



Garland Independent School District  
Garland, Texas

Comprehensive Annual  
Financial Report

Fiscal Year Ended August 31, 2013



GARLAND INDEPENDENT SCHOOL DISTRICT  
GARLAND, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED  
AUGUST 31, 2013

Prepared by:  
The Department of  
Business Operations



GARLAND INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2013

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## Introductory Section

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**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, 2013, at a meeting of the Board of Trustees of such school district on the 21<sup>st</sup> day of January, 2014.



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



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

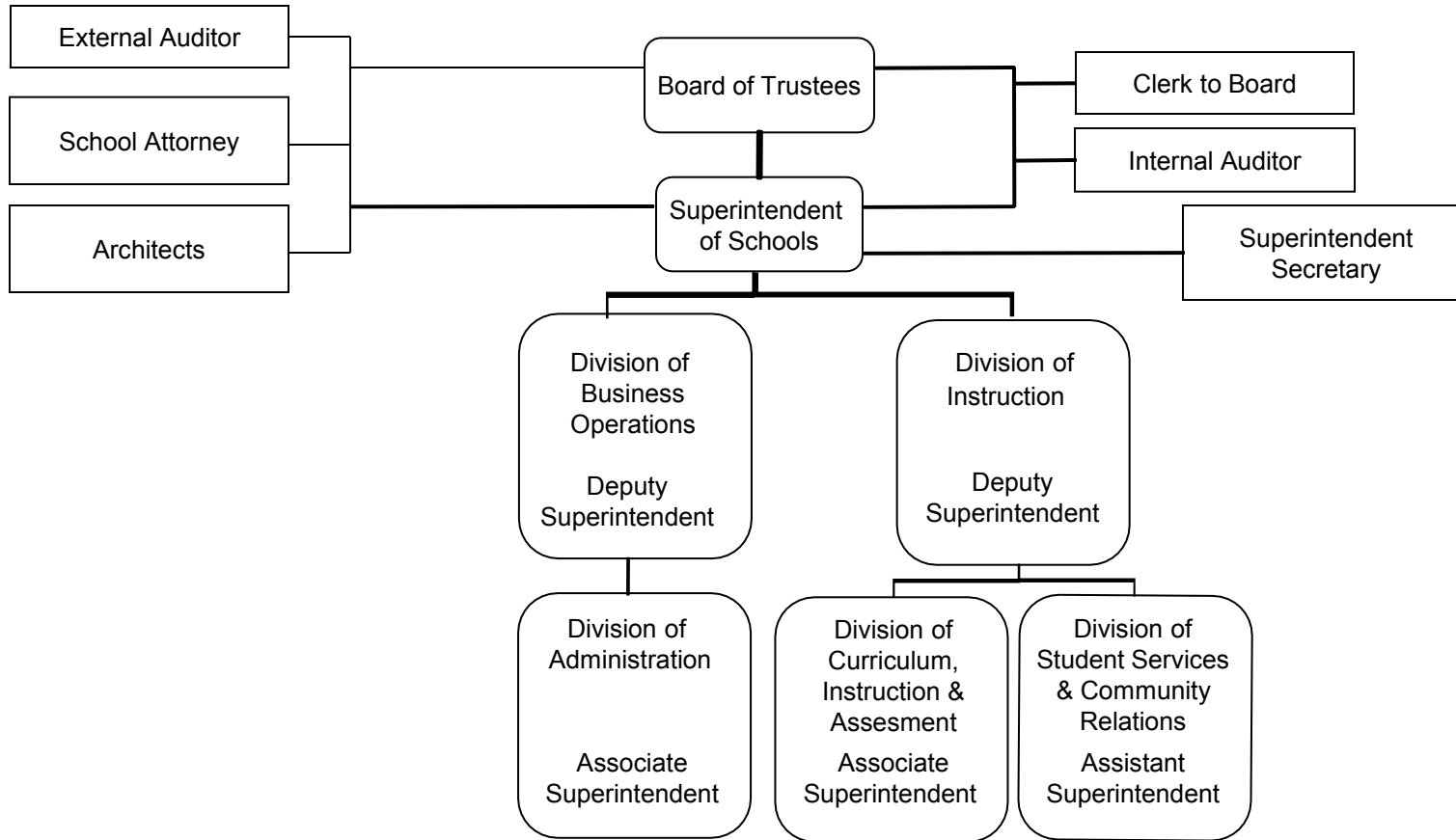
**BOARD OF TRUSTEES**

Name	Position	Place	Length of Service	Term Expires	Occupation
Larry Glick	President	1	6 years	May 2016	Tax Attorney
Charles Axe	Member	2	1 Year	May 2016	Consultant
Linda Griffin	Member	3	15 years	May 2016	Consultant
Dr. Cindy Castañeda	Member	4	5 years	May 2014	College Administrator
Scott Luna	Vice President	5	8 years	May 2014	Attorney
Steve Knagg	Assistant Secretary	6	2 years	May 2015	Consultant
Rick Lambert	Secretary	7	2 years	May 2015	Attorney

**ADMINISTRATIVE OFFICIALS**

Name	Position	Length of Service
Dr. Bob Morrison	Superintendent	6 months
Dr. Linda Chance	Deputy Superintendent of Instruction	4 months
Dr. Rene Barajas	Deputy Superintendent of Business Operations	5 years
Dr. Gary Reeves	Associate Superintendent of Administration	46 years
Dr. Jovan Wells	Associate Superintendent of Curriculum, Instruction & Assessment	3 months
John Washington	Assistant Superintendent of Student Services and Community Relations	14 years

# Garland ISD Plan of Organization





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

January 17, 2014  
Board of Trustees and Citizens of the  
Garland Independent School District  
501 S. Jupiter  
Garland, Texas 75042

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

**Phone**  
972-487-3100

**FAX**  
972-485-4922

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, 2013.

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 statement 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.

Whitley Penn, 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, 2013, 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, 2013, 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. 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 2002-03 and 2012-13 school years.

	<u>2002-03</u>	<u>2012-13</u>
Enrollment	54,007	58,059
White	41.9%	22.3%
Hispanic	33.2%	49.7%
African-American	17.5%	17.2%
Asian	6.9%	8.2%
Native American	0.6%	
American Indian or Alaska Native		0.5%
Native Hawaiian/Other Pacific Islander		0.1%
Two or More		1.9%
Economically Disadvantaged	38.6%	61.0%
Limited English	20.1%	22.0%
Graduates	2,999	3,758

The District’s total student population has remained stable in recent years and is expected to remain relatively unchanged in 2013-14. 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 70 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.

#### Core 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 2002-03 and 2012-13 school years.

	<u>2002-03</u>	<u>2012-13</u>
Total Staff	6,117	7,172
Teachers	3,406	3,637
Masters or Doctorate	22.9%	28.1%
Average Years of Experience	10.8	11.6
Student/Teacher Ratio	15.9	16.0

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.

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Certified Market Value	\$15,777,230,570	\$15,677,898,370	\$15,798,093,950
Average Market Value of Residence	\$130,248	\$128,117	\$127,945

There are signs of recovery in the District. Dallas Area Rapid Transit has opened a light rail station in downtown Rowlett. Construction is underway on additional apartments at Firewheel Town Center. Also in the Firewheel Town Center, a previously vacant Circuit City has reopened as a Toy R Us/Babies R Us, a previously vacant Rice Box has reopened as a Burgerfi, the space vacated by San Francisco Oven has reopened as Pete’s Burgers and Wings, the retailer Pink has also opened a location. Two Wal-Mart Neighborhood Markets are under construction in the District, one at the corner of Miller and Garland Road and the other at the corner of First Street and Buckingham. Academy Sports + Outdoors has opened a store at the corner of Garland Road and Naaman Forest Blvd. A new Taco Bell is under construction at Garland Road and the President George Bush Toll Road. A Dunkin Donuts and Discount Tire are under construction in Rowlett, as well as a free standing CVS Pharmacy to replace the one located in the strip center at the corner of Rowlett Rd and Lakeview Parkway. A Holiday Inn Express is also under construction near Bass Pro Shops on Interstate 30.

**Bond Election and Issuance** - On September 21, 2002, the voters of the District authorized the issuance of \$385,000,000 in general obligation for the acquisition, construction, renovation and equipping of school facilities. 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 is a six section school - an increase from four sections. The new campus was 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.

	<u>Number</u>	<u>Average Age</u>
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.

During the 83<sup>rd</sup> regular session of the Texas Legislature in the spring of 2013, the state increased funding for education by \$2.76 billion for the next two years. The District's funding from the State increased approximately \$19,000,000 for 2013-14 and is expected to increase \$26,000,000 for 2014-15, compared to funding received under the funding formulas passed in the 2011 legislative session. The funding increases are due primarily to the following changes to the State's funding formulas for public education in Senate Bill (SB) 1 and House Bill (HB) 1025.

	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
Basic Allotment	\$4,765	\$4,950	\$5,040
Regular Program Adjustment Factor	0.98	1.00	1.00
Target Reduction	0.9235	0.9263	0.9263
Austin Yield	\$59.97	\$59.97	\$61.86
Tier I Equalized Wealth Level	\$476,500	\$495,000	\$504,000

**Fund Balance** – The unassigned fund balance in the general fund is 34% of general fund expenditures. This represents 4.1 months of operations in the general fund.

The District has been aware of the possibility of fluctuations 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 5 consecutive years.

The increased fund balance will enable the District to compensate for fluctuations in state funding and meet the challenge of future needs.

## MAJOR INITIATIVES AND ACCOMPLISHMENTS

Dr. Bob Morrison joined the District in February 2013, as the ninth superintendent in the District's 112 year history. Following a successful tenure in Oklahoma public schools as a teacher, coach, assistant principal and high school principal, Dr. Morrison accepted a position in Mansfield ISD as the Director of Student Services. He was promoted to Assistant Superintendent of Secondary School, then Deputy Superintendent. In 2009, he was named superintendent of schools for Mansfield ISD.

Dr. Morrison is one of 38 superintendents in Texas to serve the Future-Ready Superintendents Program and contributes to the ongoing Visioning Institute Document, "Creating a View Vision for Public Education in Texas." He is a member of many community service groups often serving as a board member.

Dr. Linda Chance became the district's deputy superintendent of instruction in April 2013. She has more than 30 years of experience working students, families, teachers and staff.

Beginning her career in Edmond, Oklahoma, Dr. Chance served as a teacher, counselor, assistant principal, principal, director of educational operations, and associate superintendent of human resources before moving to Texas. In the Metroplex, she served as the executive director of human resources in Dallas ISD. Dr. Chance came to GISD from Mansfield ISD where she was the associate superintendent of human resources.

Dr. Chance's areas of responsibilities include the following divisions: Communications & Marketing, Curriculum, Instruction & Assessment, Educational Operations, Human Resources and Student Services & Community Relations.

Dr. Rene Barajas returned to GISD as deputy superintendent of business operation in April of 2013 after a brief stint as Chief Financial Officer in Dallas ISD. He originally joined the District in February 2008 as assistant superintendent of business operations, coming to Garland from the San Marcos Consolidated ISD where he also served as assistant superintendent of business operations. While at SMCISD, his implementation increased the district fund balance from a record low of \$1.3 million in 2001, to more than \$18 million. Prior to San Marcos Consolidated ISD, he served three years as director of business in San Antonio for the Fort Sam Houston ISD. From 1995-98 he was business manager for the Crosby ISD in Houston.

In Garland, Dr. Barajas will become more involved in educational issues and try to help the district figure out ways to maximize returns on educational investments. Dr. Barajas' areas of responsibility include the following divisions: Administration, Business Operations, School Facilities, and Technology.

In October 2013, the District began work on a strategic plan. Developing a strategic plan is a multi-level process involving several types of input and plan development. An online survey was conducted as well as Education Summits at several locations in the District. Focus group sessions will be held in mid January 2014. The strategic plan is expected to be completed in the spring of 2014.

In April 2013, the District hired Huckabee Architecture to conduct a facility assessment. The assessment is expected to be completed in 2014.

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, 2012. 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-five 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.

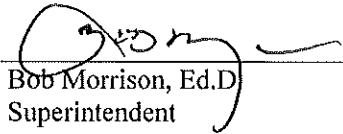
The District was awarded a Certificate of Excellence in Financial Reporting by the Association of School Business Officials (ASBO) stating that the District's Comprehensive Annual Financial Report for the fiscal year ended August 31, 2012, substantially conforms to the recommended principles and standards of financial reporting adopted by that organization.

The District has received the Certificate of Excellence for twenty-five 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.

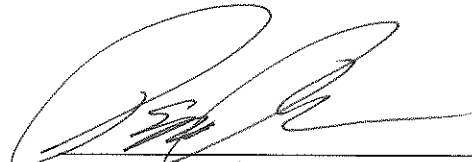
We also wish to thank the members of the Board of Trustees for their continued leadership and support, and for planning and conducting the financial operations of the District in a responsible and progressive manner.

Sincerely,



---

Bob Morrison, Ed.D.  
Superintendent



---

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



Government Finance Officers Association

**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, 2012**

Executive Director/CEO

# 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, 2012*

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



A handwritten signature in black ink, reading 'Ron McCulley'.

Ron McCulley, CPPB, RSBO  
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE, RSBA  
Executive Director

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## **Financial Section**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

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 Garland Independent School District (the "District") as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

To the Board of Trustees  
Garland Independent School District

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the District adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of August 31, 2013. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 and budgetary comparison information on pages 53 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, and required Texas Education Agency ("TEA") schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and required TEA schedules, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and

To the Board of Trustees  
Garland Independent School District

other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, required TEA schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, slightly slanted style.

Houston, Texas  
January 17, 2014

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**Garland Independent School District**  
 Management's Discussion and Analysis  
 Year Ended August 31, 2013  
 (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, 2013.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the District exceed its liabilities at the close of the most recent fiscal year by \$328,637,395 (net position). Of this amount \$155,272,009 may be used to meet the District's ongoing obligations (unrestricted net position).
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$200,572,278, which breaks down as follows.

Non-Spendable	\$	5,203,511	2.6%
Restricted		32,216,702	16.1%
Committed		10,490,321	5.2%
Assigned		20,117,625	10.0%
Unassigned		<u>132,544,119</u>	<u>66.1%</u>
Total	\$	<u>200,572,278</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 position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 14 - 16 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 four 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, and 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 17 - 22 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 23 - 25 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 26. 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 27 - 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 position may serve as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$328,637,395 as of August 31, 2013. In the schedule below, 2012 reporting has been restated for comparative purposes.

### The District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 260,048,537	\$ 290,133,706	\$ (123,743)	\$ (125,013)	\$ 259,924,794	\$ 290,008,693
Capital assets	<u>507,095,214</u>	<u>479,710,011</u>	<u>11,601</u>	<u>14,180</u>	<u>507,106,815</u>	<u>479,724,191</u>
Total assets	767,143,751	769,843,717	(112,142)	(110,833)	767,031,609	769,732,884
Total deferred outflows	22,545,175	24,801,970	-	-	22,545,175	24,801,970
Noncurrent liabilities	414,182,996	446,675,107	-	-	414,182,996	446,675,107
Other liabilities	<u>46,753,904</u>	<u>41,064,582</u>	<u>2,489</u>	<u>2,491</u>	<u>46,756,393</u>	<u>41,067,073</u>
Total liabilities	460,936,900	487,739,689	2,489	2,491	460,939,389	487,742,180
Net investment in capital assets	157,656,333	150,416,165	11,601	14,180	157,667,934	150,430,345
Restricted	15,823,684	15,980,176	-	-	15,823,684	15,980,176
Unrestricted	<u>155,272,009</u>	<u>140,509,657</u>	<u>(126,232)</u>	<u>(127,504)</u>	<u>155,145,777</u>	<u>140,382,153</u>
Total net position	<u>\$ 328,752,026</u>	<u>\$ 306,905,998</u>	<u>\$ (114,631)</u>	<u>\$ (113,324)</u>	<u>\$ 328,637,395</u>	<u>\$ 306,792,674</u>

Investment in capital assets (e.g., land, buildings, furniture, and equipment) less any related outstanding debt used to acquire those assets is \$157,667,934. 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 position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$155,272,009, may be used to meet the District's ongoing obligations to citizens and creditors.

**Governmental activities.** Governmental activities increased the District's net position by \$25,250,231. This increase is due to an increase in state program revenue. The total cost of all *governmental activities* this year was \$490,669,364. The amount our taxpayers paid for these activities through property taxes was \$164,299,939 or 34%. A prior period adjustment was recorded due to the implementation of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities (GASB 65). The effect of this prior period adjustment was to decrease beginning net position by \$3,404,203.

## Changes in the District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
<b>Program revenues</b>						
Charges for services	\$ 14,687,508	\$ 14,621,060	\$ 260,455	\$ 245,953	\$ 14,947,963	\$ 14,867,013
Operating grants and contributions	80,546,373	91,587,206			80,546,373	91,587,206
<b>General revenues</b>						
Property taxes	164,299,939	164,592,326			164,299,939	164,592,326
State grants	254,240,046	233,715,404			254,240,046	233,715,404
Other	1,794,888	6,131,061	-	-	1,794,888	6,131,061
Total revenues	<u>515,568,754</u>	<u>510,647,057</u>	<u>260,455</u>	<u>245,953</u>	<u>515,829,209</u>	<u>510,893,010</u>
<b>Expenses</b>						
Instructional and instructional related services	295,420,796	288,707,946			295,420,796	288,707,946
Instructional and school leadership	35,797,177	34,893,541			35,797,177	34,893,541
Support services - student	71,707,128	67,527,483			71,707,128	67,527,483
Administrative support services	11,631,845	10,252,916			11,631,845	10,252,916
Support services – non-student	54,159,910	60,683,058			54,159,910	60,683,058
Community services	2,540,248	3,086,571			2,540,248	3,086,571
Debt service	14,137,543	921,071			14,137,543	921,071
Facilities acquisition and construction	4,540,264	1,511,554			4,540,264	1,511,554
Payments to fiscal agent of shared services arrangement	64,011	69,224			64,011	69,224
Payments to JJAEP	5,742	45,714			5,742	45,714
Intergovernmental charges	664,700	658,438			664,700	658,438
Concessions	-	-	261,762	247,054	261,762	247,054
Total expenses	<u>490,669,364</u>	<u>468,357,516</u>	<u>261,762</u>	<u>247,054</u>	<u>490,931,126</u>	<u>468,604,570</u>
<b>Excess of revenues over expenses</b>						
Extraordinary item - insurance recoveries	78,284	617,430			78,284	617,430
Special item - gain on disposal of assets	272,557	(877,204)			272,557	(877,204)
Special item - liquidation of claims liability	-	703,742	-	-	-	703,742
Increase/(Decreases) in net position	25,250,231	42,733,509	(1,307)	(1,101)	25,248,924	42,732,408
Beginning net position	306,905,998	264,172,489	(113,324)	(112,223)	306,792,674	264,060,266
Prior period adjustment	(3,404,203)	-	-	-	(3,404,203)	-
Ending net position	<u>\$ 328,752,026</u>	<u>\$ 306,905,998</u>	<u>\$ (114,631)</u>	<u>\$ (113,324)</u>	<u>\$ 328,637,395</u>	<u>\$ 306,792,674</u>

**Business-type Activities.** Business-type activities decreased the District’s net position by \$1,307. 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 \$200,572,278, a decrease of \$29,635,636 compared to last year.

Non-Spendable - Inventories	\$ 3,384,652	1.7%
Non-Spendable - Prepaid Items	1,818,859	0.9%
Restricted - Grant Funds	7,594,789	3.8%
Restricted - Capital Acquisitions and Contractual Obligations	18,796,258	9.4%
Restricted - Retirement of Long-term Debt	5,825,655	2.9%
Committed - Self-Insurance	8,000,000	4.0%
Committed - Local Special Revenue Funds	2,490,321	1.2%
Assigned - Construction and Capital Expenditures	20,117,625	10.0%
Unassigned	<u>132,544,119</u>	<u>66.1%</u>
	<u>\$ 200,572,278</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 \$132,544,119. 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 34% of the total general fund expenditures, while total fund balance represents 37% of that same amount.

The general fund’s fund balance increased \$16,822,615 during the current fiscal year. This is due to an increase in state funding offset by an increase in expenditures.

The debt service fund has a total fund balance of \$5,825,655 all of which is restricted for the payment of debt service. The net decrease in debt services fund balance was \$160,222. This decrease was due to a decrease in state revenue.

The capital projects fund decreased its fund balance by \$46,574,957. This decrease is due to current year expenditures for the construction and renovation of school facilities discussed further under capital assets.

The special revenue fund increased its fund balance by \$276,928. This increase is due to revenues exceeding expenditures in the National School Lunch and Breakfast Program netted with increased expenditures in other programs.

**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 position of the District's internal service funds at August 31, 2013, amounted to \$8,244,774 while net position decreased \$826,228. This is due to a decrease in net position of \$547,196 in the Risk Management Fund. The decrease was planned by reducing rates charged to other funds. There is a decrease in net position of \$269,367 in the copier pool related to loss on the disposal of equipment. 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**

- \$1,728,400 increase in local revenues to align revenue budget with estimated year end totals.
- \$5,567,629 increase in state program revenues to align revenue budget with estimated year end totals.
- \$4,600,000 increase in Federal Medicaid program revenues to align revenue budget with estimated year end totals.

##### **Expenditures and Transfers Out**

- \$7,441,917 decrease in instruction expenditures to align salary budget with estimated year end totals.
- \$1,032,579 decrease in student transportation expenditures to align salary budget with estimated year end totals.
- \$824,593 decrease in general administration expenditures to align salary budget with estimated year end totals.
- \$2,985,592 decrease in plant maintenance and operations to align salary budget with estimated year end totals.

- \$1,615,000 increase in debt service principal on long-term debt. To retire, prior to maturity, the Maintenance Tax notes, Series 2009.
- \$985,000 increase in facilities acquisition and construction to align facilities with estimated year end totals.
- \$10,000,000 increase in operating transfers out, of which \$9,984,831 went to Capital projects for the acquisition of equipment and renovations.

After appropriations were amended as described above, actual revenues were \$7,901,801 greater than final budgeted amounts due to more revenue in all categories than final budgeted estimates. Actual expenditures were \$4,847,023 less than final budget amounts due to year end payroll accrual and non payroll expenses being less than estimated. Year end revenues were greater than expenditures, thus adding to existing fund balance.

For the year ended August 31, 2013, expenditures exceeded appropriations in the following functions of the General Fund (the aggregate level of control). Those over expenditures were funded by less than anticipated expenditures in other functions or fund balance in the appropriate fund.

<b>General Fund</b>	<u>Excess of Expenditures over Appropriations</u>
Instruction	\$ 156,918
Food Services	47,559
	<u>\$ 204,477</u>

#### NATIONAL BREAKFAST AND LUNCH PROGRAM

##### Revenues

- \$2,567,030 decrease in all categories of revenue sources to align revenue budget with estimated year end totals.

##### Expenditures and Transfers Out

- \$621,808 increase in food service expenditures to align food purchases and salary budget with estimated year end totals.

After appropriations were amended as described above, actual revenues were \$2,818,300 more than final budgeted amounts due to more revenue in all categories than final budgeted estimates. Actual expenditures were \$1,410,234 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, 2013 and 2012 was \$507,095,214 and \$479,710,011 (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, 2013 and 2012 was \$11,602 and \$14,180 (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)

	2013	2012
Governmental Activities		
Land	\$ 14,077,107	\$ 14,077,107
Land improvements, net	15,175,834	13,807,944
Buildings and improvements, net	431,450,321	395,148,214
Furniture and equipment, net	44,358,764	44,696,394
Construction in progress	<u>2,033,188</u>	<u>11,980,352</u>
Total at historical cost	<u>\$ 507,095,214</u>	<u>\$ 479,710,011</u>
Business Type Activities		
Furniture and equipment, net	<u>\$ 11,601</u>	<u>\$ 14,180</u>
Total at historical cost	<u>\$ 11,601</u>	<u>\$ 14,180</u>

The increase in governmental capital assets is due primarily to current year additions exceeding current depreciation. The District completed construction on the new Daugherty campus and 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, 2013, the District had total bonded debt outstanding of \$373,518,920, which represents a decrease of \$25,607,820 from the prior year. This decrease is due to the call of \$2,115,000 of maintenance tax notes and scheduled bond payments.

The "AAA" long-term rating on the District's Texas bonds reflects the Texas Permanent School Fund guarantee. The District maintains underlying ratings 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 \$1,297,171,164, 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 6.4%. The Dallas Metropolitan Statistical Area has a 6.0% unemployment rate as compared to a statewide rate of 6.4% and a national average of 7.3%.
- Inflationary trends in the region tend to be similar to the national consumer price index (CPI). The region's CPI increased 2.7%; Texas experienced a 2.4% increase in the CPI. The nation experienced a 1.5% increase in the CPI.
- The District's student attendance rate has historically been approximately 96%.
- The District has appropriated revenues of \$424,734,032 and expenditures of \$414,274,355 in the 2013-14 budget of the General Fund.
- The Debt Service Fund has budgeted revenues of \$41,436,892 and expenditures of \$41,073,550 in the 2013-14 budget.
- The National Breakfast and Lunch Program Fund revenue and expenditure budgets for 2013-14 are \$28,908,575 and \$28,659,717, respectively.
- The 2013-14 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 2013-14 increased 2% due to an increase in commercial property values.

## **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

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GARLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2013

Exhibit A-1

Data Codes	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 241,781,139		\$ 241,781,139
1220 Property Taxes - Receivable - Delinquent	7,827,634		7,827,634
1230 Allowance for Uncollectible Taxes (Credit)	(2,993,867)		(2,993,867)
1240 Due From Other Governments	7,291,273		7,291,273
1260 Internal Balances	134,037	\$ (134,037)	
1270 Due From Fiduciary Funds	644,409	298	644,707
1290 Other Receivables, net	12,281		12,281
1300 Inventories	3,384,652	9,996	3,394,648
1410 Prepaid Items	1,966,979		1,966,979
Capital Assets:			
1510 Land and Improvements, net	29,252,941		29,252,941
1520 Buildings and Building Improvements, net	431,450,321		431,450,321
1530 Furniture and Equipment, net	44,358,764	11,601	44,370,365
1580 Construction in Progress	2,033,188	-	2,033,188
1000 Total Assets	<u>767,143,751</u>	<u>(112,142)</u>	<u>767,031,609</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
1700 Loss on Refunding	22,545,175	-	22,545,175
Total Deferred Outflows of Resources	<u>22,545,175</u>	<u>-</u>	<u>22,545,175</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	11,493,458	2,489	11,495,947
2140 Interest Payable	718,370		718,370
2150 Payroll Deductions and Withholdings	2,865,270		2,865,270
2160 Accrued Wages Payable	16,508,873		16,508,873
2180 Due to Other Governments	11,614,314		11,614,314
2181 Due to Fiduciary Funds	106,339		106,339
2200 Accrued Expenses	26,601		26,601
2300 Unearned Revenues	683,703		683,703
Noncurrent Liabilities:			
2501 Due Within One Year	28,171,348		28,171,348
2502 Due in More Than One Year	384,009,670		384,009,670
2531 Long-Term Capital Leases Payable	1,353,814		1,353,814
2532 Vested Vacation Benefits Payable	1,159,007		1,159,007
2591 Long-Term Claims Liability	2,226,133	-	2,226,133
2000 Total Liabilities	<u>460,936,900</u>	<u>2,489</u>	<u>460,939,389</u>
<b>NET POSITION</b>			
3200 Net Investment in Capital Assets	157,656,333	11,601	157,667,934
3850 Restricted for Debt Service	5,689,844		5,689,844
3860 Restricted for Grant Funds	10,133,840		10,133,840
3900 Unrestricted Net Position	155,272,009	(126,232)	155,145,777
3000 Total Net Position	<u>\$ 328,752,026</u>	<u>\$ (114,631)</u>	<u>\$ 328,637,395</u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
AUGUST 31, 2013

Data Control Codes	1 Functions/Programs	Program Revenues	
		3 Charges for Services	4 Operating Grants and Contributions
	Expenses		
Primary government:			
Governmental activities:			
11	Instruction	\$ 277,499,490	\$ 33,516,739
12	Instructional resources and media services	7,672,838	310,759
13	Curriculum and staff development	10,248,468	2,821,493
21	Instructional leadership	8,659,257	1,345,706
23	School leadership	27,137,920	1,192,811
31	Guidance, counseling, and evaluation services	17,824,829	2,837,654
32	Social work services	942,133	51,063
33	Health services	5,446,268	5,507,686
34	Student transportation	11,379,383	43,709
35	Food service	27,886,434	19,291,738
36	Extracurricular activities	8,228,081	46,646
41	General administration	11,631,845	273,232
51	Plant maintenance and operations	36,004,303	412,663
52	Security and monitoring services	3,812,056	3,540
53	Data processing services	14,343,551	423,104
61	Community services	2,540,248	420,216
72	Interest on long-term debt	14,113,757	11,983,097
73	Bond issuance costs and fees	23,786	
81	Facilities repairs and maintenance	4,540,264	502
93	Payments to fiscal agent of shared services arrangement	64,011	64,015
95	Payments to Juvenile Justice Alternative Education Programs	5,742	
99	Intergovernmental charges	664,700	-
TG	TG Total governmental activities	490,669,364	80,546,373
Business-type activities:			
01	01 Concessions	261,762	-
TB	TB Total business-type activities	261,762	-
TP	TP Total primary government	\$ 490,931,126	\$ 80,546,373

Data Control Codes	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 - Gain on Disposal of Assets
TR	Total general revenues and special items
CN	Change in Net Position
NB	Net position—beginning
PA	Prior Period Adjustment
NE	Net position—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
\$ (243,822,970)		\$ (243,822,970)
(7,362,079)		(7,362,079)
(7,426,975)		(7,426,975)
(7,313,551)		(7,313,551)
(25,945,109)		(25,945,109)
(14,987,175)		(14,987,175)
(891,070)		(891,070)
61,418		61,418
(11,335,674)		(11,335,674)
345,190		345,190
(2,771,127)		(2,771,127)
(11,358,613)		(11,358,613)
(35,414,107)		(35,414,107)
(3,808,516)		(3,808,516)
(13,920,447)		(13,920,447)
(2,120,032)		(2,120,032)
(2,130,660)		(2,130,660)
(23,786)		(23,786)
(4,539,762)		(4,539,762)
4		4
(5,742)		(5,742)
(664,700)	-	(664,700)
(395,435,483)	-	(395,435,483)
-	\$ (1,307)	(1,307)
-	(1,307)	(1,307)
\$ (395,435,483)	\$ (1,307)	\$ (395,436,790)
136,374,770		136,374,770
27,925,169		27,925,169
254,240,046		254,240,046
268,714		268,714
278,338		278,338
1,247,836		1,247,836
78,284		78,284
272,557	-	272,557
420,685,714	-	420,685,714
25,250,231	(1,307)	25,248,924
306,905,998	(113,324)	306,792,674
(3,404,203)	-	(3,404,203)
\$ 328,752,026	\$ (114,631)	\$ 328,637,395

GARLAND INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET – GOVERNMENTAL FUNDS  
AUGUST 31, 2013

Data Control <u>Codes</u>	10 General Fund	50 Debt Service Fund
	Fund	Fund
<b>ASSETS</b>		
1110 Cash and Cash Equivalents	\$ 164,690,523	\$ -
1220 Property Taxes Receivable - Delinquent	6,619,801	1,207,833
1230 Allowance for Uncollectible Taxes (Credit)	(2,464,123)	(529,744)
1240 Due From Other Governments		
1260 Due From Other Funds	23,072,366	9,463,571
1290 Other Receivables	6,650	
1300 Inventories	922,154	
1410 Prepaid Items	1,742,306	-
1000 Total Assets	194,589,677	10,141,660
<b>LIABILITIES</b>		
2110 Accounts Payable	2,815,598	14,400
2150 Payroll Deductions and Withholdings	2,865,270	
2160 Accrued Wages Payable	15,857,950	
2170 Due to Other Funds	18,193,039	
2180 Due to Other Governments	7,893,924	3,719,046
2200 Accrued Expenditures	4,918	
2300 Unearned Revenues	63,678	-
2000 Total Liabilities	47,694,377	3,733,446
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2600 Unavailable Revenue -Property Taxes	3,686,721	582,559
Total Deferred Inflows of Resources	3,686,721	582,559
<b>FUND BALANCES</b>		
3410 Non-Spendable - Inventories	922,154	
3430 Non-Spendable - Prepaid Items	1,742,306	
3450 Restricted - Grant Funds		
3470 Restricted - Capital Acquisitions and Contractual Obligations		
3480 Restricted - Retirement of Long-term Debt		5,825,655
3540 Committed - Self-Insurance	8,000,000	
3540 Committed - Local Special Revenue Funds		
3550 Assigned - Construction and Capital Expenditures		
3600 Unassigned	132,544,119	-
3000 Total Fund Balances	143,208,579	5,825,655
4000 Total Liabilities, Deferred Inflows and Fund Balances	\$ 194,589,677	\$ 10,141,660

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

60 Capital Projects	Special Revenue Fund	Total Governmental Funds
\$ 37,487,926	\$ 28,547,467	\$ 230,725,916
		7,827,634
		(2,993,867)
	7,291,273	7,291,273
7,581,027	48,039	40,165,003
		6,650
	2,462,498	3,384,652
66,667	76,553	1,885,526
<u>45,135,620</u>	<u>38,425,830</u>	<u>288,292,787</u>
6,221,737	2,283,780	11,335,515
		2,865,270
	1,403,739	17,261,689
	21,592,330	39,785,369
	1,344	11,614,314
	21,683	26,601
-	498,793	562,471
<u>6,221,737</u>	<u>25,801,669</u>	<u>83,451,229</u>
-	-	4,269,280
<u>-</u>	<u>-</u>	<u>4,269,280</u>
	2,462,498	3,384,652
	76,553	1,818,859
	7,594,789	7,594,789
18,796,258		18,796,258
		5,825,655
		8,000,000
	2,490,321	2,490,321
20,117,625		20,117,625
-	-	132,544,119
<u>38,913,883</u>	<u>12,624,161</u>	<u>200,572,278</u>
<u>\$ 45,135,620</u>	<u>\$ 38,425,830</u>	<u>\$ 288,292,787</u>

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GARLAND INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 AUGUST 31, 2013

Exhibit C1-R

<b>Total Fund Balances - Governmental Funds</b>	\$ 200,572,278
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.	8,244,774
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	826,556,131
Accumulated depreciation has not been included in the fund financial statements. The accumulated depreciation related to internal service funds (\$1,504,112) is included in the net effect of consolidation above.	(322,114,193)
Bonds payable and related premiums have not been included in the fund financial statements	(408,244,468)
Accrued liabilities for compensated absences due in more than one year have not been reflected in the fund financial statements.	(1,159,007)
Accreted interest on capital appreciation bonds has not been included in the fund financial statements.	(1,199,574)
Revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	4,269,280
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(718,370)
Loss on bond refunding has not been included in the fund financial statements	22,545,175
<b>Net Position of Governmental Activities</b>	\$ 328,752,026

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, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES:		
5700 Total local and intermediate sources	\$ 139,121,522	\$ 28,008,698
5800 State program revenues	271,913,826	11,407,022
5900 Federal program revenues	5,216,453	576,075
5020 Total Revenues	<u>416,251,801</u>	<u>39,991,795</u>
EXPENDITURES:		
Current:		
0011 Instruction	240,656,918	
0012 Instructional Resources and Media Services	7,110,370	
0013 Curriculum and Instructional Staff Development	7,723,849	
0021 Instructional Leadership	7,533,252	
0023 School Leadership	26,635,675	
0031 Guidance, Counseling, and Evaluation Services	15,620,663	
0032 Social Work Services	938,372	
0033 Health Services	5,194,530	
0034 Student (Pupil) Transportation	9,512,989	
0035 Food Services	57,559	
0036 Cocurricular/Extracurricular Activities	5,997,142	
0041 General Administration	10,799,316	
0051 Plant Maintenance and Operations	33,677,649	
0052 Security and Monitoring Services	3,571,395	
0053 Data Processing Services	9,965,587	
0061 Community Services	1,293,641	
Debt Service:		
0071 Debt Service-Principal on Long-Term Debt	2,115,000	24,214,896
0072 Debt Service-Interest on Long-Term Debt	37,013	16,016,640
0073 Debt Service-Bond Issuance Cost and Fees	300	23,486
Capital Outlay:		
0081 Facilities Acquisition and Construction	584,028	
Intergovernmental:		
0093 Payments Related to Shared Services Arrangements		
0095 Payments to Juvenile Justice Alternative Ed Program	5,742	
0099 Other Intergovernmental Charges	664,700	-
6030 Total Expenditures	<u>389,695,690</u>	<u>40,255,022</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	26,556,111	(263,227)
OTHER FINANCING SOURCES (USES):		
7912 Sale of Real and Personal Property	266,504	
7915 Transfers In		
7949 Refund of Bond Issuance Costs		103,005
7956 Insurance Recovery		
8911 Transfers Out	(10,000,000)	-
7080 Total Other Financing Sources (Uses)	<u>(9,733,496)</u>	<u>103,005</u>
1200 Net Change in Fund Balances	16,822,615	(160,222)
0100 Fund Balance - September 1 (Beginning)	126,385,964	5,985,877
3000 Fund Balance - August 31 (Ending)	<u>\$ 143,208,579</u>	<u>\$ 5,825,655</u>

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

60 Capital Projects	Special Revenue Fund	Total Governmental Funds
\$ 75,790	\$ 13,815,852	\$ 181,021,862
	331,881	283,652,729
-	45,314,489	51,107,017
75,790	59,462,222	515,781,608
	23,984,622	264,641,540
	90,280	7,200,650
	2,494,255	10,218,104
	1,015,348	8,548,600
	327,505	26,963,180
	2,104,783	17,725,446
	679	939,051
	152,303	5,346,833
3,468,917	10,936	12,992,842
	26,988,630	27,046,189
29,930	1,101,755	7,128,827
		10,799,316
	426,786	34,104,435
	345	3,571,740
1,134,880	29,400	11,129,867
	370,304	1,663,945
		26,329,896
		16,053,653
		23,786
52,044,150	33,913	52,662,091
	64,011	64,011
		5,742
-	-	664,700
56,677,877	59,195,855	545,824,444
(56,602,087)	266,367	(30,042,836)
	5,054	271,558
9,984,831	5,507	9,990,338
		103,005
42,299		42,299
-	-	(10,000,000)
10,027,130	10,561	407,200
(46,574,957)	276,928	(29,635,636)
85,488,840	12,347,233	230,207,914
\$ 38,913,883	\$ 12,624,161	\$ 200,572,278

GARLAND INDEPENDENT SCHOOL DISTRICT Exhibit C-3  
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, 2013

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ (29,635,636)</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 position.	(826,228)
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 2013 capital outlays is to increase net position. Total governmental activities additions \$55,420,401 less internal service fund additions \$154,917.	55,265,484
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 position.	(26,924,362)
Current year long-term debt principal payments, refunding, payments of accreted interest on capital appreciation bonds, and amortization of premiums are in the fund financial statements, but shown as reductions in long-term debt in the government-wide financial statements.	31,239,822
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.	(727,003)
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.	13,768
Revenue from property taxes is unavailable 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.	(285,057)
Amortization of 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. The net effect of the current year's amortization is to decrease net position.	(2,256,795)
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 decrease is to increase net position.	147,751
Net book value of capital assets disposed of is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources.	(761,513)
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 25,250,231</u></u></b>

GARLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
AUGUST 31, 2013

Exhibit D-1

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	Enterprise Funds	Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ -	\$ 11,055,223
Due From Other Funds	682	1,341,017
Other Receivables		5,632
Inventories	9,996	
Prepaid Items	-	81,454
Total Current Assets	10,678	12,483,326
Noncurrent Assets:		
Capital Assets:		
Land Purchase and Improvements		202,212
Building and Building Improvements		71,390
Furniture and Equipment	33,573	3,883,785
Accumulated Depreciation-Other Land Improvements		(35,326)
Accumulated Depreciation-Building and Building Improvements		(9,151)
Accumulated Depreciation-Furniture and Equipment	(21,972)	(1,459,635)
Total Noncurrent Assets	11,601	2,653,275
Total Assets	22,279	15,136,601
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	2,489	157,944
Leases Payable		358,829
Accrued Wages Payable		26,077
Due to Other Funds	134,421	1,048,544
Claims Liability		1,599,253
Unearned Revenues	-	121,233
Total Current Liabilities	136,910	3,311,880
Noncurrent liabilities:		
Capital Lease Payable Long-Term		1,353,814
Claims Liability Long-Term	-	2,226,133
Total Noncurrent liabilities	-	3,579,947
Total Liabilities	136,910	6,891,827
<b>NET POSITION</b>		
Net Investments in Capital Assets	11,601	2,294,446
Unrestricted Net Position	(126,232)	5,950,328
Total Net Position	\$ (114,631)	\$ 8,244,774

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 POSITION  
PROPREITARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2013

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	\$ 260,455	\$ 5,606,934
Total Operating Revenues	260,455	5,606,934
<b>OPERATING EXPENSES:</b>		
Payroll Costs	159,553	1,581,406
Professional and Contracted Services	1,625	1,495,587
Supplies and Materials	95,729	564,673
Other Operating Costs	4,855	2,196,599
Total Operating Expenses	261,762	5,838,265
Operating Loss	(1,307)	(231,331)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Earnings from Temporary Deposits & Investments		5,185
Loss on Sale of Real and Personal Property		(525,272)
Interest on Capital Lease	-	(84,472)
Total Nonoperating Expenses	-	(604,559)
Loss Before Transfers	(1,307)	(835,890)
Transfer Out	-	9,662
Change in Net Position	(1,307)	(826,228)
Total Net Position - September 1 (Beginning)	(113,324)	9,071,002
Total Net Position - August 31 (Ending)	\$ (114,631)	\$ 8,244,774

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

GARLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2013

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	\$ 258,475	\$ 1,820,130
Cash Received from Assessments - Other Funds		3,635,717
Cash Payments to Employees for Services	(160,152)	(1,575,757)
Cash Payments for Insurance Claims		(1,292,278)
Cash Payments for Suppliers	(94,422)	(583,944)
Cash Payments for Other Operating Expenses	(2,276)	(210,578)
Cash Payments for Prof. and Contracted Services	(1,625)	(1,479,147)
Net Cash Provided by Operating Activities	<u>-</u>	<u>314,143</u>
Cash Flows from Non-Capital Financing Activities:		
Transfer from Other Funds	-	9,662
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>9,662</u>
Cash Flows from Capital Financing Activities:		
Acquisition of Capital Assets	-	(154,917)
Capital Lease Payments		(407,845)
Capital Lease Interest Expense	-	(84,472)
Net Cash Used for Capital Financing Activities	<u>-</u>	<u>(647,234)</u>
Cash Flows from Investing Activities:		
Interest and Dividends on Investments	-	5,185
Net Decrease in Cash and Cash Equivalents	<u>-</u>	<u>(318,244)</u>
Cash and Cash Equivalents at Beginning of the Year:	<u>-</u>	<u>11,373,467</u>
Cash and Cash Equivalents at the End of the Year:	<u>-</u>	<u>11,055,223</u>
Reconciliation of Operating Loss to Net Cash		
Used for Operating Activities:		
Operating Loss:	(1,307)	(231,331)
Adjustments to Reconcile Operating Loss to Net		
Cash Provided by Operating Activities:		
Depreciation	2,579	573,398
Effect of Increases and Decreases in Current		
Assets and Liabilities:		
Decrease in Unearned Revenue		(41,927)
Decrease in Other Receivables		64,383
Decrease in Inventories	710	
Decrease in Prepaid Items		27,213
Increase (Decrease) in Accounts Payable	597	(30,044)
Increase (Decrease) in Accrued Wages Payable	(599)	5,649
Increase in Due from Other Funds	(298)	(97,973)
Decrease in Due to Other Funds	(1,682)	(23,164)
Increase in Claims Liability	-	67,939
Net Cash Provided by Operating Activities	<u>\$ -</u>	<u>\$ 314,143</u>
Noncash Investing, Capital, and Financing Activities:		
Borrowing Under Capital Lease		\$ 1,712,643
Loss on Disposal of Equipment		(525,272)

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

GARLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AUGUST 31, 2013

Exhibit E-1

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,672,943
Due from Other Funds	106,794
Total Assets	<u>1,779,737</u>
 <b>LIABILITIES</b>	
Accounts Payable	40,602
Due to Other Funds	645,162
Due to Student Groups	1,093,973
Total Liabilities	<u>\$ 1,779,737</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, 2013**

Note 1. Summary of Significant Accounting Policies

The accounting policies of the Garland Independent School District (the "District") conform to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board ("GASB") and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; the rules prescribed by the Texas Education Agency ("TEA") Financial Accountability System Resource Guide (the "Resource Guide"), and the requirements of contracts and grants of agencies from which it receives funds.

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, 2013**

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 Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's non-fiduciary 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 non-operating 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 non-operating.

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, 2013**

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.

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.

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

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

Note 1. Summary of Significant Accounting Policies – continued

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 Fund. 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.

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.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

Note 1. Summary of Significant Accounting Policies – continued

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, 2013, 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, 2013, taxes receivable net of estimated uncollectible taxes, aggregated \$4,155,678 and \$678,089 for the General Fund and Debt Service Fund, respectively.

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.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

Note 1. Summary of Significant Accounting Policies – continued

The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

Note 1. Summary of Significant Accounting Policies – continued

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, 2013 will change.

Implementation of New Standards

In the current fiscal year the District implemented the following new standards:

GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (“GASB 62”), which incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements: 1) Financial Accounting Standards Board (FASB) Statements and Interpretations; 2) Accounting Principles Board Opinions; 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure. Implementation of GASB 62 is reflected in the financial statements and the note to the financial statements.

GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (“GASB 63”), amends the net asset reporting requirements in Statement No. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position rather than net assets. Implementation of GASB 63 is reflected in the financial statements.

GASB Statement 65, *Items Previously Reported as Assets and Liabilities* (“GASB 65”), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB 65 is reflected in the financial statements.

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.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

Note 2. Cash and Investments - continued

At August 31, 2013, the carrying amount of the District's deposits was \$19,803,400 and the bank balance was \$16,862,133. The book balance includes an overnight investment in a repurchase agreement of \$3,740,035.

The District's entire bank balance on August 31, 2013 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 \$48,246.

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, 2013, the District's exposure to interest rate risk as measured by the segmented time distribution by investment type is summarized below:

		Carrying Amount/ <u>Fair Value</u>	Investment Maturities in Months		
	<u>Rating</u>		<u>Less than 1</u>	<u>1 to 3</u>	<u>4 to 6</u>
TexPool	AAAm	\$ 220,067,398	\$ 220,067,398		
Lone Star	AAA	<u>3,535,037</u>	<u>3,535,037</u>	\$ -	\$ -
Total Investments		<u>\$ 223,602,435</u>	<u>\$ 223,602,435</u>	<u>\$ -</u>	<u>\$ -</u>



**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

Note 2. Cash and Investments - continued

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.

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. As of August 31, 2013, the fund had a weighted average maturity of 50 days.

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").

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

Note 2. Cash and Investments - continued

The weighted average maturity of TexPool cannot exceed 60 days. As of August 31, 2013, TexPool had a weighted average maturity of 49 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, 2013, are summarized below and are reported on the combined financial statements as Due from Other Governments.

Fund	Federal Grants	State Grants	Total
Special Revenue Fund	\$ 4,747,859	\$ 2,543,414	\$ 7,291,273
Total	\$ 4,747,859	\$ 2,543,414	\$ 7,291,273

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

Note 4. Capital Assets

Capital asset activity for the District for the year ended August 31, 2013, was as follows:

<b>Governmental Activities:</b>	Primary Government				
	Beginning Balance				Ending Balance
	9/1/12	Additions	Retirements	Transfers	8/31/13
<b>Non-Depreciable Assets</b>					
Land	\$ 14,077,107				\$ 14,077,107
Construction In Progress	11,980,352	\$ 46,523,895	\$ 517,933	\$ (55,953,126)	2,033,188
Total Non-Depreciable Assets	26,057,459	46,523,895	517,933	(55,953,126)	16,110,295
<b>Depreciable Assets</b>					
Land Improvements	32,146,849	536,223	299,250	2,295,958	34,679,780
Building & Building Improvements	621,947,118	95,118	23,901	51,450,900	673,469,235
Furniture & Equipment	96,706,764	9,977,808	2,436,632	2,206,268	106,454,208
Total Depreciable Assets	750,800,731	10,609,149	2,759,783	55,953,126	814,603,223
<b>Less Accumulated Depreciation for:</b>					
Land Improvements	18,338,905	1,290,942	125,901		19,503,946
Building & Building Improvements	226,798,904	15,229,570	9,560		242,018,914
Furniture & Equipment	52,010,370	10,977,248	892,174	-	62,095,444
Total Accumulated Depreciation	297,148,179	27,497,760	1,027,635	-	323,618,304
Governmental Activities-Capital Assets, being depreciated, net	453,652,552	(16,888,611)	1,732,148	55,953,126	490,984,919
Governmental Activities-Capital Assets, Net	\$ 479,710,011	\$ 29,635,284	\$ 2,250,081	-	\$ 507,095,214
<b>Business Type Activities:</b>					
Beginning Balance					
	9/1/12	Additions	Retirements	Transfers	Ending Balance
8/31/13					
<b>Depreciable Assets</b>					
Furniture & Equipment	\$ 33,574	\$ -	\$ -	\$ -	\$ 33,574
<b>Less Accumulated Depreciation for:</b>					
Furniture & Equipment	19,394	2,578	-	-	21,972
Business Type-Capital Assets, Net	\$ 14,180	\$ (2,578)	\$ -	\$ -	\$ 11,602

Total Governmental Activities - Capital Assets include cost of assets held in internal service funds and related accumulated depreciation amounting to \$4,157,387 and \$1,504,112 respectively.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

Note 4. Capital Assets – continued

Depreciation expense was charged to governmental functions as follows:

11 Instruction	\$ 14,306,529
12 Instructional Resources and Media Services	468,912
13 Curriculum Development and Instructional Staff Development	31,716
21 Instructional Leadership	299,251
23 School Leadership	260,691
31 Guidance, Counseling and Evaluation Services	109,381
33 Health Services	93,100
34 Student (Pupil) Transportation	1,818,137
35 Food Services	1,272,583
36 Cocurricular/Extracurricular Activities	1,100,431
41 General Administration	250,879
51 Plant Maintenance and Operations	2,003,117
52 Security and Monitoring Services	248,394
53 Data Processing Services	3,774,946
61 Community Services	886,295
Internal Service Fund Depreciation	<u>573,398</u>
	<u>\$ 27,497,760</u>

Depreciation expense of \$2,578 was charged to the Enterprise Fund and is included in other operating costs.

As of August 31, 2013, the District had the following major commitments with respect to unfinished major capital projects:

	<u>Project</u> <u>Authorization</u>	<u>Expended</u> <u>To Date</u>	<u>Remaining</u> <u>Commitment</u>
HBJ Press Box Renovation	\$ 2,600,000	\$ 8,400	\$ 2,591,600
Total	<u>\$ 2,600,000</u>	<u>\$ 8,400</u>	<u>\$ 2,591,600</u>

During Fiscal Year 2013, 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, 2013**

Note 5. Unearned Revenue

Governmental funds unearned revenue at August 31, 2013 consisted of the following:

	General Fund	Special Revenue Funds	Total
Athletic and Other Local	\$ 63,678	\$ -	\$ 63,678
Food Service Meals		431,403	431,403
Federal Grants	-	67,390	67,390
	<u>\$ 63,678</u>	<u>\$ 498,793</u>	<u>\$ 562,471</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, 2013:

	September 1, 2012 Obligations	New Obligations Incurred	Obligations Retired or Transferred	August 31, 2013 Obligations	Due Within One Year
<b>Governmental Activities:</b>					
Bonds and Notes Payable:					
General obligation bonds	\$ 398,649,242	\$ -	\$ 26,329,896	\$ 372,319,346	\$ 25,368,218
Accreted interest	477,498	727,003	4,927	1,199,574	66,154
Premium on bond issuance	40,830,121		4,904,999	35,925,122	
Loss on refunding	(24,801,970)	-	(24,801,970)	-	-
Total Bonds and Notes Payable	<u>415,154,891</u>	<u>727,003</u>	<u>6,437,852</u>	<u>409,444,042</u>	<u>25,434,372</u>
Other Liabilities:					
Workers compensation self-insurance liability	3,735,144	1,420,394	1,330,152	3,825,386	1,599,253
Capital leases	988,183	1,712,643	988,183	1,712,643	358,829
Vested sick leave	1,994,919	516,019	573,037	1,937,901	778,894
Total Other Liabilities	<u>6,718,246</u>	<u>3,649,056</u>	<u>2,891,372</u>	<u>7,475,930</u>	<u>2,736,976</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 421,873,137</u>	<u>\$ 4,376,059</u>	<u>\$ 9,329,224</u>	<u>\$ 416,919,972</u>	<u>\$ 28,171,348</u>

During the period ended August 31, 2013, the District adopted GASB Statement No. 63, Accounting and Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. Adopting this Statement resulted in the reclassification of the loss on refunding from Noncurrent Liabilities to Deferred Outflows of Resources in the Statement of Net Position (Exhibit A-1).

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, 2013**

Note 6. Long-Term Obligations – continued

Bonds payable and contractual obligations at August 31, 2013, are composed of the following individual issues:

Description	Interest Rate	Amounts Original Issue	Amounts Outstanding at September 1, 2012	Issued	Retired/ Refunded	Accumulated Interest Accretion	Amounts Outstanding at August 31, 2013
Unlimited Tax Refunding Bonds - 2003	1.2% to 5.44%	\$ 103,862,866	\$ 9,410,000		\$ 7,560,000	\$ -	\$ 1,850,000
School Building Bonds - 2004A	2.05% to 5.0%	58,834,994	3,905,000		1,255,000		2,650,000
School Building Bonds - 2005	3.0% to 5.0%	155,830,000	67,880,000		9,350,000		58,530,000
School Building and Refunding Bonds - 2009A	4.0% to 5.0%	53,210,000	47,720,000		1,300,000		46,420,000
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	2,115,000		2,115,000		-
Unlimited Tax Refunding Series - 2010	2.0% to 4.0%	9,845,000	9,540,000		30,000		9,510,000
Unlimited Tax School Building Series - 2011	2.0% to 5.0%	61,615,000	58,960,000		2,750,000		56,210,000
Unlimited Tax Refunding Series - 2011A	0.5% to 2.9%	52,335,609	51,274,638		50,292	1,199,574	52,423,920
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		1,919,604		23,880,000
Qualified School Construction Bonds - 2012	4.009%	12,485,000	12,485,000	-	-	-	12,485,000
<b>Total</b>		<u>\$ 646,953,073</u>	<u>\$ 398,649,242</u>	<u>\$ -</u>	<u>\$ 26,329,896</u>	<u>\$ 1,199,574</u>	373,518,920
Accumulated Interest Accretion							<u>(1,199,574)</u>
Total Principal Outstanding - August 31, 2013							<u>\$ 372,319,346</u>

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, 2013, \$5,825,655 was available in the debt service fund to service these bonds. Arbitrage rebates are paid from interest earnings of the Capital Projects Fund. Sick leave is paid from the General Fund.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

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, \$105,340,000 remain outstanding as of August 31, 2013.

The annual requirements to pay principal and interest on the bond obligations outstanding as of August 31, 2013 are as follows:

Year Ended August 31	Principal	Interest (including accrued interest)	Requirements
2014	\$ 25,368,218	\$ 15,405,255	\$ 40,773,473
2015	25,665,010	15,273,800	40,938,810
2016	26,543,252	14,666,120	41,209,372
2017	26,561,442	14,648,081	41,209,523
2018	25,581,335	14,903,000	40,484,335
2019 - 2023	147,530,089	41,623,895	189,153,984
2024 - 2028	70,095,000	12,318,598	82,413,598
2029 - 2031	24,975,000	2,154,785	27,129,785
	<u>\$ 372,319,346</u>	<u>\$ 130,993,534</u>	<u>\$ 503,312,880</u>

As of August 31, 2013, the District does not have any authorized but unissued general obligation bonds. Accrued interest of \$1,199,574 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 \$1,937,901. Of this amount, \$778,894 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, 2013**

Note 8. Interfund Receivables, Payables and Transfers

Interfund balances at August 31, 2013 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	Special Revenue Funds	\$21,410,929	
General Fund	Enterprise Funds	131,530	
General Fund	Internal Service Funds	945,590	
General Fund	Agency Funds	<u>584,317</u>	
Total General Fund			\$23,072,366
Debt Service Fund	General Fund	<u>9,463,571</u>	
Total Debt Service Fund			9,463,571
Capital Projects	General Fund	<u>7,581,027</u>	
Total Capital Projects			7,581,027
Special Revenue Funds	Enterprise Funds	2,470	
Special Revenue Funds	Internal Service Funds	2,211	
Special Revenue Funds	Agency Funds	<u>43,358</u>	
Total Special Revenue Funds			48,039
Enterprise Funds	Internal Service Funds	384	
Enterprise Funds	Agency Funds	<u>298</u>	
Total Enterprise Funds			682
Internal Service Funds	General Fund	1,148,441	
Internal Service Funds	Special Revenue Funds	98,917	
Internal Service Funds	Enterprise Fund	421	
Internal Service Funds	Internal Service Funds	76,504	
Internal Service Funds	Agency Funds	<u>16,734</u>	
Total Internal Service Funds			1,341,017
Agency Funds	Special Revenue Funds	82,484	
Agency Funds	Internal Service Funds	23,855	
Agency Funds	Agency Funds	<u>455</u>	
Total Agency Funds			<u>106,794</u>
Total Due From Other Funds			<u><u>\$41,613,496</u></u>



**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

Note 8. Interfund Receivables, Payables and Transfers – continued

FROM	TO		
General Fund	Debt Service Fund	\$9,463,571	
General Fund	Capital Projects	7,581,027	
General Fund	Internal Service Funds	<u>1,148,441</u>	
Total General Fund			\$18,193,039
Special Revenue Funds	General Fund	21,410,929	
Special Revenue Funds	Internal Service Funds	98,917	
Special Revenue Funds	Agency Funds	<u>82,484</u>	
Total Special Revenue Funds			21,592,330
Enterprise Funds	General Fund	131,530	
Enterprise Funds	Special Revenue Funds	2,470	
Enterprise Funds	Internal Service Funds	<u>421</u>	
Total Enterprise Funds			134,421
Internal Service Funds	General Fund	945,590	
Internal Service Funds	Special Revenue Funds	2,211	
Internal Service Funds	Enterprise Funds	384	
Internal Service Funds	Internal Service Funds	76,504	
Internal Service Funds	Agency Funds	<u>23,855</u>	
Total Internal Service Funds			1,048,544
Agency Funds	General Fund	584,317	
Agency Funds	Special Revenue Funds	43,358	
Agency Funds	Enterprise Funds	298	
Agency Funds	Internal Service Funds	16,734	
Agency Funds	Agency Funds	<u>455</u>	
Total Agency Funds			<u>645,162</u>
Total Due To Other Funds			<u>\$ 41,613,496</u>

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

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>Capital Projects</u>	<u>Special Revenue Fund</u>	<u>Internal Service Funds</u>	<u>Transfers Out</u>
FROM				
General Fund	\$9,984,831	\$ 5,507	\$ 9,662	\$ 10,000,000
	<u>\$9,984,831</u>	<u>\$ 5,507</u>	<u>\$ 9,662</u>	<u>\$ 10,000,000</u>

In the fund financial statements, \$9,984,831 was transferred out of the General Fund to Capital Projects for the acquisition of equipment or for renovations. \$5,507 was transferred out of the General Fund into Special Revenue Funds to dissolve funds no longer in use. \$9,662 was transferred out of the General Fund into the Health Insurance Fund to dissolve the Health Insurance 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 Projects</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Taxes, penalty & interest	\$ 136,611,317	\$ 27,973,679			\$ 164,584,996
Other intermediate	2,349,030			\$ 4,866,448	7,215,478
Food service				8,939,886	8,939,886
Investment earning	161,175	35,019	\$ 75,790	9,518	281,502
Total	<u>\$ 139,121,522</u>	<u>\$ 28,008,698</u>	<u>\$ 75,790</u>	<u>\$ 13,815,852</u>	<u>\$ 181,021,862</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, 2013, 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, 2013**

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, 2012, 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.

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. This liability for workers' compensation self-funded plans, reported at their estimated value on August 31, 2013 was \$3,825,386 and is recorded as an accrued expenditure in the Risk Management internal service fund.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

Note 10. Risk Management – continued

Changes in the medical and workers' compensation claims liability amount in the 2013 and 2012 fiscal years were:

<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>
2012 – Health Insurance	\$ 5,234,363	\$ (1,056,667)	\$ (4,155,393)	\$ 22,303
2013 – Health Insurance	22,303	7,801	(30,104)	-
2012 – Risk Management	4,155,791	837,897	(1,258,544)	3,735,144
2013 – Risk Management	\$ 3,735,144	\$ 1,420,394	\$ (1,330,152)	\$ 3,825,386

At August 31, 2013, the District held \$9,837,282 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 \$100,000 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 Educator Leaders liability coverage with a \$1,000,000 limit and a per occurrence deductible of \$150,000. 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 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.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

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, 2013 was \$309,585,629. 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 6.4% beginning September 1, 2012. 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.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

Note 11. Retirement Plan – continued

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 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 0.5% 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 \$847,294 in 2013 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 2013, 2012, and 2011 and are as follows:

	2013	2012	2011
Covered Payroll	\$309,585,629	\$305,756,789	\$315,564,945
Contributions made by the State	\$17,673,118	\$18,391,316	\$19,836,443
Retirement plan rate*	6.40%	6.00%	6.644%
Retiree health care rate	0.50%	1.00%	1.00%
Medicare Part D	\$847,294	\$792,061	\$725,795
ERRP		\$749,034	
District Required and Actual Contributions to TRS and TRS – Care	\$6,602,929.69	\$6,288,936	\$7,016,842
Employee Contributions to TRS and TRS - Care	\$21,860,100.26	\$21,583,577	\$22,269,871

\*Retirement plan rate increased to 6.4% beginning September 1, 2012

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

Note 11. Retirement Plan – continued

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.

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, 2013, 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. 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 inter period 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.

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 non-cancelable operating lease. In June 2013, this lease was terminated and the District entered into another non-cancelable operating lease with a different lessor. Total lease payments made under these warehouse leases were \$105,413 for the year ended August 31, 2013.

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

Note 14. Operating Lease - continued

The future minimum lease payments for the lease are as follows:

Year Ending August 31,	Amount
2014	<u>\$107,400</u>
Total	<u><u>\$107,400</u></u>

Note 15. Net Position Deficits

At August 31, 2013 the following funds had a deficit:

Enterprise Fund	\$114,631
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The Enterprise Fund deficit will be eliminated through rate increases in future periods.

Note 16. Capital Leases

In June 2011, the District entered into two capital lease agreements for copier equipment. These agreements, expiring in June and July 2014, respectively, both contained bargain renewal options for up to an additional two years. Effective August 30, 2013, these original lease agreements were terminated and a new agreement was entered into. This transaction resulted in a net loss of \$466,917, which is reported in the Copier Pool Internal Service Fund.

The new lease agreement, expiring August 29, 2016, contains a bargain renewal option 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	\$ 1,712,643
Less: accumulated depreciation	<u>(142,720)</u>
Net book value	<u><u>\$ 1,569,923</u></u>



**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2013**

Note 16. Capital Leases - continued

Future minimum commitments under the capital leases are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 358,829	\$ 77,484	\$ 436,313
2015	377,188	59,125	436,313
2016	396,486	39,827	436,313
2017	282,835	22,583	305,418
2018	<u>297,305</u>	<u>8,113</u>	<u>305,418</u>
Total	<u>\$1,712,643</u>	<u>\$207,132</u>	<u>\$1,919,775</u>

Note 17. Prior Period Adjustment

The District implemented GASB 65 during the fiscal year ended August 31, 2013. In accordance with GASB 65, debt issuance costs should be recognized as expense in the period incurred. Previously, debt issuance cost were recorded as assets and amortized over the life of the debt. The implementation of GASB 65 resulted in the following prior period adjustment to the net position of the governmental activities

Net position - beginning of the year

As originally presented	\$ 306,905,998
Effect of change in accounting principle	<u>(3,404,203)</u>
As restated	<u>\$ 303,501,795</u>

Note 18. Subsequent Events

The District has evaluated all subsequent events through January 17, 2014, the date these financial statements were issued, and determined there are no material subsequent events requiring recognition or disclosure.

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## 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, 2013

Exhibit G-1

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 135,771,600	\$ 137,500,000	\$ 139,121,522	\$ 1,621,522
5800 State Program Revenues	260,432,371	266,000,000	271,913,826	5,913,826
5900 Federal Program Revenues	<u>250,000</u>	<u>4,850,000</u>	<u>5,216,453</u>	<u>366,453</u>
5020 Total Revenues	<u>396,453,971</u>	<u>408,350,000</u>	<u>416,251,801</u>	<u>7,901,801</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	247,941,917	240,500,000	240,656,918	(156,918)
0012 Instructional Resources and Media Services	7,174,976	7,200,000	7,110,370	89,630
0013 Curriculum and Instructional Staff Development	7,936,129	8,000,000	7,723,849	276,151
0021 Instructional Leadership	7,497,200	8,000,000	7,533,252	466,748
0023 School Leadership	26,919,609	27,000,000	26,635,675	364,325
0031 Guidance, Counseling, and Evaluation Services	15,902,501	16,000,000	15,620,663	379,337
0032 Social Work Services	986,695	1,200,000	938,372	261,628
0033 Health Services	5,571,949	5,500,000	5,194,530	305,470
0034 Student (Pupil) Transportation	10,832,579	9,800,000	9,512,989	287,011
0035 Food Services	12,755	10,000	57,559	(47,559)
0036 Cocurricular/Extracurricular Activities	5,817,189	6,500,000	5,997,142	502,858
0041 General Administration	11,624,593	10,800,000	10,799,316	684
0051 Plant Maintenance and Operations	37,485,592	34,500,000	33,677,649	822,351
0052 Security and Monitoring Services	3,711,633	3,700,000	3,571,395	128,605
0053 Data Processing Services	10,422,993	10,500,000	9,965,587	534,413
0061 Community Services	1,424,531	1,500,000	1,293,641	206,359
Debt Service:				
0071 Debt Service-Principal on Long Term Debt	500,000	2,115,000	2,115,000	-
0072 Debt Service-Interest on Long Term Debt	65,272	37,013	37,013	-
0073 Debt Service-Bond Issuance Cost and Fees		1,000	300	700
Capital Outlay:				
0081 Facilities Acquisition and Construction	15,000	1,000,000	584,028	415,972
Intergovernmental:				
0093 Services Arrangements		5,000		5,000
0095 Payments to Juvenile Justice Alternative Ed Program	75,000	10,000	5,742	4,258
0099 Other Intergovernmental Charges	<u>664,700</u>	<u>664,700</u>	<u>664,700</u>	<u>-</u>
6030 Total Expenditures	<u>402,582,813</u>	<u>394,542,713</u>	<u>389,695,690</u>	<u>4,847,023</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,128,842)	13,807,287	26,556,111	12,748,824
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property		106,000	266,504	160,504
8911 Transfers Out	<u>-</u>	<u>(10,000,000)</u>	<u>(10,000,000)</u>	<u>-</u>
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>(9,894,000)</u>	<u>(9,733,496)</u>	<u>160,504</u>
1200 Net Change in Fund Balances	(6,128,842)	3,913,287	16,822,615	12,909,328
0100 Fund Balance - September 1 (Beginning)	<u>126,385,964</u>	<u>126,385,964</u>	<u>126,385,964</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 120,257,122</u>	<u>\$ 130,299,251</u>	<u>\$ 143,208,579</u>	<u>\$ 12,909,328</u>

The accompanying note is an integral part of the required supplemental information.

GARLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – NATIONAL BREAKFAST AND LUNCH PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2013

Exhibit G-2

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	<u>ORIGINAL</u>	<u>FINAL</u>		Positive or (Negative)
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 9,337,030	\$ 8,360,000	\$ 9,030,749	\$ 670,749
5800 State Program Revenues	154,500	150,000	152,879	2,879
5900 Federal Program Revenues	<u>18,775,500</u>	<u>17,190,000</u>	<u>19,334,672</u>	<u>2,144,672</u>
5020 Total Revenues	<u>28,267,030</u>	<u>25,700,000</u>	<u>28,518,300</u>	<u>2,818,300</u>
<b>EXPENDITURES:</b>				
Current:				
0035 Food Services	27,706,307	28,250,000	26,988,630	1,261,370
0051 Plant Maintenance and Operations	<u>471,885</u>	<u>550,000</u>	<u>401,136</u>	<u>148,864</u>
6030 Total Expenditures	<u>28,178,192</u>	<u>28,800,000</u>	<u>27,389,766</u>	<u>1,410,234</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	88,838	(3,100,000)	1,128,534	4,228,534
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	<u>5,750</u>	<u>5,750</u>	<u>5,054</u>	<u>(696)</u>
7080 Total Other Financing Sources (Uses)	<u>5,750</u>	<u>5,750</u>	<u>5,054</u>	<u>(696)</u>
1200 Net Change in Fund Balances	<u>94,588</u>	<u>(3,094,250)</u>	<u>1,133,588</u>	<u>4,227,838</u>
0100 Fund Balance - September 1 (Beginning)	<u>5,647,011</u>	<u>5,647,011</u>	<u>5,647,011</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 5,741,599</u>	<u>\$ 2,552,761</u>	<u>\$ 6,780,599</u>	<u>\$ 4,227,838</u>

The accompanying note is an integral part of the required supplemental information.

GARLAND INDEPENDENT SCHOOL DISTRICT  
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION  
YEAR ENDED AUGUST 31, 2013

Note 1. Stewardship, Compliance, and Accountability

The District is required by state law to adopt annual budgets for the General Fund, National School Lunch and Breakfast 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

GARLAND INDEPENDENT SCHOOL DISTRICT  
 NOTE TO REQUIRED SUPPLEMENTAL INFORMATION  
 YEAR ENDED AUGUST 31, 2013

Note 1. Stewardship, Compliance, and Accountability - continued

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

GENERAL FUND

Revenues

- \$1,728,400 increase in local revenues to align revenue budget with estimated year end totals.
- \$5,567,629 increase in state program revenues to align revenue budget with estimated year end totals.
- \$4,600,000 increase in Federal Medicaid program revenues to align revenue budget with estimated year end totals.

Expenditures and Transfers Out

- \$7,441,917 decrease in instruction expenditures to align salary budget with estimated year end totals.
- \$1,032,579 decrease in student transportation expenditures to align salary budget with estimated year end totals.
- \$824,593 decrease in general administration expenditures to align salary budget with estimated year end totals.
- \$2,985,592 decrease in plant maintenance and operations to align salary budget with estimated year end totals.
- \$1,615,000 increase in debt service principal on long-term debt to retire, prior to scheduled maturity, the Maintenance Tax notes, Series 2009.
- \$985,000 increase in facilities acquisition and construction to align facilities with estimated year end totals.
- \$10,000,000 increase in operating transfers out, of which \$9,984,831 went to Capital projects for the acquisition of equipment or renovations.

After appropriations were amended as described above, actual revenues were \$7,901,801 greater than final budgeted amounts due to more revenue in all categories than final budgeted estimates. Actual expenditures were \$4,847,023 less than final budget amounts due to year end payroll accrual and non payroll expenses being less than estimated. Year end revenues were greater than expenditures, thus adding to existing fund balance.

For the year ended August 31, 2013, expenditures exceeded appropriations in the following funds and functions (the aggregate level of control). Those over expenditures were funded by less than anticipated expenditures in other functions or fund balance in the appropriate fund.

<u>General Fund</u>	Excess of Expenditures over Appropriations
Instruction	\$ 156,918
Food Service	<u>47,559</u>
	<u>\$ 204,477</u>

GARLAND INDEPENDENT SCHOOL DISTRICT  
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION  
YEAR ENDED AUGUST 31, 2013

Note 1. Stewardship, Compliance, and Accountability - continued

NATIONAL BREAKFAST AND LUNCH PROGRAM

Revenues

- \$2,567,030 decrease in all categories of revenue sources to align revenue budget with estimated year end totals.

Expenditures and Transfers Out

- \$621,808 increase in food service expenditures to align food purchases and salary budget with estimated year end totals.

After appropriations were amended as described above, actual revenues were \$2,818,300 more than final budgeted amounts due to more revenue in all categories than final budgeted estimates. Actual expenditures were \$1,410,234 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.



## Combining Statements

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## 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 extracurricular 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 POSITION  
 INTERNAL SERVICE FUNDS  
 AUGUST 31, 2013

	751 Motor Pool	752 Print Shop	753 Risk Management
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 221,008	\$ -	\$ 9,837,282
Due From Other Funds	20,462	119,226	27,531
Other Receivables			
Prepaid Items	-	42,147	37,417
Total Current Assets	<u>241,470</u>	<u>161,373</u>	<u>9,902,230</u>
Noncurrent Assets:			
Capital Assets:			
Land Purchase and Improvements			
Building and Building Improvements			7,720
Furniture and Equipment	334,908	1,471,456	124,480
Accumulated Depreciation - Other Land Improvements			
Accumulated Depreciation - Building and Building Improvements			(1,158)
Accumulated Depreciation - Furniture and Equipment	(328,533)	(799,058)	(118,836)
Total Noncurrent Assets	<u>6,375</u>	<u>672,398</u>	<u>12,206</u>
Total Assets	<u><u>247,845</u></u>	<u><u>833,771</u></u>	<u><u>9,914,436</u></u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable		2,915	75,606
Leases Payable			
Accrued Wages Payable		5,418	5,806
Due to Other Funds		59,291	5,055
Claims Liability			1,599,253
Unearned Revenues	-	-	-
Total Current Liabilities	<u>-</u>	<u>67,624</u>	<u>1,685,720</u>
Noncurrent Liabilities:			
Capital Lease Payable Long-Term			
Claims Liability Long-Term	-	-	2,226,133
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>2,226,133</u>
Total Liabilities	<u>-</u>	<u>67,624</u>	<u>3,911,853</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,375	672,398	12,206
Unrestricted Net Position	241,470	93,749	5,990,377
Total Net Position	<u><u>\$ 247,845</u></u>	<u><u>\$ 766,147</u></u>	<u><u>\$ 6,002,583</u></u>

756 Copier Pool	757 Curtis Culwell Center	758 Catering Services	770 Health Insurance	Total Internal Service Funds
\$ -	\$ -	\$ 51,343	\$ 945,590	\$ 11,055,223
284,194	888,668	936		1,341,017
	5,632			5,632
-	1,890	-	-	81,454
<u>284,194</u>	<u>896,190</u>	<u>52,279</u>	<u>945,590</u>	<u>12,483,326</u>
	202,212			202,212
	63,670			71,390
1,712,643	215,414	24,884		3,883,785
	(35,326)			(35,326)
	(7,993)			(9,151)
(171,264)	(39,456)	(2,488)		(1,459,635)
<u>1,541,379</u>	<u>398,521</u>	<u>22,396</u>	<u>-</u>	<u>2,653,275</u>
<u>1,825,573</u>	<u>1,294,711</u>	<u>74,675</u>	<u>945,590</u>	<u>15,136,601</u>
	7,086	47,453	24,884	157,944
358,829				358,829
	14,853			26,077
	36,687	1,921	945,590	1,048,544
				1,599,253
-	121,233	-	-	121,233
<u>365,915</u>	<u>220,226</u>	<u>26,805</u>	<u>945,590</u>	<u>3,311,880</u>
1,353,814				1,353,814
-	-	-	-	2,226,133
<u>1,353,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,579,947</u>
<u>1,719,729</u>	<u>220,226</u>	<u>26,805</u>	<u>945,590</u>	<u>6,891,827</u>
1,182,550	398,521	22,396		2,294,446
(1,076,706)	675,964	25,474	-	5,950,328
<u>\$ 105,844</u>	<u>\$ 1,074,485</u>	<u>\$ 47,870</u>	<u>\$ -</u>	<u>\$ 8,244,774</u>

GARLAND INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2013

	751 Motor Pool	752 Print Shop	753 Risk Management
<b>OPERATING REVENUES:</b>			
Local and Intermediate Sources	\$ 39,400	\$ 707,040	\$ 1,421,746
Total Operating Revenues	<u>39,400</u>	<u>707,040</u>	<u>1,421,746</u>
<b>OPERATING EXPENSES:</b>			
Payroll Costs		276,096	382,564
Professional and Contracted Services	9,442	88,652	92,524
Supplies and Materials	12,554	266,199	48,305
Other Operating Costs	12,749	132,802	1,450,694
Total Operating Expenses	<u>34,745</u>	<u>763,749</u>	<u>1,974,087</u>
Operating Income (Loss)	<u>4,655</u>	<u>(56,709)</u>	<u>(552,341)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Earnings from Temporary Deposits & Investments			5,145
Loss on Sale of Real and Personal Property			
Interest on Capital Lease	-	-	-
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>5,145</u>
Income (Loss) Before Transfers	4,655	(56,709)	(547,196)
Transfer In			
Change in Net Position	<u>4,655</u>	<u>(56,709)</u>	<u>(547,196)</u>
Total Net Position - September 1 (Beginning)	243,190	822,856	6,549,779
Total Net Position - August 31 (Ending)	<u>\$ 247,845</u>	<u>\$ 766,147</u>	<u>\$ 6,002,583</u>

756 Copier Pool	757 Curtis Culwell Center	758 Catering Services	770 Health Insurance	Total Internal Service Funds
\$ 929,655	\$ 2,487,479	\$ 9,013	\$ 12,601	\$ 5,606,934
<u>929,655</u>	<u>2,487,479</u>	<u>9,013</u>	<u>12,601</u>	<u>5,606,934</u>
	918,156	4,590		1,581,406
294,481	1,009,691	797		1,495,587
	225,051	12,564		564,673
<u>353,152</u>	<u>244,646</u>	<u>2,556</u>	<u>-</u>	<u>2,196,599</u>
<u>647,633</u>	<u>2,397,544</u>	<u>20,507</u>	<u>-</u>	<u>5,838,265</u>
<u>282,022</u>	<u>89,935</u>	<u>(11,494)</u>	<u>12,601</u>	<u>(231,331)</u>
			40	5,185
(466,917)	(58,355)			(525,272)
<u>(84,472)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,472)</u>
<u>(551,389)</u>	<u>(58,355)</u>	<u>-</u>	<u>40</u>	<u>(604,559)</u>
(269,367)	31,580	(11,494)	12,641	(835,890)
			9,662	9,662
<u>(269,367)</u>	<u>31,580</u>	<u>(11,494)</u>	<u>22,303</u>	<u>(826,228)</u>
<u>375,211</u>	<u>1,042,905</u>	<u>59,364</u>	<u>(22,303)</u>	<u>9,071,002</u>
<u>\$ 105,844</u>	<u>\$ 1,074,485</u>	<u>\$ 47,870</u>	<u>\$ -</u>	<u>\$ 8,244,774</u>

GARLAND INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2013

	751 Motor Pool	752 Print Shop	753 Risk Management
<b>Cash Flows from Operating Activities:</b>			
Cash Received from User Charges	\$ -	\$ -	\$ -
Cash Received from (Refunded for)			
Assessments - Other Funds	21,996	613,364	1,583,622
Cash Payments to Employees for Services		(274,123)	(382,084)
Cash Payments for (Refunded from) Insurance Claims			(1,322,381)
Cash Payments for Suppliers	(12,554)	(250,523)	(55,499)
Cash Payments for Other Operating Expenses		(66)	(11,035)
Cash Payments for Prof. and Contracted Services	(9,442)	(88,652)	(83,170)
Net Cash Provided by (Used for) Operating Activities	<u>-</u>	<u>-</u>	<u>(270,547)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfer From Other Funds	-	-	-
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Capital Financing Activities:</b>			
Acquisition of Capital Assets			(24,712)
Capital Lease Payments			
Capital Lease Interest Expense	-	-	-
Net Cash Used for Capital Financing Activities	<u>-</u>	<u>-</u>	<u>(24,712)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest and Dividends on Investments	-	-	5,145
Net Decrease in Cash and Cash Equivalents	-	-	(290,114)
Cash and Cash Equivalents at Beginning of the Year:	221,008	-	10,127,396
Cash and Cash Equivalents at the End of the Year:	<u>\$ 221,008</u>	<u>\$ -</u>	<u>\$ 9,837,282</u>
<b>Reconciliation of Operating Income(Loss) to Net Cash</b>			
<b>Provided by (Used for) Operating Activities:</b>			
Operating Income (Loss):	\$ 4,655	\$ (56,709)	\$ (552,341)
<b>Adjustments to Reconcile Operating Income to Net</b>			
<b>Cash Provided by (Used for) Operating Activities:</b>			
Depreciation	12,749	132,736	27,036
<b>Effect of Increases and Decreases in Current</b>			
<b>Assets and Liabilities:</b>			
Decrease in Unearned Revenue			
(Increase) Decrease in Other Receivables			
(Increase) Decrease in Deferred Expenses		17,859	9,354
Increase (Decrease) in Accounts Payable		(2,183)	(7,194)
Increase in Accrued Wages Payable		1,973	480
(Increase) Decrease in Due from Other Funds	(17,404)	(92,864)	158,750
Increase (Decrease) in Due to Other Funds	-	(812)	3,126
Increase (Decrease) in Claims Liability		-	90,242
Net Cash Provided by (Used for) Operating Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (270,547)</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>			
Borrowing Under Capital Lease			
Loss on Disposal of Equipment			



756 Copier Pool	757 Curtis Culwell Center	758 Catering Services	770 Health Insurance	Total Internal Service Funds
\$ -	\$ 1,820,130	\$ -	\$ -	\$ 1,820,130
779,712	686,893 (914,960)	12,443 (4,590)	(62,313) 30,103	3,635,717 (1,575,757) (1,292,278)
(287,395)	(252,758) (199,409) (1,009,691)	(12,610) (68) (797)	-	(583,944) (210,578) (1,479,147)
<u>492,317</u>	<u>130,205</u>	<u>(5,622)</u>	<u>(32,210)</u>	<u>314,143</u>
-	-	-	9,662	9,662
-	-	-	9,662	9,662
(407,845)	(130,205)	-	-	(154,917) (407,845)
(84,472)	-	-	-	(84,472)
<u>(492,317)</u>	<u>(130,205)</u>	<u>-</u>	<u>-</u>	<u>(647,234)</u>
-	-	-	40	5,185
-	-	(5,622)	(22,508)	(318,244)
-	-	56,965	968,098	11,373,467
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,343</u>	<u>\$ 945,590</u>	<u>\$ 11,055,223</u>
\$ 282,022	\$ 89,935	\$ (11,494)	\$ 12,601	\$ (231,331)
353,152	45,237	2,488		573,398
	(41,927) 24,578		39,805	(41,927) 64,383 27,213
7,086	(27,707) 3,196	(46)		(30,044) 5,649
(149,943)	1,555 35,338	1,933 1,497	(62,313) (22,303)	(97,973) (23,164) 67,939
<u>\$ 492,317</u>	<u>\$ 130,205</u>	<u>\$ (5,622)</u>	<u>\$ (32,210)</u>	<u>\$ 314,143</u>
\$ 1,712,643 (466,917)	\$ (58,355)			\$ 1,712,643 (525,272)

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## 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, 2013

	Balance September 1, 2012	Additions	Deductions	Balance August 31, 2013
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 425,799	\$ 57,760,379	\$ 57,665,093	\$ 521,085
Due From Other Funds	-	15,235	14,780	455
Total Assets	<u>425,799</u>	<u>57,775,614</u>	<u>57,679,873</u>	<u>521,540</u>
Liabilities:				
Accounts Payable	16,780	1,010,160	1,013,934	13,006
Due to Other Funds	14,139	155,993	7,038	163,094
Due to Student Groups	394,880	1,106,498	1,155,938	345,440
Total Liabilities	<u>425,799</u>	<u>2,272,651</u>	<u>2,176,910</u>	<u>521,540</u>
<b>OTHER ACTIVITY FUND</b>				
Assets:				
Cash and Temp Investments	861,111	41,588,866	41,298,119	1,151,858
Due From Other Funds	28,085	96,083	17,829	106,339
Total Assets	<u>889,196</u>	<u>41,684,949</u>	<u>41,315,948</u>	<u>1,258,197</u>
Liabilities:				
Accounts Payable	47,250	535,127	554,781	27,596
Due to Other Funds	112,696	377,763	8,391	482,068
Due to Student Groups	729,250	1,126,173	1,106,890	748,533
Total Liabilities	<u>889,196</u>	<u>2,039,063</u>	<u>1,670,062</u>	<u>1,258,197</u>
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temp Investments	1,286,910	99,349,245	98,963,212	1,672,943
Due from Other Funds	28,085	111,318	32,609	106,794
Total Assets	<u>1,314,995</u>	<u>99,460,563</u>	<u>98,995,821</u>	<u>1,779,737</u>
Liabilities:				
Accounts Payable	64,030	1,545,287	1,568,715	40,602
Due to Other Funds	126,835	533,756	15,429	645,162
Due to Student Groups	1,124,130	2,232,671	2,262,828	1,093,973
Total Liabilities	<u>\$ 1,314,995</u>	<u>\$ 4,311,714</u>	<u>\$ 3,846,972</u>	<u>\$ 1,779,737</u>

## Required TEA Schedules Section

GARLAND INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2013

Last Ten Years Ended August 31	<b>1</b>		<b>2</b>	<b>3</b>	<b>10</b>
	Tax Rates		Debt Service	Net Assessed/Appraised Value For School Tax Purposes	Beginning Balance 9/1/2012
	Maintenance				
2004 and prior years	various		various	various	\$ 2,076,132
2005	1.4102		0.2112	12,002,534,297	330,965
2006	1.4568		0.2133	12,441,076,827	403,668
2007	1.3316		0.2133	13,039,245,056	453,465
2008	1.0400		0.2133	13,594,127,982	425,942
2009	1.0400		0.2133	14,069,484,561	597,613
2010	1.0400		0.2133	13,652,343,413	612,798
2011	1.0400		0.2133	13,366,036,304	855,052
2012	1.0400		0.2133	13,085,564,669	1,841,076
2013	1.0400		0.2133	12,971,711,641	-
<b>1000 TOTALS</b>					<u>\$ 7,596,711</u>

<b>20</b> Current Year's Total Levy	<b>31</b> Maintenance Total Collections	<b>32</b> Debt Service Total Collections	<b>40</b> Entire Year's Adjustments	<b>50</b> Ending Balance 8/31/2013
\$ -	\$ 18,551	\$ 3,816	\$ (15,318)	\$ 2,038,447
	8,182	1,225	(4,620)	316,938
	8,085	1,184	(5,490)	388,909
	17,740	2,842	(3,853)	429,030
	30,434	6,242	618	389,884
	52,814	10,832	4,093	538,060
	93,858	19,250	6,287	505,977
	193,086	39,601	(36,865)	585,500
	689,218	131,269	(90,629)	929,960
<u>162,574,462</u>	<u>134,140,975</u>	<u>27,508,524</u>	<u>779,966</u>	<u>1,704,929</u>
<u>\$ 162,574,462</u>	<u>\$ 135,252,943</u>	<u>\$ 27,724,785</u>	<u>\$ 634,189</u>	<u>\$ 7,827,634</u>

GARLAND INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2014-2015  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2013

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	\$ 4,129	\$ 302,377	\$ 845,790	\$ 4,365,653	\$ 1,498,735	\$ -	\$ 7,016,684
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)				143,089			143,089
	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)							-
6211	Legal Services	-	-	428,982		9,150		438,132
6212	Audit Services				135,000			135,000
6213	Tax Appraisal and Collection		664,700					664,700
6214	Lobbying							-
621X	Other Prof. Services	-	-	15,922	87,834	-	-	103,756
6220	Tuition and Transfer Payments						177,023	177,023
6230	Education Service Centers	1,056	-	-	7,713	323	-	9,092
6240	Contr. Maint. and Repair					49,759		49,759
6250	Utilities							-
6260	Rentals	-	2,446	14,203	132,338	524,778	-	673,765
6290	Miscellaneous Contr.	27,794	-	5,000	152,767	144,673	-	330,234
6320	Textbooks and Reading	107	-	4,510	726	437	-	5,780
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	7,528	16,580	32,615	175,773	524,279	-	756,775
6410	Travel, Subsistence, Stipends	43,049	1,880	15,420	83,556	17,221	-	161,126
6420	Ins. and Bonding Costs	-	425	-	188,866	-	-	189,291
6430	Election Costs	102,467						102,467
6490	Miscellaneous Operating	133,557	8,943	13,462	293,960	44,604	24	494,550
6500	Debt Service							-
6600	Capital Outlay						12,793	12,793
6000	TOTAL	<u>\$ 319,687</u>	<u>\$ 997,351</u>	<u>\$ 1,375,904</u>	<u>\$ 5,767,275</u>	<u>\$ 2,813,959</u>	<u>\$ 189,840</u>	<u>\$ 11,464,016</u>

Total expenditures/expenses for General and Special Revenue Funds  
 (plus Food Service Enterprise Fund if present) 9 \$ 448,891,545

LESS: Deductions of Unallowable Costs

Total Capital Outlay (6600)	10	\$ 4,020,292
Total Debt & Lease (6500)	11	2,152,379
Plant Maintenance (Function 51, 6100-6400)	12	33,996,259
Food (Function 35, 6341 and 6499)	13	10,880,850
Stipends (6413)	14	-
Column 4 (above) - Total Indirect Cost		<u>5,767,275</u>

Net Allowed Direct Cost \$ 56,817,055  
\$ 392,074,490

Total Cost of Buildings before Depreciation (1520)	15	\$ 346,622,906
Historical Cost of Buildings over 50 years old	16	\$ 8,745,632
Amount of Federal Money in building Cost (Net of #16)	17	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530&1540)	18	\$ 156,547,746
Historical Cost of Furniture & Equipment over 16 years old	19	\$ 5,268,798
Amount of Federal Money in Furniture & Equipment (Net of #19)	20	\$ 6,868,463

(8) Note A - No Function 53 expenditures and \$664,700 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, 2013

Exhibit J-3

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 28,235,205	\$ 28,235,205	\$ 28,008,698	\$ (226,507)
5800 State Program Revenues	12,181,612	12,181,612	11,407,022	(774,590)
5900 Federal Program Revenues	597,848	576,000	576,075	75
5020 Total Revenues	<u>41,014,665</u>	<u>40,992,817</u>	<u>39,991,795</u>	<u>(1,001,022)</u>
<b>EXPENDITURES:</b>				
Current:				
Debt Service:				
0071 Debt Service-Principal on Long Term Debt	24,214,896	24,214,896	24,214,896	-
0072 Debt Service-Interest on Long Term Debt	16,016,640	16,016,640	16,016,640	-
0073 Debt Service-Bond Issuance Cost and Fees	500,000	200,000	23,486	176,514
6030 Total Expenditures	<u>40,731,536</u>	<u>40,431,536</u>	<u>40,255,022</u>	<u>176,514</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	283,129	561,281	(263,227)	(824,508)
<b>OTHER FINANCING SOURCES:</b>				
7949 Other Resources	-	100,000	103,005	3,005
7080 Total Other Financing Sources	<u>-</u>	<u>100,000</u>	<u>103,005</u>	<u>3,005</u>
1200 Net Change in Fund Balances	283,129	661,281	(160,222)	(821,503)
0100 Fund Balance - September 1 (Beginning)	5,985,877	5,985,877	5,985,877	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 6,269,006</u>	<u>\$ 6,647,158</u>	<u>\$ 5,825,655</u>	<u>\$ (821,503)</u>

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## 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	71 - 84
These schedules contain trend information to help the reader understand how the government's financial performance and wellbeing have changed over time.	
Revenue Capacity	85 – 88
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	89 – 92
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.	
Demographic and Economic Information	93 - 94
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	95 - 98
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.	

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 POSITION BY COMPONENT  
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental net position				
Net investment in capital assets	\$ 80,384,610	\$ 86,903,808	\$ 87,505,635	\$ 98,260,626
Restricted				
Food Service	3,799,229	4,586,163	3,974,252	2,417,197
Debt Service	6,324,081	5,354,289	5,075,415	2,662,244
Grant Funds				
Unrestricted	<u>74,401,413</u>	<u>77,053,658</u>	<u>94,921,136</u>	<u>107,501,931</u>
Total governmental net position	<u><u>164,909,333</u></u>	<u><u>173,897,918</u></u>	<u><u>191,476,438</u></u>	<u><u>210,841,998</u></u>
Business-type net position				
Net investment in capital assets				7,014
Unrestricted	<u>(40,675)</u>	<u>2,743</u>	<u>18,323</u>	<u>14,670</u>
Total Business-type net position	<u><u>(40,675)</u></u>	<u><u>2,743</u></u>	<u><u>18,323</u></u>	<u><u>21,684</u></u>
Total net position				
Net investment in capital assets	80,384,610	86,903,808	87,505,635	98,267,640
Restricted				
Food Service	3,799,229	4,586,163	3,974,252	2,417,197
Debt Service	6,324,081	5,354,289	5,075,415	2,662,244
Grant Funds				
Unrestricted	<u>74,360,738</u>	<u>77,056,401</u>	<u>94,939,459</u>	<u>107,516,601</u>
Total net position	<u><u>\$ 164,868,658</u></u>	<u><u>\$ 173,900,661</u></u>	<u><u>\$ 191,494,761</u></u>	<u><u>\$ 210,863,682</u></u>

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

Fiscal Year						
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	111,899,974	\$ 115,842,801	\$ 119,473,529	\$ 135,714,399	\$ 150,416,165	\$ 157,656,333
	1,406,758	1,032,266	2,237,555	3,572,158	5,647,011	
	1,590,931	2,867,279	4,692,604	5,944,130	5,852,827	5,689,844
					4,480,338	7,594,789
	<u>89,688,303</u>	<u>95,328,280</u>	<u>99,789,458</u>	<u>118,941,802</u>	<u>140,509,657</u>	<u>157,811,060</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>	<u>328,752,026</u>
	31,235	25,810	21,673	17,536	14,180	11,601
	<u>(60,544)</u>	<u>(78,527)</u>	<u>(138,885)</u>	<u>(129,759)</u>	<u>(127,504)</u>	<u>(126,232)</u>
	<u>(29,309)</u>	<u>(52,717)</u>	<u>(117,212)</u>	<u>(112,223)</u>	<u>(113,324)</u>	<u>(114,631)</u>
	111,931,209	115,868,611	119,495,202	135,731,935	150,430,345	157,667,934
	1,406,758	1,032,266	2,237,555	3,572,158	5,647,011	
	1,590,931	2,867,279	4,692,604	5,944,130	5,852,827	5,689,844
					4,480,338	10,133,840
	<u>89,627,759</u>	<u>95,249,753</u>	<u>99,650,573</u>	<u>118,812,043</u>	<u>140,382,153</u>	<u>155,145,777</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>	<u>\$ 328,637,395</u>

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

	Fiscal Year			
	2004	2005	2006	2007
<b>Expenses</b>				
<b>Governmental activities</b>				
Instruction	\$ 203,818,597	\$ 217,291,193	\$ 229,395,773	\$ 249,442,304
Instructional resource and media services	5,787,924	7,043,428	6,609,280	6,914,200
Curriculum and staff development services	4,657,262	5,120,004	5,138,526	6,732,763
Instructional leadership	5,710,257	5,510,792	6,108,914	6,845,017
School leadership	20,752,186	21,860,633	23,606,119	24,991,290
Guidance, counseling, and evaluation services	12,837,619	14,070,831	15,380,606	16,640,146
Social work services	746,511	743,805	726,811	865,761
Health services	3,520,894	3,911,639	4,065,689	4,751,649
Student transportation	9,180,190	8,646,476	9,663,621	8,981,233
Food Service	18,243,687	19,685,050	22,132,097	23,011,684
Cocurricular/Extracurricular activities	6,023,332	6,709,675	6,658,308	6,162,935
General administration	7,794,973	8,529,235	9,122,816	10,118,411
Plant maintenance and operations	31,386,935	33,070,369	35,748,963	36,459,999
Security and monitoring services	2,085,174	2,160,511	2,192,834	2,562,847
Data processing services	12,976,329	13,807,050	13,544,652	16,493,955
Community services	2,720,330	3,539,915	4,570,218	5,022,107
Interest on long-term debt	14,165,791	15,455,979	19,904,601	19,028,178
Bond issuance cost and fees	12,674	31,090	121,093	78,282
Facilities acquisition/construction	3,351,184	3,805,552	5,237,028	3,623,119
Payments to Fiscal Agent of Shared Services Arrangement				
Payments to Juvenile Justice Alternative Education Programs	162,547	163,138	144,126	99,014
Intergovernmental Charges	-	-	-	-
Total governmental activities expenses	<u>365,934,396</u>	<u>391,156,365</u>	<u>420,072,075</u>	<u>448,824,894</u>
<b>Business-type activities</b>				
Concessions	270,591	258,490	208,343	254,655
Total business-type activities expenses	<u>270,591</u>	<u>258,490</u>	<u>208,343</u>	<u>254,655</u>
Total expenses	<u>\$ 366,204,987</u>	<u>\$ 391,414,855</u>	<u>\$ 420,280,418</u>	<u>\$ 449,079,549</u>
<b>Program Revenues</b>				
<b>Governmental activities</b>				
<b>Charges for services</b>				
Instruction	\$ 375,239	\$ 358,003	\$ 404,352	\$ 397,819
Instructional resources & media services				
Curriculum and staff development				
School leadership				
Food service	8,515,504	9,215,484	9,402,839	9,098,542
Cocurricular/Extracurricular activities	1,129,594	1,277,211	5,017,254	4,966,084
Plant maintenance and operations	182,088	608,436	47,748	144,015
Security and monitoring services	52,486	70,004		
Community services	40,790	4,462		
Operating grants and contributions	62,319,150	68,714,798	69,175,005	73,767,745
Total governmental entities program revenue	<u>72,614,851</u>	<u>80,248,398</u>	<u>84,047,198</u>	<u>88,374,205</u>
<b>Business-type activities</b>				
<b>Charges for services</b>				
Concessions	309,208	301,908	263,923	272,416
Total governmental entities business-type revenue	<u>309,208</u>	<u>301,908</u>	<u>263,923</u>	<u>272,416</u>
Total program revenues	<u>\$ 72,924,059</u>	<u>\$ 80,550,306</u>	<u>\$ 84,311,121</u>	<u>\$ 88,646,621</u>
<b>Net Expense</b>				
Governmental activities	\$ (293,319,545)	\$ (310,907,967)	\$ (336,024,877)	\$ (360,450,689)
Business-type activities	38,617	43,418	55,580	17,761
Total net expenses	<u>\$ (293,280,928)</u>	<u>\$ (310,864,549)</u>	<u>\$ (335,969,297)</u>	<u>\$ (360,432,928)</u>

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

Fiscal Year						
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	276,616,196	\$ 283,065,227	\$ 289,725,326	\$ 294,208,920	\$ 272,825,108	\$ 277,499,490
	7,812,690	8,131,373	8,118,770	8,193,015	7,368,582	7,672,838
	6,634,975	7,796,851	7,146,831	8,581,755	8,514,256	10,248,468
	8,182,808	7,439,610	10,062,924	9,757,848	8,365,560	8,659,257
	27,002,157	26,744,844	27,380,902	27,930,380	26,527,981	27,137,920
	17,823,643	17,956,443	18,728,727	18,429,805	16,939,997	17,824,829
	924,492	969,118	929,902	929,097	894,164	942,133
	6,728,800	5,333,060	5,619,695	5,654,397	5,329,439	5,446,268
	7,033,092	10,101,240	10,499,734	10,811,955	10,643,267	11,379,383
	25,506,613	26,573,977	27,071,935	27,407,886	26,033,888	27,886,434
	7,030,615	6,684,383	6,704,026	7,290,111	7,686,728	8,228,081
	11,363,821	9,765,328	10,668,993	11,255,328	10,252,916	11,631,845
	38,335,676	37,369,496	38,327,826	37,876,948	35,728,649	36,004,303
	7,638,267	3,697,044	3,847,937	3,803,372	3,667,174	3,812,056
	9,569,934	12,164,713	16,879,163	13,777,228	21,287,235	14,343,551
	4,701,421	5,546,340	5,614,407	5,289,947	3,086,571	2,540,248
	18,332,357	16,266,467	16,555,683	15,378,492	691,607	14,113,757
	108,891	219,929	419,457	437,694	229,464	23,786
		541,958	1,570,426	2,297,277	1,511,554	4,540,264
				31,422	69,224	64,011
	47,218	56,304	52,360	66,234	45,714	5,742
	-	677,662	698,644	700,543	658,438	664,700
	<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>490,669,364</u>
	<u>259,104</u>	<u>288,814</u>	<u>287,235</u>	<u>258,978</u>	<u>247,054</u>	<u>261,762</u>
	<u>259,104</u>	<u>288,814</u>	<u>287,235</u>	<u>258,978</u>	<u>247,054</u>	<u>261,762</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>	<u>\$ 490,931,126</u>
\$	406,338	\$ 482,224	\$ 265,338	\$ 169,918	\$ 244,414	\$ 159,781
					375	
	9,934,102	10,332,066	9,803,316	9,220,579	9,011,473	8,939,886
	4,896,022	4,782,751	4,667,101	4,900,323	5,096,626	5,410,308
	96,296	219,996	193,833	176,730	268,172	177,533
	<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>80,546,373</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>95,233,881</u>
	<u>208,111</u>	<u>265,406</u>	<u>222,740</u>	<u>263,967</u>	<u>245,953</u>	<u>260,455</u>
	<u>208,111</u>	<u>265,406</u>	<u>222,740</u>	<u>263,967</u>	<u>245,953</u>	<u>260,455</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>	<u>\$ 95,494,336</u>
\$	(388,849,054)	\$ (386,684,393)	\$ (385,864,556)	\$ (362,681,489)	\$ (362,149,250)	\$ (395,435,483)
	(50,993)	(23,408)	(64,495)	4,989	(1,101)	(1,307)
\$	<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>	<u>\$ (395,436,790)</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Net Expense				
Governmental activities	\$ (293,319,545)	\$ (310,907,967)	\$ (336,024,877)	\$ (360,450,689)
Business-type activities	38,617	43,418	55,580	17,761
Total net expenses	<u>\$ (293,280,928)</u>	<u>\$ (310,864,549)</u>	<u>\$ (335,969,297)</u>	<u>\$ (360,432,928)</u>
General Revenues				
Governmental activities				
Taxes				
Property taxes levied for general purposes	\$ 152,532,862	\$ 166,090,850	\$ 178,998,768	\$ 172,127,966
Property taxes levied for debt service	21,169,873	25,016,884	26,273,933	27,545,122
State Aid Formula Grants	128,000,989	128,054,981	131,092,684	165,397,418
Grants and contributions not restricted	660,147	648,248	4,112,521	1,648,225
Investment earnings	1,857,563	5,333,189	11,589,329	12,078,415
Miscellaneous	475,338	210,441	1,496,162	1,004,703
Transfers in from business-type activities			40,000	14,400
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>\$ 302,387,543</u>	<u>\$ 319,896,552</u>	<u>\$ 353,603,397</u>	<u>\$ 379,816,249</u>
Business-type activities				
Transfers out to governmental activities	-	-	(40,000)	(14,400)
Total business-type general revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (40,000)</u>	<u>\$ (14,400)</u>
Total primary government general revenues	<u>\$ 302,387,543</u>	<u>\$ 319,896,552</u>	<u>\$ 353,563,397</u>	<u>\$ 379,801,849</u>
Change in Net Position				
Governmental activities	\$ 9,067,998	\$ 8,988,585	\$ 17,578,520	\$ 19,365,560
Business-type activities	38,617	43,418	15,580	3,361
Total primary government	<u>\$ 9,106,615</u>	<u>\$ 9,032,003</u>	<u>\$ 17,594,100</u>	<u>\$ 19,368,921</u>

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



Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ (388,849,054)	\$ (386,684,393)	\$ (385,864,556)	\$ (362,681,489)	\$ (362,149,250)	\$ (395,435,483)
(50,993)	(23,408)	(64,495)	4,989	(1,101)	(1,307)
<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>	<u>\$ (395,436,790)</u>
\$ 142,436,130	\$ 146,318,903	\$ 142,764,547	\$ 138,879,794	\$ 136,593,849	\$ 136,374,770
29,029,310	29,971,347	29,284,421	28,513,656	27,998,477	27,925,169
207,567,446	216,066,364	220,388,265	224,600,836	233,715,404	254,240,046
1,684,092	1,061,717	3,365,788	5,192,762	4,482,295	268,714
6,182,740	1,445,428	692,016	250,405	286,150	278,338
867,111	2,305,294	492,039	947,721	1,362,616	1,247,836
(5,173,807)				(877,204)	272,557
				703,742	
-	-	-	2,275,658	617,430	78,284
<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>	<u>\$ 420,685,714</u>
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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>	<u>\$ 420,685,714</u>
\$ (6,256,032)	\$ 10,484,660	\$ 11,122,520	\$ 37,979,343	\$ 42,733,509	\$ 25,250,231
(50,993)	(23,408)	(64,495)	4,989	(1,101)	(1,307)
<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>	<u>\$ 25,248,924</u>

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

	Fiscal Year		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund			
Reserved	\$ 2,406,404	\$ 2,848,368	\$ 1,944,047
Designated		384,211	8,384,211
Unreserved	56,938,461	58,953,963	64,979,308
Total general fund	<u>\$ 59,344,865</u>	<u>\$ 62,186,542</u>	<u>\$ 75,307,566</u>
All Other Governmental Funds			
Reserved			
Capital Projects fund	\$ 31,470,128	\$ 144,070,011	\$ 80,944,482
Other governmental funds	24,831		
Debt Service Fund	6,324,081	5,354,289	5,075,415
Food Service	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	8,504,661	6,235,030	9,248,511
Total all other governmental funds	<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>	<u>2013</u>
	General Fund		
Non-Spendable - Inventories	\$ 1,463,630	\$ 1,108,597	\$ 922,154
Non-Spendable - Prepaid Items	828,738	882,579	1,742,306
Committed - Capital Expenditures for Equipment	1,963,746	2,022,659	
Committed - Self-Insurance	8,000,000	8,000,000	8,000,000
Unassigned	94,109,829	114,372,129	132,544,119
	<u>\$ 106,365,943</u>	<u>\$ 126,385,964</u>	<u>\$ 143,208,579</u>
All Other Governmental Funds			
Non-Spendable - Inventories	1,929,290	1,990,416	2,462,498
Non-Spendable - Prepaid Items			76,553
Restricted - Grant Funds	7,652,679	8,136,933	7,594,789
Restricted - Capital Acquisitions and Contractual Obligations	79,399,452	67,919,393	18,796,258
Restricted - Retirement of Long-term Debt	4,532,676	5,985,877	5,825,655
Committed - Local Special Revenue Fund	2,308,830	2,219,884	2,490,321
Assigned - Construction and Capital Expenditures	10,085,494	17,569,447	20,117,625
	<u>\$ 105,908,421</u>	<u>\$ 103,821,950</u>	<u>\$ 57,363,699</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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Local sources:				
Property taxes	\$ 174,657,638	\$ 190,896,394	\$ 204,522,281	\$ 199,545,024
Earnings on Investments	1,848,179	5,304,028	11,543,102	12,397,819
Other local sources	<u>13,528,799</u>	<u>16,221,532</u>	<u>17,614,107</u>	<u>16,168,053</u>
Total local sources	<u>190,034,616</u>	<u>212,421,954</u>	<u>233,679,490</u>	<u>228,110,896</u>
State sources:				
Per Capita	16,598,374	10,089,929	15,954,268	20,818,371
Foundation School Program	104,271,529	108,965,052	115,138,416	144,579,047
On-behalf Payments	13,067,059	12,941,367	14,477,809	16,066,710
Other State Sources	<u>29,139,727</u>	<u>30,610,769</u>	<u>20,635,646</u>	<u>21,435,300</u>
Total state sources	<u>163,076,689</u>	<u>162,607,117</u>	<u>166,206,139</u>	<u>202,899,428</u>
Federal sources:	<u>24,868,930</u>	<u>30,171,982</u>	<u>36,700,563</u>	<u>36,642,349</u>
Total revenues	<u>\$ 377,980,235</u>	<u>\$ 405,201,053</u>	<u>\$ 436,586,192</u>	<u>\$ 467,652,673</u>

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

Fiscal Year					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 172,372,176	\$ 176,569,986	\$ 172,139,992	\$ 167,273,269	\$ 165,275,525	\$ 164,584,996
6,433,449	1,525,021	707,159	258,505	286,945	281,502
16,901,934	18,385,341	15,980,072	15,987,134	17,196,383	16,155,364
<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>	<u>181,021,862</u>
14,874,076	13,743,144	5,823,420	17,945,835	\$ 13,688,849	\$ 25,588,455
197,188,087	206,872,320	214,724,391	206,655,001	220,026,555	228,651,591
15,865,735	16,405,646	19,652,675	19,836,443	18,391,316	17,673,118
16,848,372	16,615,806	15,958,239	22,808,914	16,285,452	11,739,565
<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>	<u>283,652,729</u>
40,436,333	47,497,219	72,967,099	95,044,989	60,791,256	51,107,017
<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>	<u>\$ 515,781,608</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Expenditures				
Governmental funds				
11 Instruction	\$ 196,298,204	\$ 208,851,384	\$ 219,374,143	\$ 242,950,503
12 Instructional resources and media services	5,449,684	6,653,686	6,136,673	6,838,200
13 Curriculum and staff development services	4,642,083	5,101,828	5,174,366	6,734,791
Total function 10	<u>206,389,971</u>	<u>220,606,898</u>	<u>230,685,182</u>	<u>256,523,494</u>
21 Instructional leadership	5,551,918	5,394,857	6,247,112	6,636,002
23 School leadership	20,497,663	21,562,806	23,284,518	24,841,538
Total function 20	<u>26,049,581</u>	<u>26,957,663</u>	<u>29,531,630</u>	<u>31,477,540</u>
31 Guidance, counseling, and evaluation services	12,726,580	13,942,142	15,259,733	16,638,259
32 Social work services	743,928	740,764	724,197	863,828
33 Health services	3,454,080	3,833,632	3,974,639	4,699,752
34 Student transportation	9,770,704	9,419,538	10,124,583	9,550,651
35 Food service	17,248,414	18,384,615	20,779,943	22,176,948
36 Extracurricular activities	5,418,437	6,318,824	6,155,952	5,670,446
Total function 30	<u>49,362,143</u>	<u>52,639,515</u>	<u>57,019,047</u>	<u>59,599,884</u>
41 General administration	7,764,977	8,036,023	8,852,286	9,898,251
Total function 40	<u>7,764,977</u>	<u>8,036,023</u>	<u>8,852,286</u>	<u>9,898,251</u>
51 Plant maintenance and operations	30,009,847	31,608,710	35,369,801	35,270,590
52 Security and monitoring services	2,089,560	2,175,905	2,179,230	2,540,258
53 Data processing services	14,256,942	20,820,675	22,258,805	16,964,593
Total function 50	<u>46,356,349</u>	<u>54,605,290</u>	<u>59,807,836</u>	<u>54,775,441</u>
61 Community service	2,702,986	3,094,665	3,690,488	3,992,523
Total function 60	<u>2,702,986</u>	<u>3,094,665</u>	<u>3,690,488</u>	<u>3,992,523</u>
71 Debt service				
Principal on long-term debt	20,866,856	20,305,851	18,528,311	21,565,040
Interest on long-term debt	18,779,868	19,575,268	22,798,556	21,871,202
Bond issuance costs and fees	312,865	1,988,844	121,093	78,283
Total function 70	<u>39,959,589</u>	<u>41,869,963</u>	<u>41,447,960</u>	<u>43,514,525</u>
81 Facilities acquisition/construction	45,435,796	82,004,420	50,716,481	52,232,367
Total function 80	<u>45,435,796</u>	<u>82,004,420</u>	<u>50,716,481</u>	<u>52,232,367</u>
93 Payments related to Shared Services Arrangements				
95 Payments to Juvenile Justice Alternative	162,547	163,138	144,126	99,014
99 Other Intergovernmental Charges				
Total function 90	<u>162,547</u>	<u>163,138</u>	<u>144,126</u>	<u>99,014</u>
Total expenditures	<u>\$ 424,183,939</u>	<u>\$ 489,977,575</u>	<u>\$ 481,895,036</u>	<u>\$ 512,113,039</u>
Debt service as a percentage of noncapital expenditures	10.6%	10.3%	9.6%	9.5%

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 265,646,555	\$ 274,554,083	\$ 277,736,342	\$ 286,385,667	\$ 265,783,902	\$ 264,641,540
7,209,018	7,683,187	7,550,087	7,606,662	6,907,353	7,200,650
6,678,169	7,829,424	7,085,074	8,436,124	8,546,167	10,218,104
<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>	<u>282,060,294</u>
8,218,111	7,317,361	10,051,751	9,757,128	8,087,798	8,548,600
26,834,758	26,613,132	26,802,850	27,214,873	26,327,408	26,963,180
<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>	<u>35,511,780</u>
17,827,951	17,888,859	18,443,795	18,188,436	16,815,753	17,725,446
928,221	971,385	919,581	916,259	894,034	939,051
4,979,712	5,259,870	5,469,179	5,481,977	5,240,443	5,346,833
11,708,937	11,657,475	8,330,801	8,958,596	12,375,738	12,992,842
24,533,327	25,601,394	25,457,357	25,590,165	24,873,220	27,046,189
6,298,194	5,946,729	5,722,934	6,194,537	6,643,953	7,128,827
<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>	<u>71,179,188</u>
9,890,459	9,645,633	10,088,727	10,143,293	9,994,137	10,799,316
<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>	<u>10,799,316</u>
38,853,474	35,974,175	36,352,005	35,809,238	34,621,542	34,104,435
2,966,480	3,431,654	3,557,014	3,551,656	3,459,277	3,571,740
11,953,596	11,961,227	16,369,064	18,896,247	21,004,438	11,129,867
<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>	<u>48,806,042</u>
4,094,617	4,676,956	4,680,266	4,366,739	2,229,787	1,663,945
<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>	<u>1,663,945</u>
24,471,922	21,144,985	20,565,000	21,745,000	22,555,971	26,329,896
18,579,782	17,752,528	16,383,178	15,536,957	15,008,901	16,053,653
108,891	1,004,521	419,457	1,164,685	2,098,437	23,786
<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>	<u>42,407,335</u>
17,282,121	4,724,520	11,013,287	8,513,304	14,061,387	52,662,091
<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>	<u>52,662,091</u>
47,218	56,304	52,360	31,423	69,224	64,011
	677,662	698,644	66,234	45,714	5,742
<u>47,218</u>	<u>733,966</u>	<u>751,004</u>	<u>700,543</u>	<u>658,438</u>	<u>664,700</u>
			798,200	773,376	734,453
<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>	<u>\$ 545,824,444</u>
8.8%	8.0%	7.4%	7.4%	8.0%	8.6%

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

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Excess of revenues over (under) expenditures	\$ (46,203,704)	\$ (84,776,522)	\$ (45,308,844)	\$ (44,460,366)
Other Financing Sources (Uses)				
Capital related debt issued (Bonds)	38,120,000	269,147,425		
Refunding Bonds Issued				
Sale of real or personal property	140,250	136,443	92,210	69,039
Non-Current Loan Proceeds				
Transfers in	7,903,599	5,521,141	8,658,078	10,014,400
Premium or Discount on Issuance of Bonds	1,699,234			
Prepaid Interest				
Other Resources	83,717			
Insurance Recovery				
Transfers out	(10,397,404)	(7,959,618)	(11,323,253)	(10,000,000)
Payments to refunded bond escrow agents	<u>(39,519,042)</u>	<u>(69,104,629)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,969,646)</u>	<u>197,740,762</u>	<u>(2,572,965)</u>	<u>83,439</u>
Extraordinary Item - Insurance Recovery				
Net change in fund balances	<u>\$ (48,173,350)</u>	<u>\$ 112,964,240</u>	<u>\$ (47,881,809)</u>	<u>\$ (44,376,927)</u>

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



Fiscal Year					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ (28,191,351)	\$ (4,758,581)	\$ 4,204,294	\$ 20,554,347	\$ 3,639,259	\$ (30,042,836)
	63,395,000		71,460,000	12,485,000	
				177,560,213	
83,186	232,155	52,200	71,984	186,936	271,558
	3,525,000				
2,788	1,292,791	3,887,810	1,767	10,939,244	9,990,338
	3,666,822		7,289,674	31,307,398	
			238,982		
				41,262	103,005
				7,956	42,299
(2,788)	(1,292,791)	(6,887,810)	(10,001,767)	(10,009,462)	(10,000,000)
-	(36,361,203)	-	(12,637,102)	(208,224,256)	-
<u>83,186</u>	<u>34,457,774</u>	<u>(2,947,800)</u>	<u>56,423,538</u>	<u>14,294,291</u>	<u>407,200</u>
			2,275,658		
<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>	<u>\$ (29,635,636)</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 Direct Rate(1)</u>
	<u>Residential or Real Property</u>	<u>Personal Property</u>	<u>Less: Exemptions</u>	<u>Total Estimated Taxable Value</u>	
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
2013	13,711,845,010	1,966,053,360	2,706,186,729	12,971,711,641	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
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
2013	1.0400	0.2133	1.2533	0.7046	0.6538	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  
 LAST TEN FISCAL YEARS (UNAUDITED)

Exhibit S-10

Taxpayer	2013			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%
<b>Total</b>	<b>\$ 710,599,216</b>		<b>5.45%</b>	<b>\$ 621,556,930</b>		<b>5.50%</b>

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		Collections other than Current Year  Delinquent Taxes (3)	Total Collections to Date	
		Amount (1)	Percentage of Levy		Amount (2)	Percentage of Levy
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%
2013	162,574,462	161,649,499	99.43%	1,328,229	162,977,728	100.25%

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
- (3) Tax collections by year of levy and taxes receivable by year of levy can be found on schedule J-1

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			
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
2013	373,518,920			399,126,740	2.55%	6,875

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, 2013 (UNAUDITED)

Exhibit S-13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Direct:			
Garland Independent School District	\$ 373,518,920	100.00%	\$ 373,518,920
Overlapping:			
City of Garland	238,968,732	90.04%	215,167,446
City of Rowlett	58,453,903	83.72%	48,937,608
Dallas County	121,605,000	8.37%	10,178,339
City of Sachse	38,700,866	64.32%	24,892,397
Dallas County Community College District	374,265,000	8.37%	31,325,981
City of Dallas	1,618,347,950	0.35%	5,664,218
Dallas County Hospital District	688,018,488	8.37%	57,587,147
Dallas County Schools	41,980,000	8.37%	3,513,726
 Total Overlapping Debt	 <u>3,180,339,939</u>		 <u>397,266,862</u>
Total Direct and Overlapping Debt	<u>\$ 3,553,858,859</u>		<u>\$ 770,785,782</u>
 Taxable Assessed Valuation			 12,971,711,641
 Ratio of Direct and Overlapping Debt to taxable assessed valuation			 5.94%
 Direct and Overlapping Debt per Capita			 \$ 2,511

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Limit	\$ 1,140,315,812	\$ 1,200,253,430	\$ 1,202,913,981	\$ 1,303,924,506
Total net debt applicable to limit	<u>290,309,849</u>	<u>455,380,465</u>	<u>435,112,747</u>	<u>416,973,066</u>
Legal debt margin	<u>\$ 850,005,963</u>	<u>\$ 744,872,965</u>	<u>\$ 767,801,234</u>	<u>\$ 886,951,440</u>
Total net debt applicable to the limit as a percentage of debt limit	25.46%	37.94%	36.17%	31.98%

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



Fiscal Year					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 1,359,412,798	\$ 1,406,948,456	\$ 1,365,234,341	\$ 1,336,603,630	\$ 1,308,556,467	\$ 1,297,171,164
<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>367,693,265</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>	<u>\$ 929,477,899</u>
28.93%	28.48%	27.79%	31.28%	30.04%	28.35%

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

Exhibit S-15

Period Ending	Population	Personal Income (hundreds of dollars)	Per Capita Personal Income (dollars)	Unemployment Rate
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)	6.9%
2013	306,931	(1)	(1)	6.4%

Sources:

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	2013			2008		
	Employees	Rank	Percentage of Employment	Employees	Rank	Percentage of Employment
Garland ISD	7,300	1	41.79%	7,254	1	41.21%
Raytheon	2,200	2	12.89%	3,500	2	19.88%
City of Garland	2,000	3	11.72%	2,500	3	14.20%
Walmart Super Centers	1,250	4	7.33%	1,750	4	9.94%
Baylor Medical Center Garland	1,185	5	6.95%	1,200	6	6.82%
International/SST Truck	982	6	5.76%	700	9	3.98%
Atlas Copco	727	7	4.26%	700	8	3.98%
US Food Service	500	8	2.93%			0.00%
APEX Tool Group	467	9	2.74%			0.00%
Karlee	451	10	2.64%			0.00%
Total	<u>17,062</u>		<u>100.00%</u>	<u>17,604</u>		<u>100.00%</u>

Source: Garland Chamber of Commerce

Notes:

\* Data Not available prior to 2008

\* 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 (UNADUTIED)

Exhibit S-17

	Full Time Equivalent Employees									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	3,636.9
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	2.0
Counselor	121.9	127.0	126.8	127.8	135.6	135.5	133.0	136.0	129.3	130.8
Educational Diagnostician	35.6	38.6	51.6	77.4	71.4	69.8	61.5	54.7	57.6	58.2
Librarian	74.0	77.5	78.5	75.0	77.5	77.5	80.0	79.0	76.0	76.0
Occupational Therapist	13.8	14.0	13.0	13.0	14.0	13.0	12.6	11.4	9.0	10.0
Corrective Therapist	-	-	-	0.5	1.0	1.0	-	-	-	-
Orientation/Mobility Instructor	1.0	-	-	1.0	1.0	2.0	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	5.8
School Nurse	72.1	71.0	73.6	75.0	77.0	77.4	79.4	79.0	76.4	75.0
LSSP/Psychologist	-	-	-	8.0	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	8.0
Speech Therapist/Speech-Language Pathologist	48.8	50.0	52.8	53.7	58.5	59.2	56.9	54.2	50.3	50.4
Visiting Teacher	6.0	6.0	5.0	6.0	5.0	5.0	5.0	5.0	4.0	4.0
Work-Based Learning Site Coordinator	2.0	2.0	2.0	-	-	-	10.1	6.0	7.3	8.4
Teacher Facilitator	20.0	1.0	2.0	48.0	46.0	55.7	90.0	110.4	131.7	120.6
Athletic Trainer	-	-	-	-	-	-	8.6	2.0	3.8	5.1
Campus Professional Personnel	15.0	16.0	16.0	8.5	25.5	25.5	25.4	32.0	29.5	26.9
Non-Campus Professional Personnel	87.5	90.4	96.5	116.2	133.7	149.0	149.3	156.1	158.5	148.4
Total Professional Support	528.1	524.0	549.6	638.9	680.7	705.8	751.1	765.6	762.1	739.6
Campus Administration										
Assistant Principal	99.4	103.5	110.5	112.0	115.0	113.9	114.0	113.0	107.0	106.0
Principal	66.0	67.0	70.0	70.0	72.0	72.0	72.0	73.0	72.0	71.0
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	10.0
Total Campus Administration	176.4	202.5	222.5	182.5	191.0	192.9	198.1	194.0	189.0	187.0
Central Administration										
Assistant/Assoc/Deputy Superintendent	4.3	4.5	4.5	4.3	4.5	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	16.0
Superintendent	1.0	1.0	1.0	0.9	1.0	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	28.4
Athletic Director	2.5	2.5	2.0	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	1.0
Tax Assessor and/or Collector	1.0	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	53.9
Educational Aides	468.9	476.2	510.8	279.1	373.1	374.3	455.5	432.1	461.8	454.8
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	2,099.8
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	7,172.0

Source: District records for the fall PEIMS submission

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

Exhibit S-18

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
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%
2013	58,059	389,702,792	6,712	6.00%	3,637	16.0	61.0%

Source: District records

GARLAND INDEPENDENT SCHOOL DISTRICT  
OPERATING INDICATORS  
LAST NINE FISCAL YEARS (UNADUTIED)

Exhibit S-19

	2004	2006	2007	2008	2009	2010	2011	2012	2013
<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%	0.2%
Bachelors	75.0%	74.8%	74.1%	73.9%	73.7%	72.7%	72.1%	71.4%	70.8%
Masters	22.5%	23.8%	24.3%	24.6%	24.8%	26.1%	26.7%	27.5%	28.1%
Doctorate	0.9%	1.0%	1.0%	0.9%	1.1%	1.0%	1.0%	0.9%	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%	4.9%
1 - 5 Years of Experience	33.7%	33.6%	29.6%	34.5%	34.3%	33.6%	30.2%	27.5%	23.8%
6 - 10 Years of Experience	20.5%	20.2%	20.2%	20.9%	21.7%	23.3%	24.8%	26.7%	27.7%
11 - 20 Years of Experience	20.0%	20.1%	20.5%	20.3%	21.2%	23.1%	24.7%	26.9%	28.2%
Over 20 Years of Experience	18.2%	17.4%	17.3%	17.5%	16.9%	16.9%	16.4%	15.4%	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	\$46,462
1 - 5 Years of Experience	37,535	39,983	44,228	44,673	46,237	47,319	47,493	47,313	\$48,038
6 - 10 Years of Experience	39,010	41,016	45,302	46,002	47,563	48,585	48,801	48,607	\$49,331
11 - 20 Years of Experience	43,127	44,509	48,417	48,649	49,968	50,858	50,914	50,562	\$51,190
Over 20 Years of Experience	51,859	53,810	56,456	57,546	58,875	59,806	59,899	59,237	\$59,546
Student Teacher Ratio	15.7	15.6	15.1	15.0	15.2	15.6	15.6	15.9	16.0

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 (UNADUTIED)

Exhibit S-20

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Schools:										
Elementary										
Buildings	44	45	45	47	47	47	47	47	47	47
Enrollment	26,673	27,028	26,382	26,066	25,901	25,938	26,395	26,330	26,471	26,364
Middle										
Buildings	12	12	12	12	12	12	12	12	12	12
Enrollment	12,533	12,500	12,519	12,453	12,473	12,568	12,742	12,842	12,789	12,871
High										
Buildings	7	7	7	7	7	7	7	7	7	7
Enrollment	15,189	15,702	16,351	16,113	16,248	16,269	16,441	17,123	16,863	17,198
Pre-K										
Buildings	-	-	2	2	2	2	2	2	2	2
Enrollment	-	-	1,191	1,308	1,390	1,520	1,427	1,395	1,453	1,467
Other										
Buildings	3	3	3	3	3	3	3	3	4	4
Enrollment	516	522	492	503	572	635	637	143	575	159
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	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

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## Federal Awards Section

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Garland Independent School District's (the "District") as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 17, 2014.

***Internal Control over Financial Reporting***

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

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

Board of Trustees  
Garland Independent School District

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
January 17, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *OMB CIRCULAR A-133***

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

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

We have audited Garland Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

To the Board of Trustees  
Garland Independent School District

***Opinion on Each Major Federal Program***

In our opinion, Garland Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013.

***Report on Internal Control Over Compliance***

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Whitley Penn LLP*

Houston, Texas  
January 17, 2014

GARLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2013

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
US Department of Education				
Passed Through State Department of Education				
ESEA Title I Part A - Improving Basic Programs	84.010A	12610101057909	322,653	1,303
ESEA Title I Part A - Improving Basic Programs	84.010A	13610101057909	11,445,112	110,810
ESEA Title I Part A - Improving Basic Programs	84.010A	14610101057909	238,787	3,305
ESEA Title I - School Improvement Effective Strategies	84.010A	12610110057909042	26,768	268
ESEA Title I - School Improvement Effective Strategies	84.010A	13610110057909042	48,990	548
ESEA Title I - School Improvement Program	84.010A	13610104057909042	33,143	369
ESEA Title I - School Improvement Program	84.010A	13610104057909146	10,950	143
ESEA Title I - School Improvement Program	84.010A	13610104057909046	14,835	165
ESEA Title I - School Improvement Program	84.010A	13610104057909051	14,300	159
ESEA Title I - School Improvement Program	84.010A	13610104057909048	14,835	165
ESEA Title I - School Improvement Program	84.010A	13610104057909003	10,000	111
Total Title I Part A			12,180,373	117,346
IDEA - Part B, Formula	84.027A	126600010579096600	12,773	15
IDEA - Part B, Formula	84.027A	136600010579096600	10,391,072	116,335
IDEA - Part B, Formula	84.027A	146600010579096600	91,208	1,086
IDEA - Part B, Preschool	84.173A	136610010579096610	165,161	1,510
IDEA - Part B, Preschool	84.173A	146610010579096610	10,726	137
Total Special Education Cluster (IDEA)			10,670,940	119,083
Vocation Education - Basic Grant	84.048A	13420006057909	663,649	5,747
Vocation Education - Basic Grant	84.048A	14420006057909	42,775	547
Total CFDA Number 84.048A			706,424	6,294
ESEA Title III, Part A, English Language Acquisitions and Language Enhancement	84.365A	13671001057909	1,069,963	11,857
ESEA Title III, Part A, English Language Acquisitions and Language Enhancement	84.365A	14671001057909	61,929	792
Total CFDA Number 84.365A			1,131,892	12,649
ESEA Title II, Part A, Teacher & Principal Training	84.367A	12694501057909	44	-
ESEA Title II, Part A, Teacher & Principal Training	84.367A	13694501057909	1,054,484	12,112
ESEA Title II, Part A, Teacher & Principal Training	84.367A	14694501057909	55,338	708
Total CFDA Number 84.367A			1,109,866	12,820
Summer School LEP-RD 16	84.369A	69551202	72,499	
Advanced Placement Test Fee Program	84.330B	51061201	826	
Total Passed Through State Department of Education			25,872,820	268,192
Total US Department of Education			25,872,820	268,192
US Department of Health & Human Services				
Passed Through State Dept of Health and Human Services				
Medical Assistance Program	93.778	057909	106,997	
Total Passed Through State Dept of Health and Human Services			106,997	
Total Department of Health and Human Services			106,997	
US Department of Agriculture				
Passed Through State Department of Education				
School Breakfast Program - Cash Assistance	10.553	71401301	3,331,592	
National School Lunch Program - Cash Assistance	10.555	71301301	14,300,900	
Total Passed Through State Department of Education			17,632,492	
Passed Through State Department of Agriculture				
USDA Donated Commodities - Non-Cash Assistance	10.555	057909	1,702,180	
Total Passed Through State Department of Agriculture			1,702,180	
Total Child Nutrition Cluster			19,334,672	
Total US Department of Agriculture			19,334,672	
Total Expenditures of Federal Awards			\$ 45,314,489	\$ 268,192
				\$ 45,582,681

See Notes to Schedule of Expenditures of Federal Awards

GARLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2013

Note 1. Fund Types

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.

Note 2. Accounting and Financial Reporting

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.

Note 3. Period of Availability

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.

Note 4. Contingent Liabilities

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, 2013, 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 5. School Health and Related Services

Funds were received by the District for School Health and Related Services reimbursements in the amount of \$4,948,402



**GARLAND INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended August 31, 2013*

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	None identified
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	None

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	None identified
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	None

Identification of major programs:

<b>Name of Federal Program or Cluster</b>	<b>CFDA Numbers</b>
ESEA Title I, Part A - Improving Basic Programs	84.010A
ESEA Title I – School Improvement Program	84.010A
ESEA Title II, Part A - Teacher and Principal Training	84.367A
Child Nutrition Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
USDA Donated Commodities	10.555
Dollar Threshold Considered Between Type A and Type B Federal Programs:	\$ 1,367,480
Auditee qualified as low-risk auditee?	No

**GARLAND INDEPENDENT SCHOOL DISTRICT**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)***  
***For the Year Ended August 31, 2013***

**II. Financial Statement Findings**

No current year findings noted

**III. Federal Awards Findings and Questioned Costs**

No current year findings noted

**IV. Summary Schedule of Prior Audit Findings**

There were no prior year findings.