorded as debt in the government-wide financial statements	(190,045,213)
Premium on bonds are considered revenues in the fund financial statements, but such revenues are recorded as part of debt in the government-wide financial statements	(31,307,398)
Loss on refunding of debt is not recognized as an expense in governmental funds since it does not require the use of current financial resources	24,620,422
Bond issuance costs are considered expenditures in the fund financial statements, but such expenditures are recorded as part of deferred expenses in the government-wide financial statements.	1,827,712
Amortization of bond issuance costs are not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's amortization is to decrease net assets.	(1,520,433)
Changes in the long-term vested sick leave liability is not shown in the fund financial statements. The net effect of the current year's increase is to increase net assets.	86,569
Net book value of capital assets disposed of is not recognized as an expense in governmental funds since it does not require the use of current financial resources.	(1,073,188)
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 42,733,509</u></b>

The accompanying notes are an integral part of the basic financial statements.



GARLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AUGUST 31, 2012

Exhibit D-1

	Business-type <u>Activities</u>	Governmental <u>Activities</u>
	Enterprise Funds	Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents		\$ 11,373,467
Due From Other Funds	\$ 384	1,243,044
Other Receivables		70,016
Inventories	10,706	
Deferred Expenses	-	108,667
Total Current Assets	<u>11,090</u>	<u>12,795,194</u>
Noncurrent Assets:		
Capital Assets:		
Land Purchase and Improvements		202,212
Building and Building Improvements		71,390
Furniture and Equipment	33,574	3,926,927
Accumulated Depreciation-Other Land Improvements		(24,645)
Accumulated Depreciation-Building and Building Improvements		(3,050)
Accumulated Depreciation-Furniture and Equipment	(19,394)	(1,325,152)
Total Noncurrent Assets	<u>14,180</u>	<u>2,847,682</u>
Total Assets	<u>25,270</u>	<u>15,642,876</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	1,892	163,104
Leases Payable		399,522
Interest Payable		8,322
Accrued Wages Payable	599	20,428
Due to Other Funds	136,103	1,071,708
Claims Liability		1,438,520
Deferred Revenues	-	163,160
Total Current Liabilities	<u>138,594</u>	<u>3,264,764</u>
Noncurrent liabilities:		
Capital Lease Payable Long-Term		988,183
Claims Liability Long-Term	-	2,318,927
Total Noncurrent liabilities	<u>-</u>	<u>3,307,110</u>
Total Liabilities	<u>138,594</u>	<u>6,571,874</u>
<b>NET ASSETS</b>		
Investments in Capital Assets	14,180	2,847,682
Unreserved and Undesignated:		
Unrestricted Net Assets	(127,504)	6,223,320
Total Net Assets	<u>\$ (113,324)</u>	<u>\$ 9,071,002</u>

The accompanying notes are an integral part of the basic financial statements.

GARLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2012

Exhibit D-2

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES:</b>		
Local and Intermediate Sources	\$ 245,953	\$ 5,251,844
Total Operating Revenues	245,953	5,251,844
<b>OPERATING EXPENSES:</b>		
Payroll Costs	168,850	1,432,210
Professional and Contracted Services	745	1,629,508
Supplies and Materials	73,162	531,114
Other Operating Costs	4,297	1,478,760
Interest on Capital Lease	-	144,348
Total Operating Expenses	247,054	5,215,940
Operating Income (Loss)	(1,101)	35,904
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Earnings from Temporary Deposits & Investments		5,404
Loss on Sale of Real and Personal Property	-	(62,615)
Total Nonoperating Expenses	-	(57,211)
Loss Before Transfers	(1,101)	(21,307)
Transfer Out		(929,782)
Special Item - Liquidation of Claims Liability	-	703,742
Change in Net Assets	(1,101)	(247,347)
Total Net Assets - September 1 (Beginning)	(112,223)	9,318,349
Total Net Assets - August 31 (Ending)	\$ (113,324)	\$ 9,071,002

The accompanying notes are an integral part of the basic financial statements.

GARLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED AUGUST 31, 2012

Exhibit D-3

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
Cash Flows from Operating Activities:		
Cash Received from User Charges	\$ 255,643	\$ 1,652,991
Cash Received from Assessments - Other Funds		9,586,184
Cash Payments to Employees for Services	(168,251)	(1,424,966)
Cash Payments for Insurance Claims		(5,435,557)
Cash Payments for Suppliers	(85,706)	(431,898)
Cash Payments for Other Operating Expenses	(941)	(162,080)
Cash Payments for Prof. and Contracted Services	(745)	(1,742,275)
Net Cash Provided by Operating Activities	-	2,042,399
Cash Flows from Non-Capital Financing Activities:		
Transfer to Other Funds	-	(929,782)
Net Cash Used for Non-Capital Financing Activities	-	(929,782)
Cash Flows from Capital Financing Activities:		
Acquisition of Capital Assets		(168,632)
Capital Lease Payments	-	(567,196)
Net Cash Used for Capital Financing Activities	-	(735,828)
Cash Flows from Investing Activities:		
Interest and Dividends on Investments	-	5,404
Net Increase in Cash and Cash Equivalents	-	382,193
Cash and Cash Equivalents at Beginning of the Year:	-	10,991,274
Cash and Cash Equivalents at the End of the Year:	-	11,373,467
Reconciliation of Operating Loss to Net Cash		
Used for Operating Activities:		
Operating Income/(Loss):	(1,101)	35,904
Adjustments to Reconcile Operating Income/Loss to Net		
Cash Used for Operating Activities:		
Depreciation	3,356	375,202
Capital Lease Interest Expense		144,348
Effect of Increases and Decreases in Current		
Assets and Liabilities:		
Decrease in Deferred Revenue		23,589
Decrease in Other Receivables		494,252
Increase in Inventories	(7,775)	
Increase in Deferred Expenses		(19,888)
Decrease in Accounts Payable	(1,838)	(61,101)
Decrease in Accrued Expenses	(2,931)	
Increase in Accrued Wages Payable	599	7,244
(Increase) Decrease in Due from Other Funds	(384)	5,079,030
Increase in Due to Other Funds	10,074	892,784
Decrease in Claims Liability	-	(4,928,965)
Net Cash Provided by Operating Activities	\$ -	\$ 2,042,399
Noncash Investing, Capital, and Financing Activities:		
Borrowing Under Capital Lease		\$ 1,818,875
Loss on Disposal of Equipment		(62,615)
Liquidation of Claims Liability on Termination of Health Self Insurance Program		703,742

The accompanying notes are an integral part of the basic financial statements.

GARLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AUGUST 31, 2012

Exhibit E-1

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,286,910
Due from Other Funds	28,085
Total Assets	<u>1,314,995</u>
<b>LIABILITIES</b>	
Accounts Payable	64,030
Due to Other Funds	126,835
Due to Student Groups	1,124,130
Total Liabilities	<u>\$ 1,314,995</u>

The accompanying notes are an integral part of the basic financial statements.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 1. Summary of Significant Accounting Policies

The accounting policies of the Garland Independent School District (the "District") conform to generally accepted accounting principles applicable to governmental entities and to the rules prescribed by the Texas Education Agency ("TEA") Financial Accountability System Resource Guide (the "Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant policies:

**Reporting Entity**

In evaluating how to define the government for financial reporting purposes, the District's management has considered all potential component units. By applying the criteria set forth in generally accepted accounting principles ("GAAP"), the District has determined that no other organizations require inclusion in its reporting entity.

**Governmental Fund Financial Statements**

The District has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the District classifies governmental fund balances as follows:

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid items, and long-term receivables.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long term debt, construction programs, and other federal and state grants.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Trustees. This classification includes campus activity funds and local special revenue funds.

Assigned – includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. Fund balance can be assigned by the District's Board, the Superintendent, or the Assistant Superintendent of Business Operations per Board of Trustee Policy CE (Local).

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 1. Summary of Significant Accounting Policies – continued

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes. When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Government-Wide and Fund Financial Statements

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed except for interfund services provided and used. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues. *Business-type activities*, which are reported separately, rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes are reported as *general revenues*.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The emphasis on 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements use 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 1. Summary of Significant Accounting Policies – continued

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

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures are made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amounts.

Proprietary funds distinguish operating revenues from non-operating revenues. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges for items sold in the concession stands (primarily food and beverages). Operating expenses for the enterprise fund include salaries and the cost of products sold. The principal operating revenues of the District's internal service funds are charges to customers for sales and services. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements.

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

Fund Accounting

The District reports the following major governmental funds:

The General Fund which accounts for financial resources related to the general operations of the District, including financial resources not required to be accounted for in some other fund.

The Debt Service Fund which is utilized to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs arising from general obligation bonds.

The Capital Fund which accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and acquisition of capital facilities.

National Breakfast and Lunch Program which is used to account for funds used in food service operations including revenues received from the National School Breakfast and Lunch programs, Federal commodities and charges for meals served. The revenues and other sources are used exclusively for allowable child nutrition program purposes.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 1. Summary of Significant Accounting Policies – continued

Federal Special Revenue Fund which is used to account, on a project basis, for funds granted from the Federal government other than the National Breakfast and Lunch Program.

State Special Revenue Fund which is used to account, on a project basis, for funds granted from the state of Texas and required by the State to be reported as a special revenue fund.

Local Special Revenue Fund which is used to account, on a project basis, for funds granted from a local source including revenues raised by campuses and grants from local not-for-profits.

Proprietary Funds:

Enterprise Fund accounts for activities of the District's concession stand operations.

Internal Service Funds used to account for services provided by one department to other departments of the District on a cost-reimbursement basis. For the District, these funds are used to provide health insurance, workers' compensation insurance, reproduction, catering services, print services, motor pool, and Curtis Culwell Center services.

Accrued liabilities include provisions for claims reported and claims incurred but not reported for health insurance and workers' compensation insurance. The provision for reported claims is determined by estimating the amount that will ultimately be paid to each claimant. The provision for claims incurred but not yet reported is estimated based on the District's experience since the inception of the programs.

Fiduciary Funds:

Agency Funds which are custodial in nature and account for activities of student groups and other types of activities requiring clearing accounts. These funds have no equity. Assets are equal to liabilities and do not include revenues and expenditures for general operations of the District. This accounting reflects the District's agency relationship with the student activity organizations. Fiduciary funds use the accrual basis of accounting to recognize assets and liabilities.

Official Budget

The District is required by state law to adopt annual budgets for the General Fund, Debt Service Fund, and the National Breakfast and Lunch Program, which is included within the Special Revenue Funds. The remaining Special Revenue Funds and the Capital Projects Fund adopt project-length budgets that do not correspond to the District's fiscal year. Each budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles ("GAAP").

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

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.



**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 1. Summary of Significant Accounting Policies – continued

A meeting of the Board of Trustees is then called for purpose of adopting the proposed budget after ten days public notice of the meeting has been given. Prior to September 1, the Board of Trustees legally enacts the budget through passage of a resolution.

The approved budget is filed with the Texas Education Agency (TEA).

Once a budget is approved, it can be amended at the function and fund level only by approval of a majority of the members of the Board of Trustees. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. There was a \$10,000,000 amendment to increase transfers out, substantially all of which was for locally funded capital projects in the Capital Projects fund.

Each budget is prepared and controlled by management at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board of Trustees. All budget appropriations lapse at year-end.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, investments are considered to be cash equivalents if they are highly liquid with maturity within three months or less.

Investments

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments that have a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

The tax rates assessed for the year ended August 31, 2012, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.0400 and \$0.2133 per \$100 valuation, respectively, for a total of \$1.2533 per \$100 valuation.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. At August 31, 2012, taxes receivable net of estimated uncollectible taxes, aggregated \$4,299,651 and \$669,149 for the General Fund and Debt Service Fund, respectively.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 1. Summary of Significant Accounting Policies – continued

Inventories and Deferred Expenditures

Supplies and materials are recorded as expenditures when requisitioned. Inventories of supplies on the balance sheet are recorded at cost, using the average cost method. Inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture and are recorded as inventory when received. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the National Lunch and Breakfast Program.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as deferred expenditures in both government-wide and fund financial statements.

Interfund Receivables and Payables

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations. Such balances are eliminated within the governmental and business-type activities for the government-wide financial statements. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as “internal balances.”

Capital Assets

Capital assets, which include land, buildings, furniture and equipment, and construction in progress are reported in the government-wide financial statements. Capital assets are capitalized by the District if the cost of the item is more than \$5,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land improvements, buildings, and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20 Years
Buildings and Improvements	10 - 45 Years
Furniture and Equipment	3 - 20 Years

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 1. Summary of Significant Accounting Policies – continued

Encumbrances

Encumbrance accounting, which is used in all government fund types, utilizes purchase orders, contracts, and other commitments to reserve the applicable appropriation. Under Texas law, appropriations, including those in the Capital Projects Fund, lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments. The Board has not authorized any unexpended budgeted projects to carry over into the next fiscal year.

Data Control Codes

These codes refer to the account code structure prescribed by the TEA in the Resource Guide.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is possible that the foundation revenue estimate as of August 31, 2012 will change.

Note 2. Cash and Investments

The District's funds are required to be deposited under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent (Bank of America Global Securities Operations) approved pledged securities 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 dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At August 31, 2012, the carrying amount of the District's deposits was \$14,400,616 and the bank balance was \$10,500,901. The book balance includes an overnight investment in a repurchase agreement of \$4,633,242.

The District's entire bank balance on August 31, 2012 was covered by federal depository insurance or by collateral held by the District's agent in the District's name. During the period, the District's deposits were fully secured with FDIC coverage and pledged collateral.

In addition, the District had various petty cash balances held at different locations amounting to \$48,746.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 2. Cash and Investments – continued

Depository information required to be reported to the Texas Education Agency is:

- A. Depository – Bank of America – Dallas
- B. Amount of bond and pledged collateral as of the date of the highest collected balance on deposit was \$20,434,377.
- C. Largest cash balance amounted to \$19,254,377 and occurred on July 31, 2012.
- D. Total amount of FDIC coverage at the time of the highest collected balance was \$19,254,377.

The District’s investment policy contains the following objectives:

- A. Assure the safety of District funds.
- B. Maintain sufficient liquidity to provide adequate and timely working funds.
- C. Match the maturity of investment instruments to the daily cash flow requirements.
- D. Diversify investments as to maturity, instrument, and financial institution, where permitted.

As a means of limiting exposure to fair value losses that could occur from rising interest rates, the District limits the maturities of investments to one year from the time of purchase in all funds except capital projects and debt service.

The District recognizes that investment risks can result from market price changes. Portfolio diversification is employed as a way to control credit risk. Investment officers are expected to display prudence in the selection of securities, as a way to minimize risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio.

At August 31, 2012, the District’s exposure to interest rate risk as measured by the segmented time distribution by investment type is summarized below:

	<u>Rating</u>	<u>Carrying Amount/ Fair Value</u>	<u>Investment Maturities in Months</u>		
			<u>Less than 1</u>	<u>1 to 3</u>	<u>4 to 6</u>
TexPool	AAAm	\$253,365,476	\$253,365,476		
Lone Star	AAA	<u>3,531,394</u>	<u>3,531,394</u>	<u>\$ -</u>	<u>\$ -</u>
Total Investments		<u>\$256,896,870</u>	<u>\$256,896,870</u>	<u>\$ -</u>	<u>\$ -</u>

An 11 member board of pool members oversees Lone Star. The fair value of the District’s position in Lone Star is the same as the value of the pool shares. Lone Star is operated in a manner consistent with the SEC’s Rule 2A-7 of the investment company Act of 1970.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 2. Cash and Investments - continued

Lone Star's Government Overnight Fund is authorized for the following investments:

Obligations of the United States Government, its agencies or instrumentalities.

Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the United States Government, or its agencies and instrumentalities.

Fully collateralized repurchase agreements that meet the following criteria: (1) have a defined termination date; (2) are secured by obligations of the United States or its agencies and instrumentalities; (3) require the securities being purchased by the Liquidity Plus Fund to be pledged to the Liquidity Plus Fund, held in the Liquidity Plus Fund's name, and deposited at the time the investment is made with the Liquidity Plus Fund or with a third party selected and approved by the Liquidity Plus Fund; and (4) are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state. The market value of repurchase agreement collateral is required to initially be 102 percent of the principal amount of such repurchase agreement. Thereafter, the market value of such collateral will be determined (marked-to-market) daily and reset to 102 percent of the principal amount if it falls below 100 percent.

Lone Star's Government Overnight Fund seeks to maintain a dollar-weighted average maturity of 60 days or fewer.

The Texas Comptroller of Public Accounts oversees TexPool. The fair value of the District's position in TexPool is the same as the value of the pool shares. TexPool is operated in a manner consistent with the SEC's Rule 2A-7 of the investment company Act of 1970.

TexPool is authorized for the following investments:

Obligations of the United States Government, its agencies or instrumentalities with a maximum final maturity of 397 days for fixed rate securities and 24 months for variable rate notes.

Fully collateralized repurchase agreements or reverse repurchase agreements (i) with defined termination dates, (ii) secured obligations of the United States, its agencies or its instrumentalities, including mortgage-backed securities, (iii) that require purchased securities to be pledged to the investing entity or a third party, and (iv) that are placed through primary government securities dealers or a financial institution doing business in the State of Texas. The maximum maturity on repurchase agreements may not exceed 90 days unless the repurchase agreements have a put option that allows TexPool to liquidate the position at par with no more than 7 days notice to the counterparty.

No-load money market mutual funds that (i) are registered with and regulated by the Securities and Exchange Commission, (ii) provide a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940, (iii) maintain a dollar weighted average stated maturity of 90 days or less, (iv) included in its investment objectives the maintenance of a stable net asset value of \$1.00, and (v) are rated AAA or equivalent by at least one nationally recognized statistical rating organization ("NRSRO").

Securities lending programs that comply with various limitations.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 2. Cash and Investments - continued

The weighted average maturity of TexPool cannot exceed 60 days.

To manage credit risk, all investments are made in the name of the Garland Independent School District. All investments other than pools are purchased with the delivery versus payment method and are recorded in the District's name on the Federal Reserve's book entry system and confirmed to the District via safekeeping receipt maintained on the books of the depository bank's safekeeping department.

During the period, the District did not hold any investments in commercial paper. The District neither enters into reverse repurchase agreements nor trades in options or future contracts. Additionally, the District does not participate in any Securities Lending Programs.

Note 3. Due From Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita programs. Amounts due from federal and state governments as of August 31, 2012, are summarized below and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>Federal Grants</u>	<u>State Grants</u>	<u>Total</u>
General Fund		\$ 2,649	\$ 2,649
National Breakfast and Lunch Program	\$ 416,085		416,085
Federal Special Revenue Funds	2,924,159		2,924,159
State Special Revenue Funds	-	<u>3,928,812</u>	<u>3,928,812</u>
Total	<u>\$3,340,244</u>	<u>\$3,931,461</u>	<u>\$ 7,271,705</u>

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 4. Capital Assets

Capital asset activity for the District for the year ended August 31, 2012, was as follows:

**Capital Assets**

**Governmental Activities:**

	Primary Government				Ending Balance 8/31/12
	Beginning Balance	Additions	Retirements	Transfers	
	9/1/11				
<b>Non-Depreciable Assets</b>					
Land	\$ 14,077,107				\$ 14,077,107
Construction In Progress	4,825,653	\$ 13,611,057	\$ 76,937	\$ (6,379,421)	11,980,352
Total Capital Assets, not being depreciated	18,902,760	13,611,057	76,937	(6,379,421)	26,057,459
<b>Depreciable Assets</b>					
Land Improvements	31,535,218	430,306	163,864	345,189	32,146,849
Building & Building Improvements	618,851,431	22,965	2,242,695	5,315,417	621,947,118
Furniture & Equipment	83,368,143	14,181,161	1,561,355	718,815	96,706,764
Grand Totals at Historical Cost	733,754,792	14,634,432	3,967,914	6,379,421	750,800,731
Less Accumulated Depreciation for:					
Land Improvements	17,222,771	1,224,864	108,730		18,338,905
Building & Building Improvements	213,562,941	14,543,536	1,307,573		226,798,904
Furniture & Equipment	43,782,832	9,720,283	1,492,745	-	52,010,370
Grand Totals at Historical Cost	274,568,544	25,488,683	2,909,048	-	297,148,179
Governmental Activities-Capital Assets, being depreciated, net	459,186,248	(10,854,251)	1,058,866	6,379,421	453,652,552
Governmental Activities-Capital Assets, Net	\$ 478,089,008	\$ 2,756,806	\$ 1,135,803	-	\$ 479,710,011

	Primary Government				Ending Balance 8/31/12
	Beginning Balance	Additions	Retirements	Transfers	
	9/1/11				
<b>Business Type Activities:</b>					
<b>Depreciable Assets</b>					
Furniture & Equipment	\$ 33,574				\$ 33,574
Less Accumulated Depreciation for:					
Furniture & Equipment	16,038	\$ 3,356	-	-	19,394
Business Type-Capital Assets, Net	\$ 17,536	\$ (3,356)	-	-	\$ 14,180

Total Governmental Activities - Capital Assets include cost of assets held in internal service funds and related accumulated depreciation amounting to \$4,200,529 and \$1,352,847 respectively.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 4. Capital Assets – continued

Depreciation expense was charged to governmental functions as follows:

11 Instruction	\$ 12,953,294
12 Instructional Resources and Media Services	470,195
13 Curriculum Development and Instructional Staff Development	26,255
21 Instructional Leadership	292,732
23 School Leadership	248,139
31 Guidance, Counseling and Evaluation Services	106,049
33 Health Services	89,210
34 Student (Pupil) Transportation	1,737,790
35 Food Services	1,194,107
36 Cocurricular/Extracurricular Activities	1,069,691
41 General Administration	251,831
51 Plant Maintenance and Operations	1,801,154
52 Security and Monitoring Services	249,058
53 Data Processing Services	3,616,440
61 Community Services	870,582
81 Facilities Acquisition and Construction	136,954
Internal Service Fund Depreciation	<u>375,202</u>
	<u>\$ 25,488,683</u>

Depreciation expense of \$3,356 was charged to the Enterprise Fund and is included in other operating costs.

As of August 31, 2012, the District had the following major commitment with respect to unfinished major capital projects:

	<u>Project</u> <u>Authorization</u>	<u>Estimated</u> <u>Expended to Date</u>	<u>Remaining</u> <u>Commitment</u>
Educational Operations	\$ 1,490,000	\$ 961,429	\$ 528,571
2011/2012 Computer Replacement	6,571,796	6,135,570	436,226
2012 Projector Replacement	2,167,325	2,092,150	75,175
Daugherty ES Demo & New Building	4,615,000	744,873	3,870,127
North Garland HS Addition/Renovation	16,100,000	3,051,687	13,048,313
Sachse HS Addition/Renovation	8,800,000	1,748,774	7,051,226
Rowlett HS Addition/Renovation	8,950,000	1,478,681	7,471,319
South Garland HS Addition/Renovation	8,950,000	1,010,704	7,939,296
Lakeview HS Interior Renovation	1,800,000	23,983	1,776,017
Portable Building Relocation	1,587,000	245,448	1,341,552
Daugherty ES Re-Construction	11,500,000	979,394	10,520,606
Total	<u>\$72,531,121</u>	<u>\$18,472,693</u>	<u>\$54,058,428</u>

During Fiscal Year 2012, the district began construction on a new Daugherty Elementary School. As part of this project, the existing building was demolished, resulting in a loss on disposal of \$773,252.



**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 5. Deferred Revenue

Governmental funds deferred revenue at August 31, 2012 consisted of the following:

	General Fund	Debt Service Fund	National Breakfast and Lunch Program	Federal Special Revenue Fund	Total
Net Tax Revenue	\$ 3,955,249	\$ 599,088			\$ 4,554,337
Athletic and Other Local	51,862				51,862
Food Service Meals			\$ 440,151		440,151
Federal Grant	-	-	-	\$ 61,204	61,204
	<u>\$ 4,007,111</u>	<u>\$ 599,088</u>	<u>\$ 440,151</u>	<u>\$ 61,204</u>	<u>\$ 5,107,554</u>

Note 6. Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended August 31, 2012:

	2011 Obligations	Obligations Incurred	Retired or Transferred	2012 Obligations	Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds and Notes Payable:</b>					
General obligation bonds	\$ 414,763,834	\$ 190,045,213	\$ 206,159,805	\$ 398,649,242	\$ 24,714,896
Accreted interest	7,819,642	478,412	7,820,556	477,498	1,267
Premium on bond issuance	21,147,472	31,307,398	11,624,749	40,830,121	
Loss on refunding	<u>(3,405,057)</u>	<u>(24,620,422)</u>	<u>(3,223,509)</u>	<u>(24,801,970)</u>	<u>-</u>
Total Bonds and Notes Payable	<u>440,325,891</u>	<u>197,210,601</u>	<u>222,381,601</u>	<u>415,154,891</u>	<u>24,716,163</u>
<b>Other Liabilities:</b>					
Workers compensation self-insurance liability	4,155,791	837,897	1,258,544	3,735,144	1,416,217
Vested sick leave	<u>2,115,535</u>	<u>359,437</u>	<u>480,053</u>	<u>1,994,919</u>	<u>688,161</u>
Total Other Liabilities	<u>6,271,326</u>	<u>1,197,334</u>	<u>1,738,597</u>	<u>5,730,063</u>	<u>2,104,378</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 446,597,217</u>	<u>\$ 198,407,935</u>	<u>\$ 224,120,198</u>	<u>\$ 420,884,954</u>	<u>\$ 26,820,541</u>

For governmental activities, it is the District's general policy to liquidate claims and judgments and compensated absences by the general fund.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 6. Long-Term Obligations – continued

Bonds payable and contractual obligations at August 31, 2012, are composed of the following individual issues:

Description	Interest Rate	Amounts Original Issue	Amounts Outstanding at September 1, 2011	Issued	Retired/ Refunded	Accumulated Interest Accretion	Amounts Outstanding at August 31, 2012
Unlimited Tax Refunding Bonds - 2003	1.2% to 5.44%	\$ 103,862,866	\$ 69,008,834		\$ 59,598,834		\$ 9,410,000
School Building Bonds - 2004A	2.05% to 5.0%	58,834,994	51,015,000		47,110,000		3,905,000
School Building Bonds - 2004B	Variable (1)	40,000,000	25,800,000		25,800,000		-
School Building Bonds - 2005	3.0% to 5.0%	155,830,000	135,720,000		67,840,000		67,880,000
School Building and Refunding Bonds - 2009A	4.0% to 5.0%	53,210,000	49,300,000		1,580,000		47,720,000
Qualified School Construction Bonds - 2009B	0.0%	10,185,000	10,135,000				10,135,000
Maintenance Tax Notes Series - 2009	3.50%	3,525,000	2,600,000		485,000		2,115,000
Unlimited Tax Refunding Series - 2010	2.0% to 4.0%	9,845,000	9,570,000		30,000		9,540,000
Unlimited Tax School Building Series - 2011	2.0% to 5.0%	61,615,000	61,615,000		2,655,000		58,960,000
Unlimited Tax Refunding Series - 2011A	0.5% to 2.9%	52,335,609		\$ 52,335,609	1,060,971	\$ 476,549	51,751,187
Unlimited Tax Refunding Series - 2012	2.0% to 5.0%	99,425,000		99,425,000			99,425,000
Unlimited Tax Refunding Series - 2012A	0.35% to 3.0%	25,799,604		25,799,604		949	25,800,553
Qualified School Construction Bonds - 2012	4.009%	<u>12,485,000</u>	<u>-</u>	<u>12,485,000</u>	<u>-</u>	<u>-</u>	<u>12,485,000</u>
Total		<u>\$ 686,953,073</u>	<u>\$ 414,763,834</u>	<u>\$ 190,045,213</u>	<u>\$ 206,159,805</u>	<u>\$ 477,498</u>	399,126,740
Accumulated Interest Accretion							<u>(477,498)</u>
Total Principal Outstanding - August 31, 2012							<u>\$ 398,649,242</u>

(1) Resets periodically not to exceed 12 months and the interest rate will be the rate the Remarketing Agent determines under prevailing market conditions on the date of such determination, to be the rate that will result in the market value of the bonds being 100% of the principal amount thereof plus accrued interest.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 6. Long-Term Obligations - continued

These bonds and accreted interest are secured by ad valorem taxes levied against all taxable property and are serviced by the Debt Service Fund with an apportionment of the ad valorem tax levy. Interest rates on the bonds range from 0.00% to 5.44% and are due through 2031. The principal amount of bond indebtedness cannot exceed 10% of the assessed valuation of taxable property in the District according to the last completed and approved ad valorem tax rolls of the District. At August 31, 2012, \$5,985,877 was available in the debt service fund to service these bonds. Arbitrage rebates are paid from interest earnings of the Capital Fund. Public property finance contractual obligations and sick leave are paid from the General Fund.

In November 2011, the District issued \$52,335,609 of Unlimited Tax Refunding Bonds, Series 2011A. In April 2012, The District issued \$99,425,000 of Unlimited Tax Refunding Bonds, Series 2012. In May 2012, the District issued \$12,485,000 of Unlimited Tax Qualified School Construction Bonds, Series 2012 (Direct Subsidy). In June 2012, the District issued \$25,799,604 of Unlimited Tax Refunding Bonds, Series 2012A.

All of the proceeds of the 2011A issue (\$52,335,609) were used to provide resources to purchase U.S. Agency securities that were placed in an irrevocable trust for the purpose of generating resources for debt service payments of \$52,463,834 of general obligation bonds as of the February 2013 call date. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt resulting in a loss on the refunding of \$12,373,959. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt which is the same as the new debt. This advance refunding decreased total debt service payments over the next twelve years by \$7,156,477 and resulted in an economic gain of \$6,121,629. The issuance cost of \$566,742 and the premium received of \$12,975,123 are being amortized over the life of the new debt. The 2011A issue bears interest at rates between .5% and 2.9% and matures in 2023.

All of the proceeds of the Unlimited Tax Refunding Bonds, Series 2012 (\$99,425,000) were used to provide resources to purchase U.S. Treasury and Agency securities that were placed in an irrevocable trust for the purpose of generating resources for debt service payments of \$105,340,000 of general obligation bonds as of the February 2014 and February 2015 call dates. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt resulting in a loss on the refunding of \$12,341,529. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt which is the same as the new debt. This advance refunding decreased total debt service payments over the next seventeen years by \$11,449,000 and resulted in an economic gain of \$9,251,605. The issuance cost of \$833,602 and the premium received of \$18,032,421 are being amortized over the life of the new debt. The 2012 issue bears interest at rates between .35% and 3.0%, and matures in 2024.

The proceeds of the Tax Qualified School Construction Bonds, Series 2012 (Direct Subsidy) issue were used for the construction, renovation, and equipping of a new Daugherty Elementary School. The 2012 issue bears interest at 4.009%, and matures in 2031.

All of the proceeds of the 2012A issue (\$25,799,604) and \$4,934 of District Debt Service Fund reserves were used to provide cash that was placed in an irrevocable trust for debt service payments of \$25,800,000 of general obligation bonds as of the June 2012 call date. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt resulting in a loss on the refunding of \$4,934. This amount is being netted against the new debt and amortized over the remaining life of the new debt which is shorter than the refunded debt. This current refunding decreased total debt service payments over the next sixteen years by \$7,494,447 and resulted in an economic gain of \$1,579,050. The issuance cost of \$296,934 and the premium received of \$299,854 are being amortized over the life of the new debt. The 2012A issue bears interest at rates between 2.0% and 3.0%, and matures in 2024.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 6. Long-Term Obligations - continued

In 2012, the District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all debt service as of the call dates in June 2012, February 2013, February 2014 and February 2015. Of the bonds defeased, \$157,803,834 remain outstanding as of August 31, 2012.

The annual requirements to pay principal and interest on the bond obligations outstanding as of August 31, 2012 are as follows:

Year Ended August 31	Principal	Interest (including accrued interest)	Requirements
2013	\$ 24,714,896	\$ 16,081,915	\$ 40,796,811
2014	25,888,218	15,452,680	41,340,898
2015	26,205,010	15,302,675	41,507,685
2016	27,098,252	14,675,833	41,774,085
2017	26,561,442	14,648,081	41,209,523
2018 - 2022	145,631,424	51,532,081	197,163,505
2023 - 2027	88,395,000	15,989,584	104,384,584
2028 - 2031	34,155,000	3,478,484	37,633,484
	<u>\$ 398,649,242</u>	<u>\$ 147,161,333</u>	<u>\$ 545,810,575</u>

As of August 31, 2012, the District does not have any authorized but unissued general obligation bonds. Accrued interest of \$477,498 is included in the interest column.

Note 7. Compensated Absences

Employees of the District are granted vacation and sick leave annually. Vacation must be taken within the fiscal year; thus, the District has no liability for unused vacation pay. Sick leave days are accumulated from year to year; however, only qualified employees are paid for sick leave days not taken upon retirement. Qualified employees are employees with ten or more years of service in the District who retire or take disability retirement and who have unused accumulated local sick leave or state sick or personal leave accrued prior to the 1995-96, shall be paid for up to 20 days of leave at the daily rate at the time of retirement. A liability for compensated absences related to qualified employees is approximately \$1,994,919. Of this amount, \$688,161 is recorded in the General Fund in accrued wages for the amount expected to be utilized in the next fiscal year.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 8. Interfund Receivables, Payables and Transfers

Interfund balances at August 31, 2012 arose in the normal course of operations and transactions between funds and consisted of the following individual fund receivable and payable balances:

TO	FROM		
General Fund	Capital Fund	\$ 2,344,117	
General Fund	National Breakfast and Lunch Program	820,298	
General Fund	Other Federal Special Revenue Funds	4,974,092	
General Fund	Other Local Special Revenue Funds	136,150	
General Fund	Enterprise Funds	135,612	
General Fund	Internal Service Funds	1,059,961	
General Fund	Agency Funds	<u>123,048</u>	
Total General Fund			\$ 9,593,278
Debt Service Fund	General Fund	<u>347,181</u>	
Total Debt Service Fund			347,181
National Breakfast and Lunch Program	Other Local Special Revenue Funds	381	
National Breakfast and Lunch Program	Enterprise Funds	491	
National Breakfast and Lunch Program	Internal Service Funds	<u>424</u>	
Total National Breakfast and Lunch Program			1,296
Other Federal Special Revenue Funds	Other State Special Revenue Funds	11,724	
Other Federal Special Revenue Funds	Internal Service Funds	<u>7</u>	
Total Other Federal Special Revenue Funds			11,731
Other State Special Revenue Funds	General Fund	21,970	
Other State Special Revenue Funds	Other Local Special Revenue Funds	<u>124</u>	
Total Other State Special Revenue Funds			22,094
Other Local Special Revenue Funds	Agency Funds	<u>1,405</u>	
Total Other Local Special Revenue Funds			1,405
Enterprise Funds	Internal Service Funds	<u>384</u>	
Total Enterprise Funds			384
Internal Service Funds	General Fund	1,205,625	
Internal Service Funds	National Breakfast and Lunch Program	10,739	
Internal Service Funds	Other Local Special Revenue Funds	13,703	
Internal Service Funds	Internal Service Funds	10,932	
Internal Service Funds	Agency Funds	<u>2,045</u>	
Total Internal Service Funds			1,243,044
Agency Funds	Other Local Special Revenue Funds	27,748	
Agency Funds	Agency Funds	<u>337</u>	
Total Agency Funds			<u>28,085</u>
Total Due From Other Funds			<u>\$ 11,248,498</u>

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 8. Interfund Receivables, Payables and Transfers – continued

FROM	TO		
General Fund	Debt Service Fund	\$347,181	
General Fund	Other State Special Revenue Funds	21,970	
General Fund	Internal Service Funds	<u>1,205,625</u>	
Total General Fund			\$1,574,776
Capital Fund	General Fund	2,344,117	
Total Capital Fund			2,344,117
National Breakfast and Lunch Program	General Fund	820,298	
National Breakfast and Lunch Program	Internal Service Funds	<u>10,739</u>	
Total National Breakfast and Lunch Program			831,037
Other Federal Special Revenue Funds	General Fund	4,974,092	
Total Other Federal Special Revenue Funds			4,974,092
Other State Special Revenue Funds	Other Federal Special Revenue Funds	11,724	
Total Other State Special Revenue Funds			11,724
Other Local Special Revenue Funds	General Fund	136,150	
Other Local Special Revenue Funds	National Breakfast and Lunch Program	381	
Other Local Special Revenue Funds	Other State Special Revenue Funds	124	
Other Local Special Revenue Funds	Internal Service Funds	13,703	
Other Local Special Revenue Funds	Agency Funds	<u>27,748</u>	
Total Other Local Special Revenue Funds			178,106
Enterprise Funds	General Fund	135,612	
Enterprise Funds	National Breakfast and Lunch Program	<u>491</u>	
Total Enterprise Funds			136,103
Internal Service Funds	General Fund	1,059,961	
Internal Service Funds	National Breakfast and Lunch Program	424	
Internal Service Funds	Other Federal Special Revenue Funds	7	
Internal Service Funds	Enterprise Funds	384	
Internal Service Funds	Internal Service Funds	<u>10,932</u>	
Total Internal Service Funds			1,071,708
Agency Funds	General Fund	123,048	
Agency Funds	Other Local Special Revenue Funds	1,405	
Agency Funds	Internal Service Funds	2,045	
Agency Funds	Agency Funds	<u>337</u>	
Total Agency Funds			<u>126,835</u>
Total Due To Other Funds			<u>\$ 11,248,498</u>

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 8. Interfund Receivables, Payables and Transfers – continued

All due to/from amounts are generated in the normal course of operations from payroll and accounts payable activity. They are repaid periodically throughout the year.

	<u>Transfers In</u>					<u>Transfers Out</u>
	<u>General Fund</u>	<u>Other Federal Special Revenue Funds</u>	<u>Other State Special Revenue Funds</u>	<u>Other Local Special Revenue Funds</u>	<u>Capital Fund</u>	
FROM						
General Fund		\$ 12,096	\$ 545	\$ 9,335	\$ 9,978,024	\$ 10,000,000
Other Federal Special Revenue Funds	\$ 9,462					9,462
Internal Service Funds	929,782	-	-	-	-	929,782
	<u>\$ 939,244</u>	<u>\$ 12,096</u>	<u>\$ 545</u>	<u>\$ 9,335</u>	<u>\$ 9,978,024</u>	<u>\$ 10,939,244</u>

In the fund financial statements, \$9,978,024 was transferred out of the General Fund to Capital Fund. \$12,096, \$545 and \$9,335 were transferred out of the General Fund and into Other Federal Special Revenue Funds, Other State Special Revenue Funds and Other Local Special Revenue Funds, respectively, to dissolve funds no longer in use. \$9,462 was transferred out of Other Federal Special Revenue Funds to dissolve funds no longer in use. The Health Insurance Service Fund transferred out \$929,782 to the General Fund to dissolve this fund (see Note 10).

Note 9. Local Revenues - Governmental Funds

Local revenues are comprised of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Fund</u>	<u>National Breakfast and Lunch Program</u>	<u>Local Special Revenue Fund</u>	<u>Total</u>
Taxes, penalty & interest	\$ 137,160,785	\$ 28,114,740				\$ 165,275,525
Other intermediate	2,659,706		\$ 727,959	\$ 32,836	\$ 4,764,409	8,184,910
Food service				9,011,473		9,011,473
Investment earning	158,842	36,073	85,832	6,077	121	286,945
Total	<u>\$ 139,979,333</u>	<u>\$ 28,150,813</u>	<u>\$ 813,791</u>	<u>\$ 9,050,386</u>	<u>\$ 4,764,530</u>	<u>\$ 182,758,853</u>

Note 10. Risk Management

Workers' Compensation – Self Funded

The District manages its workers' compensation risk internally through a Risk Management Department that provides for loss control and loss prevention and sets aside assets for claim settlement through the Risk Management Internal Service Fund. This internal service fund charges interfund "premiums" based on an estimate of the District's ultimate loss.

During the year ended August 31, 2012, the District met its statutory workers' compensation obligations by participating as a self-funded member of the Texas Association of School Boards (TASB), Risk Management Fund (Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 10. Risk Management – continued

As a self-funded member of the TASB Fund, the District is solely responsible for all claim costs, both reported and unreported. The Fund provides administrative services to its self-funded members including claims administration and customer service.

The District is protected against higher than expected claims cost through the purchase of stop loss coverage. The District has workers' compensation stop-loss coverage through Republic Indemnity Company of America with Bounds Insurance Agency with a \$500,000 deductible per occurrence and no aggregate loss coverage limit for claims incurred while self-insured.

The TASB Fund engages services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the TASB Fund's Board of Trustees in February of the following year. The TASB Fund's audited financial statements as of August 31, 2011, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

**Health Insurance**

Effective January 1, 1997, the District changed from a premium paid policy and established a self-funded plan for health care benefits. Effective January 1, 1998, HAS, Inc. took on the role of third-party administrator and processor of health claims. In September 2009, TriSurant became Health First. The District's health insurance specific or individual stop-loss coverage had a \$300,000 deductible until January 1, 2011 when it was increased to \$350,000. There is no aggregate loss coverage limit.

During the current year, the District paid \$210 per month per employee toward health care benefits, if the employee had less than 20 years total experience. If the employee had 20 or more years of total experience, the District paid \$260 per month toward health care benefits. The employee, usually through authorized payroll withholdings, paid the balance of the health care premium for employee-only coverage and any dependent coverage.

As of September 1, 2011, the District discontinued the health self insurance plan. At that time, employees became eligible to purchase health insurance through TRS-ActiveCare, which is the statewide health plan for public education employees established by the 77<sup>th</sup> Texas Legislature. It is a fully insured plan administered by Blue Cross and Blue Shield of Texas. The District contributes \$287 per active participant.

A special item in the amount of \$703,742 was recorded in the Health Insurance fund at August 31, 2012, due to actual claims paid during the year being less than the claims liability that was written off.

For workers' compensation, health care, property, and liability insurances, the District has not experienced significant reductions in insurance coverage from that of the prior year. With respect to the risks mentioned below, settlements have not exceeded insurance coverage for the past three fiscal years.

The District reports liabilities based on requirements of Governmental Auditing Standards Board Statement Nos. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. These liabilities for health and workers' compensation self-funded plans, reported at their estimated value on August 31, 2012 were \$22,303 and \$3,735,144, respectively, and are recorded as accrued expenditures in the respective internal service fund. Changes in the medical and workers' compensation claims liability amount in the 2012 and 2011 fiscal years were:



**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 10. Risk Management – continued

<u>Internal Service Fund</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2011 – Health Insurance	\$4,707,804	\$37,851,772	\$(37,325,213)	\$5,234,363
2012 – Health Insurance	5,234,363	(1,056,667)	(4,155,393)	22,303
2011 – Risk Management	4,242,143	1,131,018	(1,217,370)	4,155,791
2012 – Risk Management	4,155,791	(219,055)	(1,280,164)	3,735,144

At August 31, 2012, the District held \$10,127,396 in temporary cash and investments in the risk management internal service fund designated for payment of workers’ compensation.

Property and Liability Insurance

The District’s buildings are insured through purchased insurance to replacement cost. The deductible is \$100,000 per occurrence except for wind and hail damage, which has a \$250,000 deductible. The District’s vehicles are insured through purchased insurance for liability up to \$300,000 per occurrence, which meets the District’s tort liability limits. Vehicle physical damage has a \$500 deductible.

The District maintains liability coverage for errors and omissions with a \$1,000,000 limit and a per occurrence deductible of \$100,000. The District also has a crime insurance policy with a \$1,000,000 limit and a \$5,000 deductible. The District maintains a general liability coverage with a \$1,000,000 limit and a per occurrence deductible of \$25,000 and an annual aggregate of \$2,000,000. The District also maintains an Education Leaders coverage with a \$1,000,000 limit and a per occurrence deductible of \$100,000.

The Texas Commission on Environmental Quality (“TCEQ”) has required that the District have liability insurance or self-insurance to protect against loss from operating underground fuel storage tanks. The amount of insurance required by the TECQ is \$1,000,000 per incident or \$2,000,000 in the annual aggregate. The Board of Trustees has decided to satisfy this insurance requirement by designating \$2,000,000 of the District’s General Fund Balance as a self-insurance fund.

The City of Garland has required that the District provide proof of liability insurance or self-insurance in the total amount of \$6,000,000 (\$1,000,000 primary and \$5,000,000 self-insurance) in order to use City of Garland right of ways for the District’s WAN/MAN fiber optic communications cables. The purpose of the insurance is to cover any future possible claims of liability arising out of the construction, installation, maintenance, or operation of the District’s WAN/MAN cables in the City of Garland rights of way. The Board of Trustees has decided to satisfy this insurance requirement by designating self insurance of \$6,000,000 of the District’s General Fund Balance as a self-insurance fund.

Note 11. Retirement Plan

Retirement Plan Description

The District’s employees are covered by the Teacher Retirement System of Texas (“TRS”). TRS, a public employee retirement system (“PERS”), is a multiple-employer defined benefit pension plan. It is a cost sharing PERS with one exception: all risks and costs are not shared by the District but are the liability of the State of Texas. By statute, the State of Texas contributes to the retirement system an amount equal to the current authorized rate multiplied by the aggregate annual compensation of all members of the retirement system during that fiscal year. The District’s covered payroll for the year ended August 31, 2012 was

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 11. Retirement Plan – continued

\$305,756,789. For members of the retirement system entitled to the State's statutory minimum salary, the District pays the State's contribution on the part of the member's salary that exceeds the statutory minimum.

Types of Employees Covered

All members of public state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under the Texas Government Code are covered by the plan.

Benefit Provisions and Service Requirements

TRS administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees of the public school system of Texas. It operates primarily under the provisions of the Texas Constitution Article XVI, Section 67 and the Texas Government Code, Title 8, Subtitle C, Chapter 803 and 805, respectively. Service requirements are as follows:

Normal – Age 65 with 5 or more years of service credit, or at least age 60 and the sum of member's age and years of credit equals or exceeds 80, with at least five years of service.

Reduced – If a member prior to September 1, 2007, age 55 with 5 or more years of service credit, or any age below 50 with 30 or more years of credited service. If a member on or after September 1, 2007, at least age 55 with five or more years of service credit; age and service credit total 80 but age is less than 60 with at least 5 years of service credit; or 30 years of service credit and age is less than 60.

Members are fully vested after five years of creditable service and are entitled to any benefit for which eligibility requirements have been met.

Funding Policy

State law provides for a state contribution rate of 6% beginning September 1, 2011. The State of Texas' contribution is a percentage of members' eligible gross earnings, except for those District employees subject to the statutory minimum rules and those employees being paid from and participating in federally funded programs. The statutory minimum requirements are based on the State of Texas minimum teacher schedule and then adjusted based on local tax rates. For employees paid by federal programs, the federal programs are required to contribute the state's portion.

Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) the state contribution requires the legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution of not less than 6% of the member's annual compensation rate and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year, (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of the particular actions, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period exceeds 31 years, the period would be increased by such action.

Retiree Health Plan

Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 11. Retirement Plan – continued

the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants.

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of the public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55%. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee. In addition, the State of Texas contributed \$792,061 and \$749,034 in 2012 for on-behalf payments for Medicare Part D, and Employee Retiree Reinsurance Program, respectively.

Contributions Made

Contributions made by the State, the District and its employees, and the District's covered payroll for the fiscal years 2012, 2011, and 2010 and are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Covered Payroll	\$305,756,789	\$315,564,945	\$314,337,675
Contributions made by the State	\$18,391,316	\$19,836,443	\$19,652,676
Retirement plan rate*	6.00%	6.644%	6.58 – 6.644%
Retiree health care rate	1.00%	1.00%	1.00%
Medicare Part D	\$792,061	\$725,795	\$781,875
ERRP	\$749,034		
District Required and Actual Contributions to TRS and TRS – Care	\$6,288,936	\$7,016,842	\$7,077,787
Employee Contributions to TRS and TRS - Care	\$21,583,577	\$22,269,871	\$22,200,656

\*Retirement plan rate decreased to 6.0% beginning September 1, 2011

The contributions made by the State on behalf of the District have been recorded in the government-wide financial statements and in the fund financial statement of the General Fund as both state revenues and payroll expenditures. These contributions are the legal responsibility of the State.

TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan and TRS-Care. This report may be obtained by visiting the TRS web site at [www.trs.state.tx.us](http://www.trs.state.tx.us), or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 12. Commitments and Contingencies

Litigation – The District is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of District’s management, the potential losses, after insurance coverage, on all claims will not have a material adverse effect on the District’s financial statements.

Grant Programs – The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent the District has not complied with the rules and regulations governing the grants, refunds of any monies received may be required, and the collectability of any related receivable at August 31, 2012, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 13. New Accounting Pronouncements

The GASB issued Statement No. 64, Accounting and Financial Reporting for Derivative Instruments, which will be effective for periods beginning after June 15, 2011. The Statement clarifies the existing requirements for the termination of hedge accounting. This statement applies to all state and local governments and amends Statement 53, paragraphs 22d and 82. The District has no derivative instruments. In the future, if there is a situation that applies to this Statement, the District will account for it appropriately.

The GASB issued Statement No. 63, Accounting and Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which will be effective for periods beginning after December 15, 2011. The Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The District will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

The GASB issued Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, which will be effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The District will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

The GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities, which will be effective for periods beginning after December 15, 2012. The Statement reclassifies certain items that were previously reported as assets and liabilities, as deferred outflows or inflows of resources, and recognizes these items as outflows or inflows of resources. This statement applies to all state and local governmental entities. The District will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

The GASB issued Statement No. 67, Financial Reporting for Pension Plans, which will be effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting of state and local governmental pension plans with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement applies to all state and governmental entities and amends Statements 25 and 50. The District will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 13. New Accounting Pronouncements - Continued

The GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions, which will be effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting of state and local governmental pension plans. This Statement applies to all state and governmental entities and replaces Statements 27 and 50. The District will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

Note 14. Operating Lease

The District leases a warehouse under a noncancelable operating lease. Total lease payments made under the warehouse lease were \$75,664 for the year ended August 31, 2012. The future minimum lease payments for the lease are as follows:

Year Ending <u>August 31,</u>	<u>Amount</u>
2013	<u>\$83,231</u>
Total	<u>\$83,231</u>

The District can renew the lease for one, one-year term with no increase in the rental rate.

Note 15. Fund Balance Deficits

At August 31, 2012 the following funds had a deficit:

Enterprise Fund	\$ 113,324
Health Insurance Internal Service Fund	22,303

The Enterprise Fund deficit will be eliminated through rate increases in future periods. The Health Insurance Internal Service Fund deficit will be eliminated through the process of closing out the fund (see Note 10).

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2012**

Note 16. Capital Leases

The District has entered into two capital lease agreements for copier equipment. The agreements, expiring in June and July 2014, respectively, both contain bargain renewal options for up to an additional two years. The amortization of the capital lease assets is included in depreciation expense within the Copier Pool Internal Service fund. The following is a summary of the leased assets included in furniture and equipment within the Copier Pool Internal Service fund:

Equipment	\$ 1,818,875
Less: accumulated depreciation	<u>(181,888)</u>
Net book value	<u><u>\$ 1,636,987</u></u>

Future minimum commitments under the capital leases are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 399,522	\$ 86,866	\$ 486,388
2014	404,916	57,231	462,147
2015	308,524	31,948	340,472
2016	<u>274,743</u>	<u>9,163</u>	<u>283,906</u>
Total	<u><u>\$ 1,387,705</u></u>	<u><u>\$ 185,208</u></u>	<u><u>\$ 1,572,913</u></u>

Note 17. Subsequent Events

The district has evaluated all subsequent events through January 16, 2013, the date these financial statements were issued, and determined there are no material subsequent events requiring recognition or disclosure.

## Required Supplementary Information

GARLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2012

Exhibit G-1

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 134,897,040	\$ 137,000,000	\$ 139,979,333	\$ 2,979,333
5800 State Program Revenues	248,773,943	251,000,000	252,162,023	1,162,023
5900 Federal Program Revenues	250,000	4,000,000	4,426,992	426,992
5020 Total Revenues	<u>383,920,983</u>	<u>392,000,000</u>	<u>396,568,348</u>	<u>4,568,348</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	235,226,133	228,500,000	223,519,540	4,980,460
0012 Instructional Resources and Media Services	7,100,748	7,180,000	6,786,434	393,566
0013 Curriculum and Instructional Staff Development	6,682,782	8,300,000	7,834,411	465,589
0021 Instructional Leadership	7,217,465	7,150,000	6,827,250	322,750
0023 School Leadership	26,234,845	26,250,000	25,995,593	254,407
0031 Guidance, Counseling, and Evaluation Services	15,987,452	15,140,000	14,822,244	317,756
0032 Social Work Services	891,055	1,070,000	893,436	176,564
0033 Health Services	5,583,197	8,290,000	5,056,415	3,233,585
0034 Student (Pupil) Transportation	10,238,854	10,000,000	9,129,592	870,408
0035 Food Services	11,838	81,000	5,380	75,620
0036 Cocurricular/Extracurricular Activities	5,654,121	6,050,000	5,714,268	335,732
0041 General Administration	11,416,594	10,950,000	9,994,137	955,863
0051 Plant Maintenance and Operations	36,440,632	35,340,000	34,201,296	1,138,704
0052 Security and Monitoring Services	3,685,110	3,810,000	3,456,844	353,156
0053 Data Processing Services	10,233,100	10,750,000	10,384,168	365,832
0061 Community Services	1,459,852	1,530,000	1,394,229	135,771
Debt Service:				
0071 Debt Service-Principal on Long Term Debt	485,000	485,000	485,000	
0072 Debt Service-Interest on Long Term Debt	82,513	82,700	82,513	187
0073 Debt Service-Bond Issuance Cost and Fees		300	300	
Capital Outlay:				
0081 Facilities Acquisition and Construction	15,000	500,000	360,156	139,844
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed Program	100,000	60,000	45,714	14,286
0099 Other Intergovernmental Charges	678,527	750,000	658,438	91,562
6030 Total Expenditures	<u>385,424,818</u>	<u>382,269,000</u>	<u>367,647,358</u>	<u>14,621,642</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,503,835)	9,731,000	28,920,990	19,189,990
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property			151,831	151,831
7915 Transfers In		500,000	939,244	439,244
7956 Insurance Recovery			7,956	7,956
8911 Transfers Out	-	(10,000,000)	(10,000,000)	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>(9,500,000)</u>	<u>(8,900,969)</u>	<u>599,031</u>
1200 Net Change in Fund Balances	(1,503,835)	231,000	20,020,021	19,789,021
0100 Fund Balance - September 1 (Beginning)	106,365,943	106,365,943	106,365,943	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 104,862,108</u>	<u>\$ 106,596,943</u>	<u>\$ 126,385,964</u>	<u>\$ 19,789,021</u>



GARLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - NATIONAL BREAKFAST AND LUNCH PROGRAM  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

Exhibit G-2

	<u>Budgeted Amounts</u>		<u>Actual Amounts (GAAP BASIS)</u>	<u>Variance With Final Budget Positive or (Negative)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 10,058,626	\$ 9,061,307	\$ 9,050,386	\$ (10,921)
5800 State Program Revenues	166,000	155,752	155,752	
5900 Federal Program Revenues	19,022,355	18,196,594	18,107,644	(88,950)
5020 Total Revenues	<u>29,246,981</u>	<u>27,413,653</u>	<u>27,313,782</u>	<u>(99,871)</u>
<b>EXPENDITURES:</b>				
Current:				
0035 Food Services	27,629,015	25,500,000	24,867,817	632,183
0051 Plant Maintenance and Operations	518,500	450,000	406,217	43,783
6030 Total Expenditures	<u>28,147,515</u>	<u>25,950,000</u>	<u>25,274,034</u>	<u>675,966</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,099,466	1,463,653	2,039,748	576,095
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	10,000	35,000	35,105	105
7080 Total Other Financing Sources (Uses)	<u>10,000</u>	<u>35,000</u>	<u>35,105</u>	<u>105</u>
1200 Net Change in Fund Balances	1,109,466	1,498,653	2,074,853	576,200
0100 Fund Balance - September 1 (Beginning)	3,572,158	3,572,158	3,572,158	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 4,681,624</u>	<u>\$ 5,070,811</u>	<u>\$ 5,647,011</u>	<u>\$ 576,200</u>

**This page intentionally left blank**

GARLAND INDEPENDENT SCHOOL DISTRICT  
Note to Required Supplemental Information  
Year Ended August 31, 2012

NOTE 1: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The District is required by state law to adopt annual budgets for the General Fund, National School Breakfast and Lunch Program, and Debt Service Fund. Special Revenue Funds, other than the Food Service Fund, are required to be budgeted on a project basis. Each budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America.

The District uses the following procedures in establishing the budgets reflected in the financial statements:

- Prior to August 20<sup>th</sup> 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 means of financing them
- A meeting of the Board of School Trustees is then called for the purpose of adopting the proposed budget after ten days public notice of the meeting has been given
- Prior to September 1, the budget is legally enacted by the Board of School Trustees
- The officially adopted district budget, as amended, must be filed with TEA through PEIMS (Public Education Information Management System) by the date prescribed in the annual system guidelines. This requirement for filing the amended budget with TEA is satisfied when the school district files its Annual Financial and Compliance Report
- Once a budget is approved, it can be amended at the function and fund level only by approval of a majority of the members of the Board of School Trustees. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law
- Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board of School Trustees. All budget appropriations lapse at year-end

Over the course of the year, the District recommended, and the Board approved, several revisions to budgeted revenue and appropriations. These amendments fall into the following categories:

- Amendments approved shortly after the beginning of the new fiscal year for amounts reserved and designated in the prior year
- Amendments approved shortly after the beginning of the new fiscal year to align the payroll budget with job assignment changes

- Amendments in summer to revise estimates for local and state revenue based on the latest information on student attendance numbers and tax collections
- Amendments throughout the year for transfers to and from other funds and federal indirect cost calculations
- Amendments during the year for changes in programs

Differences between the original and the final amended budget can be briefly summarized as follows:

#### GENERAL FUND

##### Revenues and Transfers In

- \$2,102,960 increase in local revenues to align revenue budget with estimated year end totals.
- \$2,226,057 increase in state program revenues to align revenue budget with estimated year end totals.
- \$3,750,000 increase in Federal Medicaid program revenues to align revenue budget with estimated year end totals.
- \$500,000 increase in transfers in from the Health Insurance fund.

##### Expenditures and Transfers Out

- \$6,726,133 decrease in instructional expenditures to align salary budget with estimated year end totals.
- \$1,617,218 increase in instructional staff development to align salary budget with estimated year end totals.
- \$847,452 decrease in guidance, counseling and evaluation to align salary budget with estimated year end totals.
- \$2,706,803 increase in health services to align salary budget with estimated year end totals.
- \$1,100,632 decrease in plant maintenance and operations to align utilities and salary budget with estimated year end totals.
- \$516,900 increase in data processing services to align salary budget with estimated year end totals.
- \$10,000,000 increase in transfers out, of which \$10,000,000 went to Local Capital projects.

After appropriations were amended as described above, actual revenues were \$4,568,348 greater than final budgeted amounts due to more revenue in all categories than final budgeted estimates. Actual expenditures were \$14,621,642 less than final budget amounts. This variance is due to the year end payroll accrual and non-payroll expenses being less than estimated at the time the final amended budget was submitted to the Board of Trustees for approval. Year end revenues were greater than expenditures, thus adding to existing fund balance.

## NATIONAL BREAKFAST AND LUNCH PROGRAM

### Revenues and Transfers In

- \$1,833,328 decrease in all categories of revenue sources to align revenue budget with estimated year end totals.

### Expenditures and Transfers Out

- \$2,129,015 decrease in food service expenditures to align salary budget with estimated year end totals.

After appropriations were amended as described above, actual revenues were \$99,871 less than final budgeted amounts due to less revenue in local and federal categories than final budgeted estimates. Actual expenditures were \$675,966 less than final budget amounts due to the year end payroll accrual being less than estimated at the time the final amended budget was submitted to the Board of Trustees for approval. Year end revenues were greater than expenditures, thus adding to existing fund balance.

**This page intentionally left blank**

## Combining Statements

**This page intentionally left blank**



## INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments on a cost reimbursement basis. The departments included within these funds are as follows:

Motor Pool – this fund is used to account for costs associated with certain vehicles utilized to transport students to/from co-curricular and extra curricular activities, and staff.

Print Shop – this fund is used to account for printing services.

Risk Management – this fund is used to account for the costs associated with the workers' compensation self-funded program.

Copier Pool – this fund is used to account for the cost of copier rental.

Curtis Culwell Center – this fund is used to account for the operation of the Curtis Culwell Center.

Catering Services – this fund is used to record catering service costs for schools and various organizations within the District.

Health Insurance – this fund is used to account for costs associated with the health insurance self-funded program.

GARLAND INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 AUGUST 31, 2012

	<u>751</u> <u>Motor</u> <u>Pool</u>	<u>752</u> <u>Print</u> <u>Shop</u>	<u>753</u> <u>Risk</u> <u>Management</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 221,008		\$ 10,127,396
Due From Other Funds	3,058	\$ 26,362	186,281
Other Receivables			
Deferred Expenses	-	60,006	46,771
Total Current Assets	224,066	86,368	10,360,448
Noncurrent Assets:			
Capital Assets:			
Land Purchase and Improvements			
Building and Building Improvements			7,720
Furniture and Equipment	334,908	1,471,456	99,768
Accumulated Depreciation - Other Land Improvements			
Accumulated Depreciation - Building and Building Improvements			(386)
Accumulated Depreciation - Furniture and Equipment	(315,784)	(666,322)	(92,572)
Total Noncurrent Assets	19,124	805,134	14,530
Total Assets	243,190	891,502	10,374,978
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable		5,098	82,801
Leases Payable			
Interest Payable			
Accrued Wages Payable		3,445	5,326
Due to Other Funds		60,103	1,928
Claims Liability			1,416,217
Deferred Revenues	-	-	-
Total Current Liabilities	-	68,646	1,506,272
Noncurrent Liabilities:			
Capital Lease Payable Long-Term			
Claims Liability Long-Term	-	-	2,318,927
Total Noncurrent Liabilities	-	-	2,318,927
Total Liabilities	-	68,646	3,825,199
<b>NET ASSETS</b>			
Investments in Capital Assets	19,124	805,134	14,530
Unrestricted Net Assets	224,066	17,722	6,535,249
Total Net Assets	\$ 243,190	\$ 822,856	\$ 6,549,779

756 Copier Pool	757 Curtis Culwell Center	758 Catering Services	770 Health Insurance	Total Internal Service Funds
		\$ 56,965	\$ 968,098	\$ 11,373,467
\$ 134,251	\$ 890,223	2,869		1,243,044
	30,210		39,806	70,016
-	1,890	-	-	108,667
<u>134,251</u>	<u>922,323</u>	<u>59,834</u>	<u>1,007,904</u>	<u>12,795,194</u>
	202,212			202,212
	63,670			71,390
1,818,875	201,920			3,926,927
	(24,645)			(24,645)
	(2,664)			(3,050)
(181,888)	(68,586)	-	-	(1,325,152)
<u>1,636,987</u>	<u>371,907</u>	<u>-</u>	<u>-</u>	<u>2,847,682</u>
<u>1,771,238</u>	<u>1,294,230</u>	<u>59,834</u>	<u>1,007,904</u>	<u>15,642,876</u>
	75,159	46		163,104
399,522				399,522
8,322				8,322
	11,657			20,428
	1,349	424	1,007,904	1,071,708
			22,303	1,438,520
-	163,160	-	-	163,160
<u>407,844</u>	<u>251,325</u>	<u>470</u>	<u>1,030,207</u>	<u>3,264,764</u>
988,183				988,183
-	-	-	-	2,318,927
<u>988,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,307,110</u>
<u>1,396,027</u>	<u>251,325</u>	<u>470</u>	<u>1,030,207</u>	<u>6,571,874</u>
1,636,987	371,907			2,847,682
(1,261,776)	670,998	59,364	(22,303)	6,223,320
<u>\$ 375,211</u>	<u>\$ 1,042,905</u>	<u>\$ 59,364</u>	<u>\$ (22,303)</u>	<u>\$ 9,071,002</u>

GARLAND INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2012

	<u>751</u> Motor Pool	<u>752</u> Print Shop	<u>753</u> Risk Management
<b>OPERATING REVENUES:</b>			
Local and Intermediate Sources	\$ 41,200	\$ 584,145	\$ 1,395,334
Total Operating Revenues	<u>41,200</u>	<u>584,145</u>	<u>1,395,334</u>
<b>OPERATING EXPENSES:</b>			
Payroll Costs		266,432	367,851
Professional and Contracted Services	18,458	77,522	98,156
Supplies and Materials	11,971	203,928	38,971
Other Operating Costs	12,749	142,925	872,676
Interest on Capital Lease	-	-	-
Total Operating Expenses	<u>43,178</u>	<u>690,807</u>	<u>1,377,654</u>
Operating Income (Loss)	<u>(1,978)</u>	<u>(106,662)</u>	<u>17,680</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Earnings from Temporary Deposits & Investments			5,331
Loss on Sale of Real and Personal Property	-	-	-
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>5,331</u>
Income (Less) Before Transfers	(1,978)	(106,662)	23,011
Transfer Out			
Special Item - Liquidation of Claims Liability	-	-	-
Change in Net Assets	<u>(1,978)</u>	<u>(106,662)</u>	<u>23,011</u>
Total Net Assets - September 1 (Beginning)	245,168	929,518	6,526,768
Total Net Assets - August 31 (Ending)	<u>\$ 243,190</u>	<u>\$ 822,856</u>	<u>\$ 6,549,779</u>

756 Copier Pool	757 Curtis Culwell Center	758 Catering Services	770 Health Insurance	Total Internal Service Funds
\$ 900,644	\$ 2,287,474	\$ 8,670	\$ 34,377	\$ 5,251,844
<u>900,644</u>	<u>2,287,474</u>	<u>8,670</u>	<u>34,377</u>	<u>5,251,844</u>
	797,927			1,432,210
423,875	1,011,497			1,629,508
	272,539	3,705		531,114
181,888	184,527	38	83,957	1,478,760
144,348	-	-	-	144,348
<u>750,111</u>	<u>2,266,490</u>	<u>3,743</u>	<u>83,957</u>	<u>5,215,940</u>
150,533	20,984	4,927	(49,580)	35,904
			73	5,404
(13,230)	(49,385)	-	-	(62,615)
<u>(13,230)</u>	<u>(49,385)</u>	<u>-</u>	<u>73</u>	<u>(57,211)</u>
137,303	(28,401)	4,927	(49,507)	(21,307)
			(929,782)	(929,782)
-	-	-	703,742	703,742
<u>137,303</u>	<u>(28,401)</u>	<u>4,927</u>	<u>(275,547)</u>	<u>(247,347)</u>
237,908	1,071,306	54,437	253,244	9,318,349
<u>\$ 375,211</u>	<u>\$ 1,042,905</u>	<u>\$ 59,364</u>	<u>\$ (22,303)</u>	<u>\$ 9,071,002</u>

GARLAND INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2012

	<u>751</u>	<u>752</u>	<u>753</u>
	Motor Pool	Print Shop	Risk Management
Cash Flows from Operating Activities:			
Cash Received from User Charges			
Cash Received from Assessments - Other Funds	\$ 57,850	\$ 541,855	\$ 1,154,017
Cash Payments to Employees for Services		(264,615)	(364,865)
Cash Payments for Insurance Claims			(1,280,164)
Cash Payments for Suppliers	(11,971)	(199,718)	3,857
Cash Payments for Other Operating Expenses			(7,661)
Cash Payments for Prof. and Contracted Services	(18,458)	(77,522)	(118,939)
Net Cash Provided by (Used for) Operating Activities	<u>27,421</u>	<u>-</u>	<u>(613,755)</u>
Cash Flows from Noncapital Financing Activities:			
Transfer To Other Funds	-	-	-
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets			(7,720)
Capital Lease Payments	-	-	-
Net Cash Used for Capital Financing Activities	<u>-</u>	<u>-</u>	<u>(7,720)</u>
Cash Flows from Investing Activities:			
Interest and Dividends on Investments	-	-	5,331
Net Increase (Decrease) in Cash and Cash Equivalents	27,421	-	(616,144)
Cash and Cash Equivalents at Beginning of the Year:	193,587	-	10,743,540
Cash and Cash Equivalents at the End of the Year:	<u>\$ 221,008</u>	<u>\$ -</u>	<u>\$ 10,127,396</u>
Reconciliation of Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss):	\$ (1,978)	\$ (106,662)	\$ 17,680
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	12,749	142,925	5,498
Capital Lease Interest Expense			
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease in Deferred Revenue			
(Increase) Decrease in Other Receivables			
(Increase) Decrease in Deferred Expenses		895	(20,783)
Increase (Decrease) in Accounts Payable		3,315	42,828
Increase in Accrued Wages Payable		1,817	2,986
(Increase) Decrease in Due from Other Funds	16,650	10,937	(185,222)
Increase (Decrease) in Due to Other Funds		(53,227)	(56,095)
Decrease in Claims Liability	-	-	(420,647)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 27,421</u>	<u>\$ -</u>	<u>\$ (613,755)</u>
Noncash Investing, Capital, and Financing Activities:			
Borrowing Under Capital Lease			
Loss on Disposal of Equipment			
Liquidation of Claims Liability on Termination of Health Self Insurance Program			

756 Copier Pool	757 Curtis Culwell Center	758 Catering Services	770 Health Insurance	Total Internal Service Funds
	\$ 1,652,991			\$ 1,652,991
\$ 1,096,285	674,463	\$ 6,518	\$ 6,055,196	9,586,184
	(795,486)		-	(1,424,966)
	(220,404)	(3,662)	(4,155,393)	(5,435,557)
(515,859)	(152,385)	(38)	-	(431,898)
	(1,011,497)	-	(1,996)	(162,080)
<u>580,426</u>	<u>147,682</u>	<u>2,818</u>	<u>1,897,807</u>	<u>2,042,399</u>
-	-	-	(929,782)	(929,782)
-	-	-	(929,782)	(929,782)
(13,230)	(147,682)			(168,632)
(567,196)		-		(567,196)
<u>(580,426)</u>	<u>(147,682)</u>	<u>-</u>	<u>-</u>	<u>(735,828)</u>
-	-	-	73	5,404
-	-	2,818	968,098	382,193
-	-	54,147	-	10,991,274
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,965</u>	<u>\$ 968,098</u>	<u>\$ 11,373,467</u>
\$ 150,533	\$ 20,984	\$ 4,927	\$ (49,580)	\$ 35,904
181,888	32,142			375,202
144,348				144,348
	23,589			23,589
67,438	(8,072)		434,886	494,252
(159,422)	52,135	43		(19,888)
	2,441			7,244
195,641	28,152	(2,534)	5,015,406	5,079,030
	(3,689)	382	1,005,413	892,784
-	-	-	(4,508,318)	(4,928,965)
<u>\$ 580,426</u>	<u>\$ 147,682</u>	<u>\$ 2,818</u>	<u>\$ 1,897,807</u>	<u>\$ 2,042,399</u>
\$ 1,818,875				\$ 1,818,875
(13,230)	(49,385)			(62,615)
			\$ 703,742	703,742

**This page intentionally left blank**



## AGENCY FUNDS

Agency funds are established to account for assets received and held by the District in the capacity of trustee, agent, or custodian. Expenditures are made only in accordance with the purpose for which assets are received.

The Student Clubs and Agency Fund accounts for the receipt and disbursement of monies from student activity organizations.

Employee Agency accounts for the receipt and disbursement of monies from employee activities, i.e., Cheer Fund.

GARLAND INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT H-4

	Balance September 1, 2011	Additions	Deductions	Balance August 31, 2012
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 449,972	\$ 67,845,535	\$ 67,869,708	\$ 425,799
Due From Other Funds	6,097	1,268,120	1,274,217	-
Total Assets	456,069	69,113,655	69,143,925	425,799
Liabilities:				
Accounts Payable	2,277	845,714	831,211	16,780
Due to Other Funds	41,458	1,135,489	1,162,808	14,139
Due to Student Groups	412,334	871,238	888,692	394,880
Total Liabilities	456,069	2,852,441	2,882,711	425,799
<b>OTHER ACTIVITY FUND</b>				
Assets:				
Cash and Temp Investments	810,160	66,451,432	66,400,481	861,111
Due From Other Funds	20,047	1,241,359	1,233,321	28,085
Total Assets	830,207	67,692,791	67,633,802	889,196
Liabilities:				
Accounts Payable	20,048	517,035	489,833	47,250
Due to Other Funds	69,286	1,674,935	1,631,525	112,696
Due to Student Groups	740,873	908,013	919,636	729,250
Total Liabilities	830,207	3,099,983	3,040,994	889,196
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temp Investments	1,260,132	134,296,967	134,270,189	1,286,910
Due from Other Funds	26,144	2,509,479	2,507,538	28,085
Total Assets	1,286,276	136,806,446	136,777,727	1,314,995
Liabilities:				
Accounts Payable	22,325	1,362,749	1,321,044	64,030
Due to Other Funds	110,744	2,810,424	2,794,333	126,835
Due to Student Groups	1,153,207	1,779,251	1,808,328	1,124,130
Total Liabilities	\$ 1,286,276	\$ 5,952,424	\$ 5,923,705	\$ 1,314,995

## Required TEA Schedules Section

GARLAND INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2012

Last Ten Years Ended August 31	Tax Rates		Net Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/2011
	1	2		
	<u>Maintenance</u>	<u>Debt Service</u>		
2003 and prior years	various	various	various	\$ 1,832,392
2004	1.3696	0.1829	11,403,158,115	279,284
2005	1.4102	0.2112	12,002,534,297	340,766
2006	1.4568	0.2133	12,441,076,827	423,550
2007	1.3316	0.2133	13,039,245,056	496,471
2008	1.0400	0.2133	13,594,127,982	501,996
2009	1.0400	0.2133	14,069,484,561	810,782
2010	1.0400	0.2133	13,652,343,413	955,361
2011	1.0400	0.2133	13,366,036,304	2,278,861
2012	1.0400	0.2133	13,085,564,669	
<b>1000 TOTALS</b>				<u><u>\$ 7,919,463</u></u>

Exhibit J-1

<b>20</b> Current Year's <u>Total Levy</u>	<b>31</b> Maintenance Total <u>Collections</u>	<b>32</b> Debt Service Total <u>Collections</u>	<b>40</b> Entire Year's <u>Adjustments</u>	<b>50</b> Ending Balance <u>8/31/2012</u>
	\$ 20,532	\$ 4,585	\$ (3,336)	\$ 1,803,939
	6,610	913	432	272,193
	7,551	1,131	(1,119)	330,965
	16,532	2,421	(929)	403,668
	38,071	6,098	1,163	453,465
	59,685	12,241	(4,128)	425,942
	144,952	29,729	(38,488)	597,613
	(59,614)	(12,598)	(414,775)	612,798
	884,427	181,392	(357,990)	855,052
<u>\$ 164,001,382</u>	<u>134,689,950</u>	<u>27,624,451</u>	<u>154,095</u>	<u>1,841,076</u>
<u><u>\$ 164,001,382</u></u>	<u><u>\$ 135,808,696</u></u>	<u><u>\$ 27,850,363</u></u>	<u><u>\$ (665,075)</u></u>	<u><u>\$ 7,596,711</u></u>

GARLAND INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2011-2012  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2012

Exhibit J-2

FUNCTION 41 AND RELATED FUNCTION 53 AND 99 - GENERAL ADMINISTRATION

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ 2,280	\$ 327,283	\$ 774,666	\$ 4,471,017	\$ 1,288,162	\$ 29,590	\$ 6,892,998
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)				127,430			127,430
	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)							-
6211	Legal Services	500		513,315		1,250		515,065
6212	Audit Services				132,000			132,000
6213	Tax Appraisal and Collection		658,438					658,438
6214	Lobbying							-
621X	Other Prof. Services				69,234			69,234
6220	Tuition and Transfer Payments							-
6230	Education Service Centers	1,060			8,943	430		10,433
6240	Contr. Maint. and Repair					475		475
6250	Utilities							-
6260	Rentals		2,376	31,859	116,034	522,586		672,855
6290	Miscellaneous Contr.			57	88,558	173,460		262,075
6320	Textbooks and Reading			1,543	776	1,327		3,646
6330	Testing Materials							-
63XX	Other Supplies Materials	11,693	8,553	7,017	206,674	471,181		705,118
6410	Travel, Subsistence, Stipends	16,388	4,753	10,893	72,470	12,798		117,302
6420	Ins. and Bonding Costs		175		107,892			108,067
6430	Election Costs	146,635						146,635
6490	Miscellaneous Operating	103,070	7,626	11,624	251,604	(248,200)	(155)	125,569
6500	Debt Service							-
6600	Capital Outlay							-
6000	TOTAL	\$ 281,626	\$ 1,009,204	\$ 1,350,974	\$ 5,652,632	\$ 2,223,469	\$ 29,435	\$ 10,547,340

Total expenditures/expenses for General and Special Revenue Funds  
 (plus Food Service Enterprise Fund if present) 9 \$ 442,106,898

LESS: Deductions of Unallowable Costs

Total Capital Outlay (6600)	10	\$ 5,992,123
Total Debt & Lease (6500)	11	567,813
Plant Maintenance (Function 51, 6100-6400)	12	34,357,331
Food (Function 35, 6341 and 6499)	13	9,951,787
Stipends (6413)	14	-
Column 4 (above) - Total Indirect Cost		5,652,632
Net Allowed Direct Cost		\$ 56,521,686
Total Cost of Buildings before Depreciation (1520)	15	\$ 286,814,158
Historical Cost of Buildings over 50 years old	16	\$ 6,606,432
Amount of Federal Money in building Cost (Net of #16)	17	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530&1540)	18	\$ 98,277,609
Historical Cost of Furniture & Equipment over 16 years old	19	\$ 2,559,161
Amount of Federal Money in Furniture & Equipment (Net of #19)	20	\$ 9,240,364

(8) Note A - No amounts in Function 53 expenditures are included in this report on administrative costs.  
 \$658,438 of Function 99 expenditures are included in this report on administrative costs.

GARLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2012

Exhibit J-3

Data Control Codes	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 27,469,385	\$ 27,469,385	\$ 28,150,813	\$ 681,428
5800 State Program Revenues	11,122,050	11,122,050	11,540,974	418,924
5020 Total Revenues	<u>38,591,435</u>	<u>38,591,435</u>	<u>39,691,787</u>	<u>1,100,352</u>
<b>EXPENDITURES:</b>				
Current:				
Debt Service:				
0071 Debt Service-Principal on Long Term Debt	21,010,000	22,110,000	22,070,971	39,029
0072 Debt Service-Interest on Long Term Debt	17,900,656	17,900,656	14,926,388	2,974,268
0073 Debt Service-Bond Issuance Cost and Fees	750,000	2,000,000	1,925,844	74,156
6030 Total Expenditures	<u>39,660,656</u>	<u>42,010,656</u>	<u>38,923,203</u>	<u>3,087,453</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,069,221)	(3,419,221)	768,584	4,187,805
<b>OTHER FINANCING SOURCES (USES):</b>				
7911 Refunding Bonds Issued		178,000,000	177,560,213	(439,787)
7916 Premium on Issuance of Bonds		31,400,000	31,307,399	(92,601)
7949 Other Resources		41,400	41,261	(139)
8940 Payments to Refunded Bond Escrow Agents	-	(209,000,000)	(208,224,256)	775,744
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>441,400</u>	<u>684,617</u>	<u>243,217</u>
1200 Net Change in Fund Balances	(1,069,221)	(2,977,821)	1,453,201	4,431,022
0100 Fund Balance - September 1 (Beginning)	4,532,676	4,532,676	4,532,676	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 3,463,455</u>	<u>\$ 1,554,855</u>	<u>\$ 5,985,877</u>	<u>\$ 4,431,022</u>

**This page intentionally left blank**



## STATISTICAL SECTION

This part of the Garland Independent School District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government’s financial performance and wellbeing have changed over time.	71 - 84
Revenue Capacity These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	85 – 88
Debt Capacity These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	89 – 92
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	93 - 94
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.	95 - 98

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NET ASSETS BY COMPONENT**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 74,349,137	\$ 80,384,610	\$ 86,903,808	\$ 87,505,635
Restricted				
Food Service	3,980,403	3,799,229	4,586,163	3,974,252
Debt Service	8,531,841	6,324,081	5,354,289	5,075,415
Grant Funds				
Unrestricted	<u>68,979,954</u>	<u>74,401,413</u>	<u>77,053,658</u>	<u>94,921,136</u>
Total governmental activities	<u><u>155,841,335</u></u>	<u><u>164,909,333</u></u>	<u><u>173,897,918</u></u>	<u><u>191,476,438</u></u>
Business-type activities				
Invested in capital assets, net of related debt				
Unrestricted	<u>(79,292)</u>	<u>(40,675)</u>	<u>2,743</u>	<u>18,323</u>
Total Business-type activities	<u><u>(79,292)</u></u>	<u><u>(40,675)</u></u>	<u><u>2,743</u></u>	<u><u>18,323</u></u>
Total				
Invested in capital assets, net of related debt	74,349,137	80,384,610	86,903,808	87,505,635
Restricted				
Food Service	3,980,403	3,799,229	4,586,163	3,974,252
Debt Service	8,531,841	6,324,081	5,354,289	5,075,415
Grant Funds				
Unrestricted	<u>68,900,662</u>	<u>74,360,738</u>	<u>77,056,401</u>	<u>94,939,459</u>
Total net assets	<u><u>\$ 155,762,043</u></u>	<u><u>\$ 164,868,658</u></u>	<u><u>\$ 173,900,661</u></u>	<u><u>\$ 191,494,761</u></u>

Source: The Statement of Net Assets for the Garland Independent School District

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 98,260,626	\$ 111,899,974	\$ 115,842,801	\$ 119,473,529	\$ 135,714,399	\$ 150,416,165
2,417,197	1,406,758	1,032,266	2,237,555	3,572,158	5,647,011
2,662,244	1,590,931	2,867,279	4,692,604	5,944,130	5,852,827
					4,480,338
107,501,931	89,688,303	95,328,280	99,789,458	118,941,802	140,509,657
<u>210,841,998</u>	<u>204,585,966</u>	<u>215,070,626</u>	<u>226,193,146</u>	<u>264,172,489</u>	<u>306,905,998</u>
7,014	31,235	25,810	21,673	17,536	14,180
14,670	(60,544)	(78,527)	(138,885)	(129,759)	(127,504)
<u>21,684</u>	<u>(29,309)</u>	<u>(52,717)</u>	<u>(117,212)</u>	<u>(112,223)</u>	<u>(113,324)</u>
98,267,640	111,931,209	115,868,611	119,495,202	135,731,935	150,430,345
2,417,197	1,406,758	1,032,266	2,237,555	3,572,158	5,647,011
2,662,244	1,590,931	2,867,279	4,692,604	5,944,130	5,852,827
					4,480,338
107,516,601	89,627,759	95,249,753	99,650,573	118,812,043	140,382,153
<u>\$ 210,863,682</u>	<u>\$ 204,556,657</u>	<u>\$ 215,017,909</u>	<u>\$ 226,075,934</u>	<u>\$ 264,060,266</u>	<u>\$ 306,792,674</u>

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE) REVENUE**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
<b>Governmental activities</b>				
Instruction	\$ 197,667,877	\$ 203,818,597	\$ 217,291,193	\$ 229,395,773
Instructional resource and media services	5,602,347	5,787,924	7,043,428	6,609,280
Curriculum and staff development services	3,904,421	4,657,262	5,120,004	5,138,526
Instructional leadership	5,886,815	5,710,257	5,510,792	6,108,914
School leadership	19,845,325	20,752,186	21,860,633	23,606,119
Guidance, counseling, and evaluation services	12,323,329	12,837,619	14,070,831	15,380,606
Social work services	713,377	746,511	743,805	726,811
Health services	3,390,742	3,520,894	3,911,639	4,065,689
Student transportation	8,531,909	9,180,190	8,646,476	9,663,621
Food Service	17,029,676	18,243,687	19,685,050	22,132,097
Cocurricular/Extracurricular activities	5,579,973	6,023,332	6,709,675	6,658,308
General administration	7,100,072	7,794,973	8,529,235	9,122,816
Plant maintenance and operations	30,094,386	31,386,935	33,070,369	35,748,963
Security and monitoring services	1,713,558	2,085,174	2,160,511	2,192,834
Data processing services	6,858,106	12,976,329	13,807,050	13,544,652
Community services	2,784,067	2,720,330	3,539,915	4,570,218
Interest on long-term debt	13,667,589	14,165,791	15,455,979	19,904,601
Bond issuance cost and fees	19,032	12,674	31,090	121,093
Facilities acquisition/construction	265,808	3,351,184	3,805,552	5,237,028
Payments to Fiscal Agent of Shared Services Arrangement				
Payments to Juvenile Justice Alternative Education Programs	137,928	162,547	163,138	144,126
Intergovernmental Charges	-	-	-	-
Total governmental activities expenses	<u>343,116,337</u>	<u>365,934,396</u>	<u>391,156,365</u>	<u>420,072,075</u>
<b>Business-type activities</b>				
Concessions	82,438	270,591	258,490	208,343
Total business-type activities expenses	<u>82,438</u>	<u>270,591</u>	<u>258,490</u>	<u>208,343</u>
Total expenses	<u>\$ 343,198,775</u>	<u>\$ 366,204,987</u>	<u>\$ 391,414,855</u>	<u>\$ 420,280,418</u>
<b>Program Revenues</b>				
<b>Governmental activities</b>				
<b>Charges for services</b>				
Instruction	\$ 375,146	\$ 375,239	\$ 358,003	\$ 404,352
Instructional resources & media services				
Curriculum and staff development				
School leadership				
Food service	7,607,052	8,515,504	9,215,484	9,402,839
Cocurricular/Extracurricular activities	1,216,447	1,129,594	1,277,211	5,017,254
Plant maintenance and operations	88,548	182,088	608,436	47,748
Security and monitoring services	58,151	52,486	70,004	
Community services	46,853	40,790	4,462	
Operating grants and contributions	71,336,478	62,319,150	68,714,798	69,175,005
Total governmental entities program revenue	<u>80,728,675</u>	<u>72,614,851</u>	<u>80,248,398</u>	<u>84,047,198</u>
<b>Business-type activities</b>				
<b>Charges for services</b>				
Concessions	3,146	309,208	301,908	263,923
Total governmental entities business-type revenue	<u>3,146</u>	<u>309,208</u>	<u>301,908</u>	<u>263,923</u>
Total program revenues	<u>\$ 80,731,821</u>	<u>\$ 72,924,059</u>	<u>\$ 80,550,306</u>	<u>\$ 84,311,121</u>
<b>Net Expense</b>				
Governmental activities	\$ (262,387,662)	\$ (293,319,545)	\$ (310,907,967)	\$ (336,024,877)
Business-type activities	(79,292)	38,617	43,418	55,580
Total net expenses	<u>\$ (262,466,954)</u>	<u>\$ (293,280,928)</u>	<u>\$ (310,864,549)</u>	<u>\$ (335,969,297)</u>

Source: The Statement of Activities for the Garland Independent School District

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 249,442,304	\$ 276,616,196	\$ 283,065,227	\$ 289,725,326	\$ 294,208,920	\$ 272,825,108
6,914,200	7,812,690	8,131,373	8,118,770	8,193,015	7,368,582
6,732,763	6,634,975	7,796,851	7,146,831	8,581,755	8,514,256
6,845,017	8,182,808	7,439,610	10,062,924	9,757,848	8,365,560
24,991,290	27,002,157	26,744,844	27,380,902	27,930,380	26,527,981
16,640,146	17,823,643	17,956,443	18,728,727	18,429,805	16,939,997
865,761	924,492	969,118	929,902	929,097	894,164
4,751,649	6,728,800	5,333,060	5,619,695	5,654,397	5,329,439
8,981,233	7,033,092	10,101,240	10,499,734	10,811,955	10,643,267
23,011,684	25,506,613	26,573,977	27,071,935	27,407,886	26,033,888
6,162,935	7,030,615	6,684,383	6,704,026	7,290,111	7,686,728
10,118,411	11,363,821	9,765,328	10,668,993	11,255,328	10,252,916
36,459,999	38,335,676	37,369,496	38,327,826	37,876,948	35,728,649
2,562,847	7,638,267	3,697,044	3,847,937	3,803,372	3,667,174
16,493,955	9,569,934	12,164,713	16,879,163	13,777,228	21,287,235
5,022,107	4,701,421	5,546,340	5,614,407	5,289,947	3,086,571
19,028,178	18,332,357	16,266,467	16,555,683	15,378,492	691,607
78,282	108,891	219,929	419,457	437,694	229,464
3,623,119		541,958	1,570,426	2,297,277	1,511,554
				31,422	69,224
99,014	47,218	56,304	52,360	66,234	45,714
-	-	677,662	698,644	700,543	658,438
<u>448,824,894</u>	<u>481,393,666</u>	<u>487,101,367</u>	<u>506,623,668</u>	<u>510,109,654</u>	<u>468,357,516</u>
<u>254,655</u>	<u>259,104</u>	<u>288,814</u>	<u>287,235</u>	<u>258,978</u>	<u>247,054</u>
<u>254,655</u>	<u>259,104</u>	<u>288,814</u>	<u>287,235</u>	<u>258,978</u>	<u>247,054</u>
<u>\$ 449,079,549</u>	<u>\$ 481,652,770</u>	<u>\$ 487,390,181</u>	<u>\$ 506,910,903</u>	<u>\$ 510,368,632</u>	<u>\$ 468,604,570</u>
\$ 397,819	\$ 406,338	\$ 482,224	\$ 265,338	\$ 169,918	\$ 244,414
					375
9,098,542	9,934,102	10,332,066	9,803,316	9,220,579	9,011,473
4,966,084	4,896,022	4,782,751	4,667,101	4,900,323	5,096,626
144,015	96,296	219,996	193,833	176,730	268,172
<u>73,767,745</u>	<u>77,211,854</u>	<u>84,599,937</u>	<u>105,829,524</u>	<u>132,960,615</u>	<u>91,587,206</u>
<u>88,374,205</u>	<u>92,544,612</u>	<u>100,416,974</u>	<u>120,759,112</u>	<u>147,428,165</u>	<u>106,208,266</u>
<u>272,416</u>	<u>208,111</u>	<u>265,406</u>	<u>222,740</u>	<u>263,967</u>	<u>245,953</u>
<u>272,416</u>	<u>208,111</u>	<u>265,406</u>	<u>222,740</u>	<u>263,967</u>	<u>245,953</u>
<u>\$ 88,646,621</u>	<u>\$ 92,752,723</u>	<u>\$ 100,682,380</u>	<u>\$ 120,981,852</u>	<u>\$ 147,692,132</u>	<u>\$ 106,454,219</u>
\$ (360,450,689)	\$ (388,849,054)	\$ (386,684,393)	\$ (385,864,556)	\$ (362,681,489)	\$ (362,149,250)
17,761	(50,993)	(23,408)	(64,495)	4,989	(1,101)
<u>\$ (360,432,928)</u>	<u>\$ (388,900,047)</u>	<u>\$ (386,707,801)</u>	<u>\$ (385,929,051)</u>	<u>\$ (362,676,500)</u>	<u>\$ (362,150,351)</u>

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net Expense				
Governmental activities	\$ (262,387,662)	\$ (293,319,545)	\$ (310,907,967)	\$ (336,024,877)
Business-type activities	(79,292)	38,617	43,418	55,580
Total net expenses	<u>\$ (262,466,954)</u>	<u>\$ (293,280,928)</u>	<u>\$ (310,864,549)</u>	<u>\$ (335,969,297)</u>
General Revenues				
Governmental activities				
Taxes				
Property taxes levied for general purposes	\$ 136,512,549	\$ 152,532,862	\$ 166,090,850	\$ 178,998,768
Property taxes levied for debt service	19,596,834	21,169,873	25,016,884	26,273,933
State Aid Formula Grants	129,590,604	128,000,989	128,054,981	131,092,684
Grants and contributions not restricted	1,262,959	660,147	648,248	4,112,521
Investment earnings	2,960,683	1,857,563	5,333,189	11,589,329
Miscellaneous	510,216	475,338	210,441	1,496,162
Transfers in from business-type activities				40,000
Special Items:				
Termination of lease		(2,309,229)		
Loss on disposal of assets			(5,458,041)	
Liquidation of Claims Liability (Note 10)				
Extraordinary Items:				
Insurance recoveries	-	-	-	-
Total governmental general revenues	<u>\$ 290,433,845</u>	<u>\$ 302,387,543</u>	<u>\$ 319,896,552</u>	<u>\$ 353,603,397</u>
Business-type activities				
Transfers out to governmental activities	-	-	-	(40,000)
Total business-type general revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (40,000)</u>
Total primary government general revenues	<u>\$ 290,433,845</u>	<u>\$ 302,387,543</u>	<u>\$ 319,896,552</u>	<u>\$ 353,563,397</u>
Change in Net Assets				
Governmental activities	\$ 28,046,183	\$ 9,067,998	\$ 8,988,585	\$ 17,578,520
Business-type activities	(79,292)	38,617	43,418	15,580
Total primary government	<u>\$ 27,966,891</u>	<u>\$ 9,106,615</u>	<u>\$ 9,032,003</u>	<u>\$ 17,594,100</u>

Source: The Statement of Activities for the Garland Independent School District

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ (360,450,689)	\$ (388,849,054)	\$ (386,684,393)	\$ (385,864,556)	\$ (362,681,489)	\$ (362,149,250)
17,761	(50,993)	(23,408)	(64,495)	4,989	(1,101)
<u>\$ (360,432,928)</u>	<u>\$ (388,900,047)</u>	<u>\$ (386,707,801)</u>	<u>\$ (385,929,051)</u>	<u>\$ (362,676,500)</u>	<u>\$ (362,150,351)</u>
\$ 172,127,966	\$ 142,436,130	\$ 146,318,903	\$ 142,764,547	\$ 138,879,794	\$ 136,593,849
27,545,122	29,029,310	29,971,347	29,284,421	28,513,656	27,998,477
165,397,418	207,567,446	216,066,364	220,388,265	224,600,836	233,715,404
1,648,225	1,684,092	1,061,717	3,365,788	5,192,762	4,482,295
12,078,415	6,182,740	1,445,428	692,016	250,405	286,150
1,004,703	867,111	2,305,294	492,039	947,721	1,362,616
14,400					
	(5,173,807)				(877,204)
					703,742
-	-	-	-	2,275,658	617,430
<u>\$ 379,816,249</u>	<u>\$ 382,593,022</u>	<u>\$ 397,169,053</u>	<u>\$ 396,987,076</u>	<u>\$ 400,660,832</u>	<u>\$ 404,882,759</u>
(14,400)	-	-	-	-	-
<u>\$ (14,400)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 379,801,849</u>	<u>\$ 382,593,022</u>	<u>\$ 397,169,053</u>	<u>\$ 396,987,076</u>	<u>\$ 400,660,832</u>	<u>\$ 404,882,759</u>
\$ 19,365,560	\$ (6,256,032)	\$ 10,484,660	\$ 11,122,520	\$ 37,979,343	\$ 42,733,509
3,361	(50,993)	(23,408)	(64,495)	4,989	(1,101)
<u>\$ 19,368,921</u>	<u>\$ (6,307,025)</u>	<u>\$ 10,461,252</u>	<u>\$ 11,058,025</u>	<u>\$ 37,984,332</u>	<u>\$ 42,732,408</u>

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Reserved	\$ 1,858,053	\$ 2,406,404	\$ 2,848,368	\$ 1,944,047
Designated			384,211	8,384,211
Unreserved	<u>52,536,572</u>	<u>56,938,461</u>	<u>58,953,963</u>	<u>64,979,308</u>
Total general fund	<u>54,394,625</u>	<u>59,344,865</u>	<u>62,186,542</u>	<u>75,307,566</u>
All Other Governmental Funds				
Reserved				
Capital Projects fund	85,146,331	31,470,128	144,070,011	80,944,482
Other governmental funds	687,348	24,831	-	
Debt Service Fund	8,531,841	6,324,081	5,354,289	5,075,415
Food Service	3,174,544	3,799,229	4,586,163	3,974,252
Unreserved				
Reported in Federal Special Revenue Fund				
Reported in State Special Revenue Fund				
Reported in Local Special Revenue Fund	5,706,455	8,504,661	6,235,030	9,248,511
Total all other governmental funds	<u>\$ 103,246,519</u>	<u>\$ 50,122,930</u>	<u>\$ 160,245,493</u>	<u>\$ 99,242,660</u>

Fund Balance Categories as Required by GASB Statement No. 54

	<u>2011</u>	<u>2012</u>
	General Fund	
Non-Spendable - Inventories	\$ 1,463,630	\$ 1,108,597
Non-Spendable - Prepaid Items	828,738	882,579
Committed - Capital Expenditures for Equipment	1,963,746	2,022,659
Committed - Self-Insurance	8,000,000	8,000,000
Unassigned	<u>94,109,829</u>	<u>114,372,129</u>
	106,365,943	126,385,964
All Other Governmental Funds		
Non-Spendable - Inventories	1,929,290	1,990,416
Restricted - Grant Funds	7,652,679	8,136,933
Restricted - Capital Acquisitions and Contractual Obligations	79,399,452	67,919,393
Restricted - Retirement of Long-term Debt	4,532,676	5,985,877
Committed - Local Special Revenue Fund	2,308,830	2,219,884
Assigned - Construction and Capital Expenditures	<u>10,085,494</u>	<u>17,569,447</u>
	<u>\$ 212,274,364</u>	<u>\$ 230,207,914</u>

Source: The Balance Sheet of Governmental Funds for the Garland Independent School District



Fiscal Year			
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 2,616,046	\$ 2,888,963	\$ 2,124,945	\$ 2,096,956
9,092,630	9,364,540	9,693,854	9,963,746
69,108,105	59,511,619	67,782,406	79,992,042
<u>80,816,781</u>	<u>71,765,122</u>	<u>79,601,205</u>	<u>92,052,744</u>
28,863,213	16,314,804	39,433,222	23,485,325
1,702,220	1,182,723	2,183,286	1,925,909
2,662,244	1,590,931	2,932,753	4,730,024
714,977	224,035	(972,195)	311,646
	33,862	177,477	338,061
	2,897,965	925,300	253,868
15,413,864	8,055,692	7,483,279	9,923,244
<u>\$ 49,356,518</u>	<u>\$ 30,300,012</u>	<u>\$ 52,163,122</u>	<u>\$ 40,968,077</u>

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS REVENUES**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Local sources:				
Property taxes	\$ 154,993,811	\$ 174,657,638	\$ 190,896,394	\$ 204,522,281
Earnings on Investments	2,216,277	1,848,179	5,304,028	11,543,102
Other local sources	<u>15,260,988</u>	<u>13,528,799</u>	<u>16,221,532</u>	<u>17,614,107</u>
Total local sources	<u>172,471,076</u>	<u>190,034,616</u>	<u>212,421,954</u>	<u>233,679,490</u>
State sources:				
Per Capita	17,816,064	16,598,374	10,089,929	15,954,268
Foundation School Program	115,378,383	104,271,529	108,965,052	115,138,416
On-behalf Payments	11,953,878	13,067,059	12,941,367	14,477,809
Other State Sources	<u>29,078,373</u>	<u>29,139,727</u>	<u>30,610,769</u>	<u>20,635,646</u>
Total state sources	<u>174,226,698</u>	<u>163,076,689</u>	<u>162,607,117</u>	<u>166,206,139</u>
Federal sources:	<u>22,486,634</u>	<u>24,868,930</u>	<u>30,171,982</u>	<u>36,700,563</u>
Total revenues	<u>\$ 369,184,408</u>	<u>\$ 377,980,235</u>	<u>\$ 405,201,053</u>	<u>\$ 436,586,192</u>

Source: The Statement of Revenues, Expenditures, and Changes in Fund Balance for the Garland Independent School District

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 199,545,024	\$ 172,372,176	\$ 176,569,986	\$ 172,139,992	\$ 167,273,269	\$ 165,275,525
12,397,819	6,433,449	1,525,021	707,159	258,505	286,945
<u>16,168,053</u>	<u>16,901,934</u>	<u>18,385,341</u>	<u>15,980,072</u>	<u>15,987,134</u>	<u>17,196,383</u>
<u>228,110,896</u>	<u>195,707,559</u>	<u>196,480,348</u>	<u>188,827,223</u>	<u>183,518,908</u>	<u>182,758,853</u>
20,818,371	14,874,076	13,743,144	5,823,420	17,945,835	\$ 13,688,849
144,579,047	197,188,087	206,872,320	214,724,391	206,655,001	220,026,555
16,066,710	15,865,735	16,405,646	19,652,675	19,836,443	18,391,316
21,435,300	16,848,372	16,615,806	15,958,239	22,808,914	16,285,452
<u>202,899,428</u>	<u>244,776,270</u>	<u>253,636,916</u>	<u>256,158,725</u>	<u>267,246,193</u>	<u>268,392,172</u>
36,642,349	40,436,333	47,497,219	72,967,099	95,044,989	60,791,256
<u>\$ 467,652,673</u>	<u>\$ 480,920,162</u>	<u>\$ 497,614,483</u>	<u>\$ 517,953,047</u>	<u>\$ 545,810,090</u>	<u>\$ 511,942,281</u>

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenditures				
Governmental funds				
11 Instruction	\$ 191,188,163	\$ 196,298,204	\$ 208,851,384	\$ 219,374,143
12 Instructional resources and media services	5,264,473	5,449,684	6,653,686	6,136,673
13 Curriculum and staff development services	3,797,807	4,642,083	5,101,828	5,174,366
Total function 10	<u>200,250,443</u>	<u>206,389,971</u>	<u>220,606,898</u>	<u>230,685,182</u>
21 Instructional leadership	5,838,573	5,551,918	5,394,857	6,247,112
23 School leadership	19,569,583	20,497,663	21,562,806	23,284,518
Total function 20	<u>25,408,156</u>	<u>26,049,581</u>	<u>26,957,663</u>	<u>29,531,630</u>
31 Guidance, counseling, and evaluation services	12,204,674	12,726,580	13,942,142	15,259,733
32 Social work services	709,776	743,928	740,764	724,197
33 Health services	3,321,971	3,454,080	3,833,632	3,974,639
34 Student transportation	9,023,388	9,770,704	9,419,538	10,124,583
35 Food service	16,023,348	17,248,414	18,384,615	20,779,943
36 Extracurricular activities	5,258,958	5,418,437	6,318,824	6,155,952
Total function 30	<u>46,542,115</u>	<u>49,362,143</u>	<u>52,639,515</u>	<u>57,019,047</u>
41 General administration	6,859,569	7,764,977	8,036,023	8,852,286
Total function 40	<u>6,859,569</u>	<u>7,764,977</u>	<u>8,036,023</u>	<u>8,852,286</u>
51 Plant maintenance and operations	29,052,358	30,009,847	31,608,710	35,369,801
52 Security and monitoring services	1,720,579	2,089,560	2,175,905	2,179,230
53 Data processing services	6,360,684	14,256,942	20,820,675	22,258,805
Total function 50	<u>37,133,621</u>	<u>46,356,349</u>	<u>54,605,290</u>	<u>59,807,836</u>
61 Community service	2,764,756	2,702,986	3,094,665	3,690,488
Total function 60	<u>2,764,756</u>	<u>2,702,986</u>	<u>3,094,665</u>	<u>3,690,488</u>
71 Debt service				
Principal on long-term debt	21,815,107	20,866,856	20,305,851	18,528,311
Interest on long-term debt	15,753,915	18,779,868	19,575,268	22,798,556
Bond issuance costs and fees	904,486	312,865	1,988,844	121,093
Total function 70	<u>38,473,508</u>	<u>39,959,589</u>	<u>41,869,963</u>	<u>41,447,960</u>
81 Facilities acquisition/construction	30,753,557	45,435,796	82,004,420	50,716,481
Total function 80	<u>30,753,557</u>	<u>45,435,796</u>	<u>82,004,420</u>	<u>50,716,481</u>
93 Payments related to Shared Services Arrangements				
95 Payments to Juvenile Justice Alternative	137,928	162,547	163,138	144,126
99 Other Intergovernmental Charges				
Total function 90	<u>137,928</u>	<u>162,547</u>	<u>163,138</u>	<u>144,126</u>
Total expenditures	<u>\$ 388,323,653</u>	<u>\$ 424,183,939</u>	<u>\$ 489,977,575</u>	<u>\$ 481,895,036</u>
Debt service as a percentage of noncapital expenditures	10.8%	10.6%	10.3%	9.6%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds for the Garland Independent School District

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 242,950,503	\$ 265,646,555	\$ 274,554,083	\$ 277,736,342	\$ 286,385,667	\$ 265,783,902
6,838,200	7,209,018	7,683,187	7,550,087	7,606,662	6,907,353
6,734,791	6,678,169	7,829,424	7,085,074	8,436,124	8,546,167
<u>256,523,494</u>	<u>279,533,742</u>	<u>290,066,694</u>	<u>292,371,503</u>	<u>302,428,453</u>	<u>281,237,422</u>
6,636,002	8,218,111	7,317,361	10,051,751	9,757,128	8,087,798
24,841,538	26,834,758	26,613,132	26,802,850	27,214,873	26,327,408
<u>31,477,540</u>	<u>35,052,869</u>	<u>33,930,493</u>	<u>36,854,601</u>	<u>36,972,001</u>	<u>34,415,206</u>
16,638,259	17,827,951	17,888,859	18,443,795	18,188,436	16,815,753
863,828	928,221	971,385	919,581	916,259	894,034
4,699,752	4,979,712	5,259,870	5,469,179	5,481,977	5,240,443
9,550,651	11,708,937	11,657,475	8,330,801	8,958,596	12,375,738
22,176,948	24,533,327	25,601,394	25,457,357	25,590,165	24,873,220
5,670,446	6,298,194	5,946,729	5,722,934	6,194,537	6,643,953
<u>59,599,884</u>	<u>66,276,342</u>	<u>67,325,712</u>	<u>64,343,647</u>	<u>65,329,970</u>	<u>66,843,141</u>
9,898,251	9,890,459	9,645,633	10,088,727	10,143,293	9,994,137
<u>9,898,251</u>	<u>9,890,459</u>	<u>9,645,633</u>	<u>10,088,727</u>	<u>10,143,293</u>	<u>9,994,137</u>
35,270,590	38,853,474	35,974,175	36,352,005	35,809,238	34,621,542
2,540,258	2,966,480	3,431,654	3,557,014	3,551,656	3,459,277
16,964,593	11,953,596	11,961,227	16,369,064	18,896,247	21,004,438
<u>54,775,441</u>	<u>53,773,550</u>	<u>51,367,056</u>	<u>56,278,083</u>	<u>58,257,141</u>	<u>59,085,257</u>
3,992,523	4,094,617	4,676,956	4,680,266	4,366,739	2,229,787
<u>3,992,523</u>	<u>4,094,617</u>	<u>4,676,956</u>	<u>4,680,266</u>	<u>4,366,739</u>	<u>2,229,787</u>
21,565,040	24,471,922	21,144,985	20,565,000	21,745,000	22,555,971
21,871,202	18,579,782	17,752,528	16,383,178	15,536,957	15,008,901
78,283	108,891	1,004,521	419,457	1,164,685	2,098,437
<u>43,514,525</u>	<u>43,160,595</u>	<u>39,902,034</u>	<u>37,367,635</u>	<u>38,446,642</u>	<u>39,663,309</u>
52,232,367	17,282,121	4,724,520	11,013,287	8,513,304	14,061,387
<u>52,232,367</u>	<u>17,282,121</u>	<u>4,724,520</u>	<u>11,013,287</u>	<u>8,513,304</u>	<u>14,061,387</u>
99,014	47,218	56,304	52,360	31,423	69,224
		677,662	698,644	66,234	45,714
<u>99,014</u>	<u>47,218</u>	<u>733,966</u>	<u>751,004</u>	<u>700,543</u>	<u>658,438</u>
				798,200	773,376
<u>\$ 512,113,039</u>	<u>\$ 509,111,513</u>	<u>\$ 502,373,064</u>	<u>\$ 513,748,753</u>	<u>\$ 525,255,743</u>	<u>\$ 508,303,022</u>
9.5%	8.8%	8.0%	7.4%	7.4%	8.0%

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Excess of revenues over (under) expenditures	\$ (19,139,245)	\$ (46,203,704)	\$ (84,776,522)
Other Financing Sources (Uses)			
Capital related debt issued (Bonds)	103,862,866	38,120,000	269,147,425
Refunding Bonds Issued			
Sale of real or personal property	64,837	140,250	136,443
Non-Current Loan Proceeds			
Transfers in	6,560,003	7,903,599	5,521,141
Premium or Discount on Issuance of Bonds	4,952,471	1,699,234	
Prepaid Interest			
Other Resources		83,717	
Insurance Recovery			
Transfers out	(9,000,000)	(10,397,404)	(7,959,618)
Payments to refunded bond escrow agents	<u>(33,184,354)</u>	<u>(39,519,042)</u>	<u>(69,104,629)</u>
Total other financing sources (uses)	<u>73,255,823</u>	<u>(1,969,646)</u>	<u>197,740,762</u>
Extraordinary Item - Insurance Recovery			
Net change in fund balances	<u>\$ 54,116,578</u>	<u>\$ (48,173,350)</u>	<u>\$ 112,964,240</u>

Source: Statement of Revenues, Expenditures, and  
Changes in Fund Balances Governmental Funds for  
the Garland Independent School District

Fiscal Year						
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ (45,308,844)	\$ (44,460,366)	\$ (28,191,351)	\$ (4,758,581)	\$ 4,204,294	\$ 20,554,347	\$ 3,639,259
			63,395,000		71,460,000	12,485,000
						177,560,213
92,210	69,039	83,186	232,155	52,200	71,984	186,936
			3,525,000			
8,658,078	10,014,400	2,788	1,292,791	3,887,810	1,767	10,939,244
			3,666,822		7,289,674	31,307,398
					238,982	
						41,262
						7,956
(11,323,253)	(10,000,000)	(2,788)	(1,292,791)	(6,887,810)	(10,001,767)	(10,009,462)
-	-	-	(36,361,203)	-	(12,637,102)	(208,224,256)
<u>(2,572,965)</u>	<u>83,439</u>	<u>83,186</u>	<u>34,457,774</u>	<u>(2,947,800)</u>	<u>56,423,538</u>	<u>14,294,291</u>
					2,275,658	
<u>\$ (47,881,809)</u>	<u>\$ (44,376,927)</u>	<u>\$ (28,108,165)</u>	<u>\$ 29,699,193</u>	<u>\$ 1,256,494</u>	<u>\$ 79,253,543</u>	<u>\$ 17,933,550</u>

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**APPRAISED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

Exhibit S-8

<u>Fiscal Year</u>	<u>Appraised Value</u>			<u>Total Estimated Taxable Value</u>	<u>Total Direct Rate(1)</u>
	<u>Residential or Real Property</u>	<u>Personal Property</u>	<u>Less: Exemptions</u>		
2003	10,919,174,030	1,714,814,050	2,007,647,322	10,626,340,758	1.4586
2004	11,529,692,430	1,597,727,490	1,724,261,805	11,403,158,115	1.5585
2005	12,146,142,430	1,527,906,130	1,671,514,263	12,002,534,297	1.6214
2006	12,774,717,330	1,558,779,310	1,892,419,813	12,441,076,827	1.6701
2007	13,458,752,730	1,570,168,560	1,989,676,234	13,039,245,056	1.5449
2008	14,344,899,870	1,777,817,820	2,528,589,708	13,594,127,982	1.2533
2009	14,740,677,510	2,002,138,070	2,673,331,019	14,069,484,561	1.2533
2010	14,552,729,200	1,981,784,350	2,882,170,137	13,652,343,413	1.2533
2011	14,074,300,780	1,874,995,440	2,583,259,916	13,366,036,304	1.2533
2012	13,855,945,490	1,921,285,080	2,691,665,901	13,085,564,669	1.2533

Source: Appraised Value - Dallas Central Appraisal District  
 Total Direct Rate - District Information

Notes:

- \* The Garland ISD Tax Office is the collecting agent for the District
- \* Property is appraised at full market value. Properties are reappraised at least once every three years.
- \* Represents total appraised value before exemptions.

(1) Per \$1,000 of assessed value.



**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

Exhibit S-9

Fiscal Year	Garland Independent School District			Overlapping Rates					
	Maintenance and Operations	Debt Service	Total	City of Garland	Dallas County	City of Rowlett	City of Sachse	City of Dallas	City of Mesquite
2002	1.2770	0.1947	1.4717	0.6411	0.5155	0.6400	0.5888	0.6675	0.5415
2003	1.2757	0.1829	1.4586	0.6411	0.5155	0.6400	0.5754	0.6998	0.5415
2004	1.3693	0.1892	1.5585	0.6411	0.5412	0.6400	0.5601	0.6998	0.5415
2005	1.4102	0.2112	1.6214	0.6411	0.5437	0.6769	0.5583	0.7197	0.5815
2006	1.4568	0.2133	1.6701	0.6661	0.5548	0.7472	0.5583	0.7417	0.6015
2007	1.3316	0.2133	1.5449	0.6786	0.5539	0.7472	0.5534	0.7292	0.6200
2008	1.0400	0.2133	1.2533	0.6886	0.5672	0.7472	0.5534	0.7479	0.6400
2009	1.0400	0.2133	1.2533	0.6996	0.5764	0.7472	0.6100	0.7479	0.6400
2010	1.0400	0.2133	1.2533	0.7046	0.6022	0.7472	0.7058	0.7479	0.6400
2011	1.0400	0.2133	1.2533	0.7046	0.6233	0.7472	0.7058	0.7970	0.6400
2012	1.0400	0.2133	1.2533	0.7046	0.6233	0.7472	0.7708	0.7970	0.6400

Source: Appropriate government entities' tax departments.

Note: Tax rates are per \$1,000 of assessed value.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND TEN YEARS AGO (UNAUDITED)**

Exhibit S-10

Taxpayer	2012			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Walmart	\$ 130,595,550	1	1.00%	\$ 46,112,460	7	0.41%
Simon Property Group	116,341,710	2	0.89%			
Kraft Foods/ U S Foods	79,393,237	3	0.61%	50,559,940	6	0.45%
Verizon/G.T.E.	67,402,490	4	0.52%	82,913,840	2	0.73%
Oncor	61,330,690	5	0.47%			
Plastipak Packaging	57,526,341	6	0.44%			
S S T Truck	54,892,828	7	0.42%			
Landmark Lakeway	54,845,690	8	0.42%			
Engineered Polymer	45,304,752	9	0.35%	43,437,380	8	0.38%
Sears Roebuck Co.	42,965,928	10	0.33%	128,136,670	1	1.13%
Eckerd Corp.				77,045,590	3	0.69%
Texas Utilities Co.				69,808,260	4	0.62%
Simpson Finance				50,575,270	5	0.45%
Albertsons				37,436,900	9	0.33%
Raytheon E Systems				35,530,620	10	0.31%
Total	<u>\$ 710,599,216</u>		<u>5.43%</u>	<u>\$ 621,556,930</u>		<u>5.50%</u>

Source: Dallas Central Appraisal District.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

Exhibit S-11

Fiscal Year Ending	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy			Total Collections to Date for the Fiscal Year	
		Amount (1)	Percentage of Levy	Delinquent Taxes	Amount (2)	Percentage of Levy
2002	140,289,131	138,225,731	98.53%	1,015,081	139,240,812	99.25%
2003	154,741,155	151,540,060	97.93%	1,914,570	153,454,630	99.17%
2004	172,624,543	169,742,514	98.33%	3,134,760	172,877,274	100.15%
2005	187,863,912	185,477,481	98.71%	2,966,920	188,444,401	100.31%
2006	200,898,664	199,008,663	99.06%	2,792,914	201,801,577	100.45%
2007	195,980,635	194,382,179	99.18%	2,898,066	197,280,245	100.66%
2008	170,375,206	167,691,108	98.42%	2,710,548	170,401,656	100.02%
2009	176,332,850	172,938,357	98.07%	2,039,003	174,977,360	99.23%
2010	171,104,820	168,743,825	98.62%	1,413,147	170,156,972	99.45%
2011	167,516,533	164,067,348	97.94%	1,664,012	165,731,360	98.93%
2012	164,001,382	162,314,401	98.97%	1,344,658	163,659,059	99.79%

Source: Dallas Central Appraisal District and District records.

Notes:

- (1) The Garland ISD Tax Office is the collecting agent for the District
- (2) Total cash collections is total cash net of interest and penalty collections and other judgments

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

Exhibit S-12

Fiscal Year Ending	Governmental Activities			Total Primary Government	Ratio of Debt to Assessed Value	Outstanding Debt Per Student
	General Obligation Bonds	Contractual Obligations	Notes Payable			
2002	\$ 280,543,324	\$ 1,400,000		\$ 281,943,324	2.49%	\$ 5,382
2003	321,449,547	820,000		322,269,547	2.62%	5,967
2004	296,213,930	420,000		296,633,930	2.26%	5,382
2005	460,734,754			460,734,754	3.37%	8,193
2006	440,188,162		\$ 55,000	440,243,162	3.07%	7,666
2007	416,973,066			416,973,066	2.77%	7,321
2008	393,222,811			393,222,811	2.43%	6,878
2009	400,108,073		3,525,000	403,633,073	2.41%	7,132
2010	381,084,245		3,070,000	384,154,245	2.29%	6,639
2011	419,983,476		2,600,000	422,583,476	2.65%	7,307
2012	397,011,740		2,115,000	399,126,740	2.53%	6,864

Source: Dallas Central Appraisal District and District records.

Note: The ratio of outstanding debt to personal income has not been included as personal income data is not available.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF AUGUST 31, 2012 (UNAUDITED)**

Exhibit S-13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Direct:			
Garland Independent School District	\$ 399,126,740	100.00%	\$ 399,126,740
Overlapping:			
City of Garland	175,708,475	90.00%	227,988,028
City of Rowlett	73,253,512	85.46%	55,003,769
Dallas County	129,817,389	8.62%	11,009,911
City of Sachse	40,198,341	67.35%	24,892,397
Dallas County Community College District	396,140,000	8.62%	32,111,937
City of Dallas	<u>1,660,259,302</u>	48.00%	<u>5,810,908</u>
Total Overlapping Debt	<u>2,475,377,019</u>		<u>356,816,950</u>
Total Direct and Overlapping Debt	<u>\$ 2,874,503,759</u>		<u>\$ 755,943,690</u>
Taxable Assessed Valuation			13,085,564,669
Ratio of Direct and Overlapping Debt to taxable assessed valuation			5.78%
Direct and Overlapping Debt per Capita			\$ 2,509

Source: Debt outstanding and estimated percentage applicable for taxing entities other than the District was obtained from the Municipal Advisory Council of Texas.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt Limit	\$ 1,062,634,076	\$ 1,140,315,812	\$ 1,200,253,430	\$ 1,202,913,981
Total net debt applicable to limit	<u>307,101,858</u>	<u>290,309,849</u>	<u>455,380,465</u>	<u>435,112,747</u>
Legal debt margin	<u>\$ 755,532,218</u>	<u>\$ 850,005,963</u>	<u>\$ 744,872,965</u>	<u>\$ 767,801,234</u>
Total net debt applicable to the limit as a percentage of debt limit	28.90%	25.46%	37.94%	36.17%

Source: Calculation from taxable assessed valuation, total bonded debt and debt service reservation data.

Fiscal Year					
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 1,303,924,506	\$ 1,359,412,798	\$ 1,406,948,456	\$ 1,365,234,341	\$ 1,336,603,630	\$ 1,308,556,467
<u>416,973,066</u>	<u>393,222,811</u>	<u>400,700,320</u>	<u>379,424,221</u>	<u>418,050,800</u>	<u>393,140,863</u>
<u>\$ 886,951,440</u>	<u>\$ 966,189,987</u>	<u>\$ 1,006,248,136</u>	<u>\$ 985,810,120</u>	<u>\$ 918,552,830</u>	<u>\$ 915,415,604</u>
31.98%	28.93%	28.48%	27.79%	31.28%	30.04%

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN CALENDAR YEARS (UNAUDITED)**

Exhibit S-15

<u>Period Ending</u>	<u>Population</u>	<u>Personal Income (hundreds of dollars)</u>	<u>Per Capita Personal Income (dollars)</u>	<u>Unemployment Rate</u>
2002	281,613	130,919,073	46,489	5.9%
2003	289,250	134,012,042	46,331	6.0%
2004	294,524	142,205,909	48,283	5.1%
2005	299,699	152,866,381	51,007	5.0%
2006	303,186	(1)	(1)	5.0%
2007	305,465	(1)	(1)	4.0%
2008	310,107	(1)	(1)	5.1%
2009	310,171	(1)	(1)	8.5%
2010	311,075	(1)	(1)	7.9%
2011	311,697	(1)	(1)	8.3%
2012	301,327	(1)	(1)	6.2%

Source:

Population: District estimate

Personal Income (thousands of dollars): U. S. Bureau of Economic Analysis - Dallas-Plano-Irving, TX Metropolitan Division

Per Capita Personal Income (dollars): U. S. Bureau of Economic Analysis - Dallas-Plano-Irving, TX Metropolitan Division

Unemployment Rate: U.S. Department of Labor - Bureau of Labor Statistics

Note: (1) Data not available



**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND FOUR YEARS AGO (UNAUDITED)**

Exhibit S-16

Employer	2012			2008		
	Employees	Rank	Percentage of Employment	Employees	Rank	Percentage of Employment
Garland ISD	7,238	1	40.84%	7,254	1	35.21%
Raytheon	2,200	2	12.41%	3,500	2	16.99%
City of Garland	2,000	3	11.29%	2,500	3	12.13%
Walmart Super Centers	1,250	4	7.05%	1,750	4	8.49%
Baylor Medical Center Garland	1,185	5	6.69%	1,200	6	5.82%
International/SST Truck	982	6	5.54%	700	9	3.40%
Atlas Copco	727	7	4.10%	700	8	3.40%
US Food Service	500	8	2.82%			0.00%
APEX Tool Group	467	9	2.64%			0.00%
Karlee	451	10	2.54%			0.00%
Sears Logistic Services	350		1.97%	1,300	5	6.31%
Ecolab				1,000	7	4.85%
Lake Point Medical Center	372		2.10%	700	10	3.40%
<b>Total</b>	<b>17,722</b>		<b>100.00%</b>	<b>20,604</b>		<b>100.00%</b>

Source: Garland Chamber of Commerce

Notes:

- (1) Data not available prior to 2008.
- (2) Total employment for all employers within the District is not available.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

Exhibit S-17

	Full Time Equivalent Employees								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Teachers	3,509.4	3,607.9	3,692.2	3,773.7	3,806.0	3,785.2	3,720.4	3,710.9	3,651.1
Professional Support									
Psychological Associate	8.0	8.0	8.0	1.0	1.0	1.0	-	-	-
Audiologist	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Counselor	121.9	127.0	126.8	127.8	135.6	135.5	133.0	136.0	129.3
Educational Diagnostician	35.6	38.6	51.6	77.4	71.4	69.8	61.5	54.7	57.6
Librarian	74.0	77.5	78.5	75.0	77.5	77.5	80.0	79.0	76.0
Occupational Therapist	13.8	14.0	13.0	13.0	14.0	13.0	12.6	11.4	9.0
Corrective Therapist	-	-	-	0.5	1.0	1.0	-	-	-
Orientation/Mobility Instructor	1.0	-	-	1.0	1.0	2.0	2.0	2.0	-
Physical Therapist	9.0	7.0	7.0	8.0	7.0	5.0	7.0	6.0	4.9
School Nurse	72.1	71.0	73.6	75.0	77.0	77.4	79.4	79.0	76.4
LSSP/Psychologist	-	-	-	8.0	8.0	8.0	8.0	8.0	8.0
Social Worker	10.4	12.5	13.8	16.8	15.5	18.2	19.3	20.8	12.8
Speech Therapist/Speech-Language Pathologist	48.8	50.0	52.8	53.7	58.5	59.2	56.9	54.2	50.3
Visiting Teacher	6.0	6.0	5.0	6.0	5.0	5.0	5.0	5.0	4.0
Work-Based Learning Site Coordinator	2.0	2.0	2.0	-	-	-	10.1	6.0	7.3
Teacher Facilitator	20.0	1.0	2.0	48.0	46.0	55.7	90.0	110.4	131.7
Athletic Trainer	-	-	-	-	-	-	8.6	2.0	3.8
Campus Professional Personnel	15.0	16.0	16.0	8.5	25.5	25.5	25.4	32.0	29.5
Non-Campus Professional Personnel	87.5	90.4	96.5	116.2	133.7	149.0	149.3	156.1	158.5
Total Professional Support	528.1	524.0	549.6	638.9	680.7	705.8	751.1	765.6	762.1
Campus Administration									
Assistant Principal	99.4	103.5	110.5	112.0	115.0	113.9	114.0	113.0	107.0
Principal	66.0	67.0	70.0	70.0	72.0	72.0	72.0	73.0	72.0
Vocational Education Coordinator	-	-	-	-	-	-	-	-	-
Teacher Supervisor	3.0	24.0	33.0	0.5	4.0	7.0	4.1	-	-
Registrar	8.0	8.0	9.0	-	-	-	8.0	8.0	10.0
Total Campus Administration	176.4	202.5	222.5	182.5	191.0	192.9	198.1	194.0	189.0
Central Administration									
Assistant Superintendent	4.3	4.5	4.5	4.3	4.5	4.5	4.5	4.5	4.5
Instructional Officer	14.0	14.0	14.0	13.0	12.4	12.4	-	-	-
District Instructional Program Director	-	-	-	-	-	-	17.0	17.0	15.0
Superintendent	1.0	1.0	1.0	0.9	1.0	1.0	1.0	1.0	1.0
Teacher Supervisor	30.5	38.0	39.0	32.5	43.0	60.8	41.3	29.5	28.5
Athletic Director	2.5	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Business Manager	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tax Assessor and/or Collector	1.0	1.0	-	1.0	1.0	1.0	1.0	1.0	1.0
Director of Personnel/HR	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Registrar	1.0	1.0	1.0	-	-	-	-	-	-
Total Central Administration	58.3	67.0	66.5	58.7	68.9	86.7	71.8	60.0	57.0
Educational Aides	468.9	476.2	510.8	279.1	373.1	374.3	455.5	432.1	461.8
Auxiliary Staff	1,566.9	1,757.9	1,813.6	2,176.6	2,134.1	2,242.9	2,197.4	2,182.5	2,116.8
Total All Full Time Equivalent Employees	6,308.0	6,635.5	6,855.2	7,109.5	7,253.8	7,387.8	7,394.3	7,345.1	7,237.8

Source: District records for the fall PEIMS submission

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

Exhibit S-18

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced-Price Meals</u>
2003	54,007	271,525,863	5,028	8.02%	3,406	15.9	38.0%
2004	55,114	287,074,068	5,209	5.73%	3,509	15.7	40.0%
2005	56,236	302,086,192	5,372	5.23%	3,608	15.6	42.0%
2006	57,425	318,278,707	5,543	5.36%	3,692	15.6	44.6%
2007	56,955	350,129,255	6,147	10.01%	3,774	15.1	47.7%
2008	57,169	383,553,961	6,709	9.55%	3,806	15.0	46.0%
2009	57,510	380,113,001	6,610	-0.90%	3,785	15.2	46.1%
2010	57,861	370,578,596	6,405	-2.51%	3,720	15.6	51.4%
2011	57,833	371,744,956	6,428	0.31%	3,711	15.6	52.9%
2012	58,151	367,647,358	6,322	-1.10%	3,651	15.9	60.5%

Source: District records

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**OPERATING INDICATORS**  
**LAST EIGHT FISCAL YEARS (UNAUDITED)**

Exhibit S-19

	<u>2004</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Teachers By Highest Degree Held</b>								
No Degree	1.5%	0.3%	0.6%	0.7%	0.4%	1.0%	0.2%	0.2%
Bachelors	75.0%	74.8%	74.1%	73.9%	73.7%	72.7%	72.1%	71.4%
Masters	22.5%	23.8%	24.3%	24.6%	24.8%	26.1%	26.7%	27.5%
Doctorate	0.9%	1.0%	1.0%	0.9%	1.1%	1.0%	1.0%	0.9%
<b>Teachers By Years of Experience</b>								
Beginning Teachers	7.6%	8.6%	12.4%	6.8%	5.9%	3.1%	3.8%	3.4%
1 - 5 Years of Experience	33.7%	33.6%	29.6%	34.5%	34.3%	33.6%	30.2%	27.5%
6 - 10 Years of Experience	20.5%	20.2%	20.2%	20.9%	21.7%	23.3%	24.8%	26.7%
11 - 20 Years of Experience	20.0%	20.1%	20.5%	20.3%	21.2%	23.1%	24.7%	26.9%
Over 20 Years of Experience	18.2%	17.4%	17.3%	17.5%	16.9%	16.9%	16.4%	15.4%
<b>Average Teacher Salaries by Years of Experience</b>								
Beginning Teachers	\$ 36,816	\$ 38,585	\$ 47,321	\$ 43,836	\$ 45,508	\$ 47,308	\$ 46,839	\$ 46,605
1 - 5 Years of Experience	37,535	39,983	44,228	44,673	46,237	47,319	47,493	47,313
6 - 10 Years of Experience	39,010	41,016	45,302	46,002	47,563	48,585	48,801	48,607
11 - 20 Years of Experience	43,127	44,509	48,417	48,649	49,968	50,858	50,914	50,562
Over 20 Years of Experience	51,859	53,810	56,456	57,546	58,875	59,806	59,899	59,237
Student Teacher Ratio	15.7	15.6	15.1	15.0	15.2	15.6	15.6	15.9

Source: District records for the fall PEIMS submission

Note: Data not available prior to 2003 or for 2005

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS (UNAUDITED)**

Exhibit S-20

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Schools:										
Elementary										
Buildings	43	44	45	45	47	47	47	47	47	47
Enrollment	25,929	26,673	27,028	26,382	26,066	25,901	25,938	26,395	26,330	26,471
Middle										
Buildings	12	12	12	12	12	12	12	12	12	12
Enrollment	12,251	12,533	12,500	12,519	12,453	12,473	12,568	12,742	12,842	12,789
High										
Buildings	7	7	7	7	7	7	7	7	7	7
Enrollment	14,919	15,189	15,702	16,351	16,113	16,248	16,269	16,441	17,123	16,863
Pre-K										
Buildings	-	-	-	2	2	2	2	2	2	2
Enrollment	-	-	-	1,191	1,308	1,390	1,520	1,427	1,395	1,453
Other										
Buildings	3	3	3	3	3	3	3	3	3	4
Enrollment	444	516	522	492	503	572	635	637	143	575
Student Services										
Buildings:										
Enrollment Center	1	1	1	1	1	1	1	1	1	1
Transportation	1	1	1	1	1	1	1	1	1	1
Infant Center	1	1	1	1	1	1	1	1	1	1
Other										
Buildings:										
Administration	1	1	1	1	1	1	1	1	1	1
Tax Office	1	1	1	1	1	1	1	1	1	1
Technology	1	1	1	1	1	1	1	1	1	1
Professional Development Center	1	1	1	1	1	1	1	1	1	1
Curtis Culwell Center			1	1	1	1	1	1	1	1
Facility Services	1	1	1	1	1	1	1	1	1	1
Agriculture Training Center	1	1	1	1	1	1	1	1	1	1
Athletics										
Stadiums (includes Athletic Office)	2	2	2	2	2	2	2	2	2	2
Running Tracks	7	7	7	7	7	7	7	7	7	7
Tennis Courts	7	7	7	7	7	7	7	7	7	7
Softball Fields	7	7	7	7	7	7	7	7	7	7
Baseball Fields	7	7	7	7	7	7	7	7	7	7

Source: District Records

**This page intentionally left blank**

## Federal Awards Section

**This page intentionally left blank**





**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**

Members of the Board of Trustees  
Garland Independent School District  
Garland, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Garland Independent School District, Texas (the District) as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 16, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

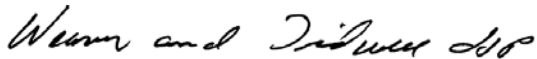
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Compliance and Other Matters

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

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

A handwritten signature in cursive script that reads "Weaver and Tidwell LLP".

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
January 16, 2013





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

Members of the Board of Trustees  
Garland Independent School District  
Garland, Texas

Compliance

We have audited Garland Independent School District's (the District's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the District's major federal programs for the year ended August 31, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.

Internal Control Over Compliance

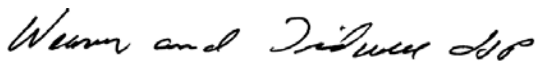
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.



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

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

The purpose of this report is solely to describe the scope of our testing of compliance requirements applicable to each of the District's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the District's compliance but not to provide an opinion of the effectiveness, of the District's internal control over compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly this report is not suitable for any other purpose.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
January 16, 2013





**GARLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2012**

Exhibit K-1

(1)	(2)	(3)	(4)	(5)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OF CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES	INDIRECT COSTS
Direct Programs				
Worksource Dallas County/Child Care Group Child Care Management Services 288	93.575		\$ 48,573	
Total Direct Programs			<u>48,573</u>	
US Department of Education				
Passed Through State Department of Education				
ESEA Title I Part A - Improving Basic Programs	84.010A	11610101057909	666,774	(4,463)
ESEA Title I Part A - Improving Basic Programs	84.010A	12610101057909	13,167,841	135,285
ESEA Title I Part A - Improving Basic Programs	84.010A	13610101057909	19,297	738
ESEA Title I - School Improvement Effective Strategies	84.010A	12610110057909042	28,949	321
ESEA Title I - School Improvement Program	84.010A	12610104057909042	19,864	231
Total Title I Part A Cluster			<u>13,902,725</u>	<u>132,111</u>
IDEA - Part B, Formula	84.027A	116600010579096600	373	-
IDEA - Part B, Formula	84.027A	126600010579096600	10,247,049	118,678
IDEA - Part B, Formula	84.027A	136600010579096600	205,749	4,482
IDEA - Part B, Formula - ARRA - LEA	84.391A	10554001057909	201,065	967
IDEA - Part B, Preschool	84.173A	116610010579096610	154	4
IDEA - Part B, Preschool	84.173A	126610010579096610	153,708	1,357
IDEA - Part B, Preschool	84.173A	136610010579096610	5,030	82
IDEA - Part B, Preschool - ARRA - LEA	84.392A	10555001057909	5,895	64
Total Special Education Cluster (IDEA)			<u>10,819,023</u>	<u>125,634</u>
Vocation Education - Basic Grant	84.048A	12420006057909	629,427	7,295
Vocation Education - Basic Grant	84.048A	13420006057909	44,463	452
Total CFDA Number 84.048A			<u>673,890</u>	<u>7,747</u>
ESEA Title II, Part D - ARRA/Stimulus	84.386A	10553001057909	13,157	155
ESEA Title III, Part A, English Language Acquisitions and Language Enhancement	84.365A	12671001057909	1,332,105	15,568
ESEA Title III, Part A, English Language Acquisitions and Language Enhancement	84.365A	13671001057909	31,492	840
Total CFDA Number 84.365A			<u>1,363,597</u>	<u>16,408</u>
ESEA Title II, Part A, Teacher & Principal Training	84.367A	11694501057909	10,050	118
ESEA Title II, Part A, Teacher & Principal Training	84.367A	12694501057909	1,368,927	16,030
ESEA Title II, Part A, Teacher & Principal Training	84.367A	13694501057909	49,418	999
Total CFDA Number 84.367A			<u>1,428,395</u>	<u>17,147</u>
Summer School LEP-RD 16	84.369A	69551102	73,247	
Education Jobs Fund	84.410A	11550101057909	9,782,370	
Statewide Longitudinal Data Systems	84.372A	10635002057909	3,230	562
Total Passed Through State Department of Education			<u>38,059,634</u>	<u>299,764</u>
Total US Department of Education			<u>38,059,634</u>	<u>299,764</u>
US Department of Energy				
Passed Through State Department of Energy				
State Energy Conservation Office (SECO) Energy Efficiency Grant	81.041	CM1218	39,600	
Total Passed Through State Department of Energy			<u>39,600</u>	

(exhibit continues on next page)

(Exhibit K-1 continued)

US Department of Health & Human Services

Passed Through State Department of Education

Medical Assistance Program	93.778	52907015700128	<u>108,814</u>
Total Passed Through State Department of Education			<u>108,814</u>

Total Department of Health and Human Services 108,814

US Department of Agriculture

Passed Through State Department of Agriculture

School Breakfast Program - Cash Assistance	10.553	71401001	3,208,541
School Breakfast Program - Non Cash Assistance	10.553	71401001	313,893
National School Lunch Program - Cash Assistance	10.555	71301001	13,404,372
National School Lunch Program - Non Cash Assistance	10.555	71301001	<u>1,180,837</u>
Total Child Nutrition Cluster			<u>18,107,643</u>

Total Passed Through US Department of Agriculture 18,107,643

Total US Department of Agriculture 18,107,643

Total Expenditures of Federal Awards	<u>\$</u>	<u>56,364,264</u>	<u>\$</u>	<u>299,764</u>	<u>\$</u>	<u>56,664,028</u>
--------------------------------------	-----------	-------------------	-----------	----------------	-----------	-------------------

See Notes to Schedule of Expenditures of Federal Awards

## GARLAND INDEPENDENT SCHOOL DISTRICT

### NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED AUGUST 31, 2012

---

1. The District utilizes the fund types specified in the Texas Education Agency Resource Guide.  
*Special Revenue Funds* – are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state awards generally are accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified grant periods.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Funds are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the Special Revenue Funds, which are Governmental Funds. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.  
  
The Schedule of Expenditures of Federal Awards was prepared on the modified accrual basis of accounting. The modified accrual basis of accounting is used for the Governmental Funds. 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 deferred revenues until earned.
3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extends 30 days beyond the federal project period ending date, in accordance with provisions in Section H: Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.
4. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at August 31, 2012, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.
5. Funds were received by the District for School Health and Related Services reimbursements in the amount of \$4,127,228.
6. Subsequent to the issuance of the prior year financial statements, but prior to submitting the final funding request, the District determined that indirect costs receivable was overstated by \$4,463. During the current fiscal year, this receivable balance was written down resulting in a negative indirect cost.

**GARLAND INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2012**

---

**I. Summary of Auditors' Results:**

**Financial Statements**

Type of auditor's report issued

Unqualified

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 material to financial statements noted?

\_\_\_ yes       X  no

**Federal Awards**

Internal control over major programs:

• Material weakness(es) identified?

\_\_\_ yes       X  no

• Significant Deficiency(ies) identified that are not considered to be material weaknesses?

\_\_\_ yes       X  none reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

\_\_\_ yes       X  no

**Identification of major programs:**

Title I, Part A Cluster

CFDA 84.010A

Child Nutrition Cluster

CFDA 10.553 and 10.555

Education Jobs

CFDA 84.410

Dollar threshold used to distinguish between type A and type B programs:

\$ 1,699,921

Auditee qualified as low-risk auditee?

\_\_\_ yes       X  no

**II. Findings Related to the Financial Statements:**

None

**III. Findings and Questioned Costs Related to the Federal Awards:**

None

**GARLAND INDEPENDENT SCHOOL DISTRICT**

**CORRECTIVE ACTION PLAN  
YEAR ENDED AUGUST 31, 2012**

---

There were no current year findings.

**GARLAND INDEPENDENT SCHOOL DISTRICT**

**STATUS OF PRIOR-YEAR FINDINGS  
YEAR ENDED AUGUST 31, 2012**

---

**Finding 11-01 Reporting of Stop-Loss Receivables**

**TYPE OF FINDING:** Significant Deficiency

**RECOMMENDATIONS:**

- The District should implement additional review procedures (including obtaining supporting documentation) to ensure that all amounts are properly being reported in the financial statements.

**STATUS:**

The District has eliminated the health self insurance program and joined TRS ActiveCare. If similar situations arise the District will take appropriate steps to ensure that stop-loss receivables are recorded.

**Finding 11-02 Excess of Expenditures over Appropriations**

**TYPE OF FINDING:** Compliance

**RECOMMENDATIONS:**

- The District should continue to improve their budget procedures, including incorporating non-cash expenditures into assumptions used. The District should also implement review procedures to ensure that any non-cash expenditures are recorded timely to allow for any budget amendments, if necessary.

**STATUS:**

The District has continued to improve the budget process and there were no excesses of expenditures over appropriations in the current year.

**Finding 11-03 Employee Time and Effort Documentation**

**TYPE OF FINDING:** Compliance and Significant Deficiency

**RECOMMENDATIONS:**

- The District should continue to improve their knowledge of Federal Award Compliance Requirements. The District should also implement procedures to ensure that certifications are prepared and signed at least semi-annually by all employees working solely on a single Federal award.

**STATUS:**

The District has obtained semi-annual certifications from appropriate personnel.