



Garland Independent School District
Garland, Texas

Comprehensive Annual
Financial Report

Fiscal Year Ended August 31, 2014

GARLAND INDEPENDENT SCHOOL DISTRICT
GARLAND, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
AUGUST 31, 2014

Prepared by:
The Department of
Business Operations

GARLAND INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2014

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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, 2014, at a meeting of the Board of Trustees of such school district on the 20th day of January, 2015.



Signature of Board Secretary



Signature of Board President

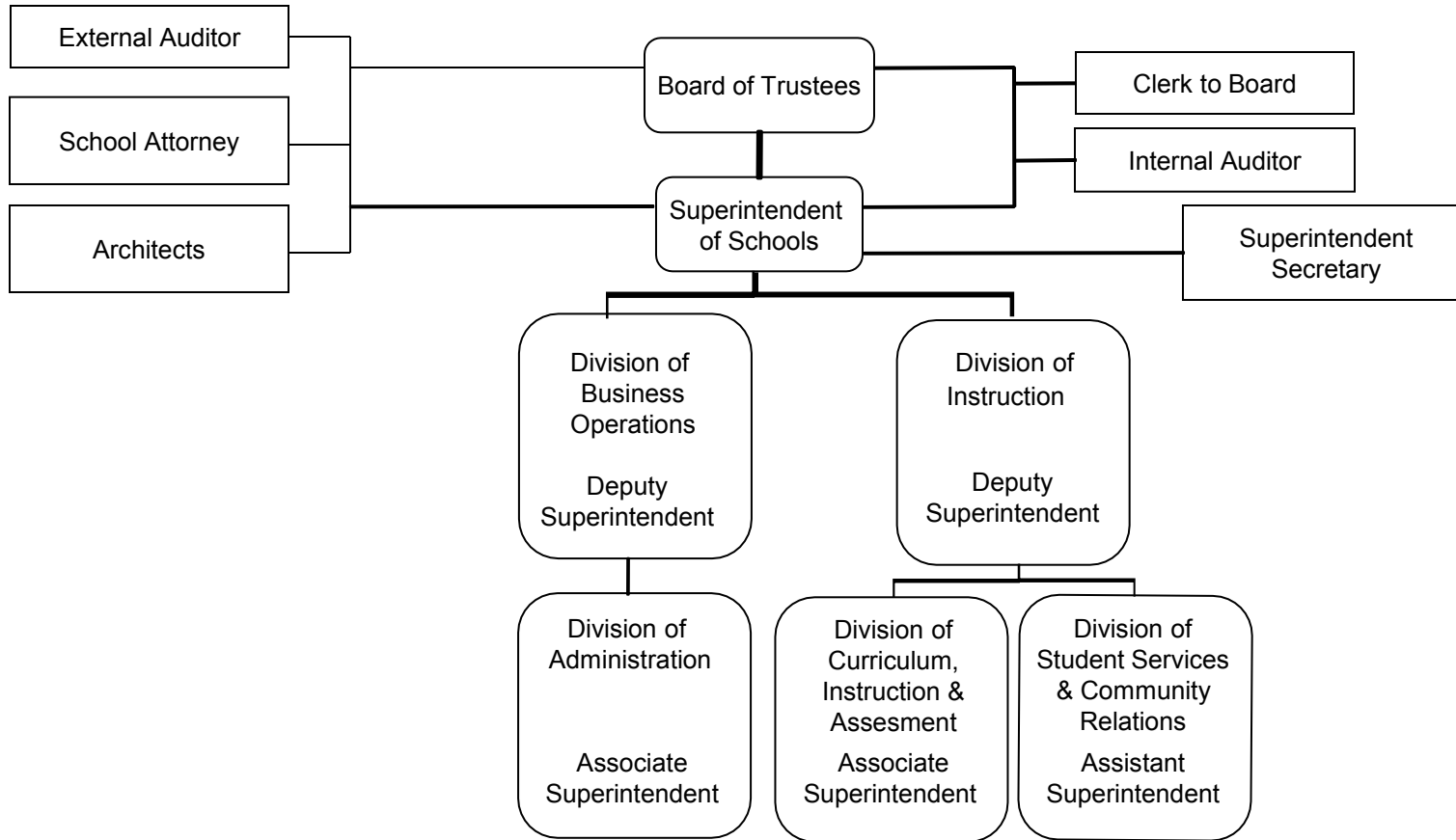
BOARD OF TRUSTEES

| Name | Position | Place | Length of Service | Term Expires | Occupation |
|---------------------|---------------------|-------|-------------------|--------------|-----------------------|
| Larry Glick | Vice President | 1 | 7 years | May 2016 | Tax Attorney |
| Charles Axe | Assistant Secretary | 2 | 2 Years | May 2016 | Consultant |
| Linda Griffin | Member | 3 | 16 years | May 2016 | Consultant |
| Dr. Cindy Castañeda | Member | 4 | 6 years | May 2017 | College Administrator |
| Scott Luna | Secretary | 5 | 9 years | May 2017 | Attorney |
| Steve Knagg | Member | 6 | 3 years | May 2015 | Consultant |
| Rick Lambert | President | 7 | 3 years | May 2015 | Attorney |

ADMINISTRATIVE OFFICIALS

| Name | Position | Length of Service |
|------------------|--|-------------------|
| Dr. Bob Morrison | Superintendent | 1.5 years |
| Dr. Linda Chance | Deputy Superintendent of Instruction | 1 year |
| Dr. Rene Barajas | Deputy Superintendent of Business Operations | 6 years |
| Dr. Jovan Wells | Associate Superintendent of Curriculum, Instruction & Assessment | 1 year |
| John Washington | Assistant Superintendent of Student Services and Community Relations | 15 years |

Garland ISD Plan of Organization





Garland Independent School District
Division of Business Operations

January 16, 2015
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, 2014.

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 and Changes in Fund Balance Budget and Actual-Debt Service Fund.
4. **Statistical Section**, which includes financial and demographic information.
5. **Federal Awards Section**, which includes the Auditor’s Reports, Schedule of Expenditures of Federal Awards, and Schedule of Findings and Questioned Costs.

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

Whitley Penn, L.L.P., a firm of independent auditors, has 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, 2014, 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 unmodified opinion that the District's financial statements for the fiscal year ended August 31, 2014, 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 whom 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 2003-04 and 2013-14 school years.

| | <u>2003-04</u> | <u>2013-14</u> |
|--|----------------|----------------|
| Enrollment | 55,114 | 57,616 |
| White | 39.4% | 21.2% |
| Hispanic | 34.9% | 50.8% |
| African-American | 18.2% | 17.2% |
| Asian | 7.0% | 8.2% |
| Native American | 0.5% | |
| American Indian or Alaska Native | | 0.5% |
| Native Hawaiian/Other Pacific Islander | | 0.1% |
| Two or More | | 2.0% |
| Economically Disadvantaged | 40.5% | 60.8% |
| Limited English | 22.0% | 23.4% |
| Graduates | 3,067 | 3,932 |

The District's total student population has remained stable in recent years and is expected to remain relatively unchanged in 2014-15. 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 71 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.

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 2003-2004 and 2013-14 school years.

| | <u>2003-04</u> | <u>2013-14</u> |
|-----------------------------|----------------|----------------|
| Total Staff | 6,308 | 7,308 |
| Teachers | 3,509 | 3,647 |
| Masters or Doctorate | 23.9% | 29.7% |
| Average Years of Experience | 10.5 | 11.3 |
| Student/Teacher Ratio | 15.7 | 15.8 |

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 the special revenue fund). 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 improved slightly from the prior year. The table below compares property values for the District.

| | <u>2012-13</u> | <u>2013-14</u> | <u>2014-15</u> |
|-----------------------------------|------------------|------------------|------------------|
| Certified Market Value | \$15,677,898,370 | \$15,798,093,950 | \$16,467,791,270 |
| Average Market Value of Residence | \$128,117 | \$127,945 | \$127,392 |

There are signs of continued recovery in the District. Construction is underway on 158 apartment units next to Garland City Hall. Dollar-Flowers Realty has purchased the former Navistar International warehouse and manufacturing facility on Forest Lane. WinCo Foods is currently constructing a store at Centerville and Interstate 635 at a former Target location. A new housing development has started construction at Firewheel Parkway and Castle Dr. The City of Garland Plan Commission has granted a specific use permit to operate a Pollo Regio restaurant at Broadway Boulevard and Stonewall Street in an existing vacant building. The City of Garland Plan Commission has also granted a specific use permit for the construction and operation of a Golden Chick restaurant at Lavon Dr. and Crist Rd. Another Golden Chick restaurant was recently opened near the intersection of Jupiter Rd. and Buckingham Rd. The Rowlett City Council recently approved a retail development located near the intersection of Lakeview Parkway and Rowlett Rd. The development contains restaurant sites and will be anchored by Sprouts Farmers Market. In June 2014, a groundbreaking was held for phase one of The Homestead at Liberty Grove in Rowlett. This multi-phased housing development contains 620 lots with 11 unique housing styles. The project is anticipated to be completed during the next 10 years. Krispy Kreme opened in the former Burger King location on Lakeview Parkway in front of Walmart. Advance Auto Parts is nearing completion at two new locations, one in Rowlett at Rowlett Rd and Big A Rd and the other at Plano Rd and Walnut Rd in Garland.

Bond Election and Issuance – Garland ISD Voters approved a \$455.5 million bond package on November 4, 2014 to fund significant investments to address the following:

- Secured entrances
- Access control systems for building entrances, security cameras, and fire alarm equipment
- Americans with Disabilities Act door hardware and secure classroom door locks
- Americans with Disabilities Act restrooms
- Mechanical, electrical, plumbing, and fire sprinkler improvements
- Window replacements
- Lights at ball fields
- Restroom and concession stands at ball fields
- Fine Arts expansion of band, choir, and orchestra rooms
- Career and Technical Education Center
- Natatorium
- Classroom computer replacement
- One-to-one student devices in secondary schools

The above amounts and proposed uses are preliminary and subject to change. Actual use of bond funds will be determined by the Board of Trustees. The District has a reimbursement resolution in place so that general fund monies can be used on bond projects and be paid back upon bond issuance. This will enable the District to delay borrowing as long as possible. Bonds will be issued periodically over the next five years based on cash flow requirements of the bond projects.

Management continues to evaluate the renovation and new facility needs of the District. The table below provides the average age of District campuses by type based on the year the campus opened.

| | <u>Number</u> | <u>Average Age</u> |
|--------------------------|---------------|--------------------|
| Pre-Kindergarten Centers | 2 | 8 years |
| Elementary Schools | 47 | 37 years |
| Middle Schools | 12 | 40 years |
| High Schools | 7 | 37 years |

State Funding - During the 83rd 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 34.7% of general fund expenditures. This represents 4.2 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 6 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

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; Education Summits and focus group meetings were held at several locations in the District. The strategic plan was completed in May 2014. It contains seven main goals each with multiple specific expected results covering a variety of organizational topics. In April 2013, the District hired Huckabee Architecture to conduct a facility assessment. The assessment was completed in 2014 and used in the planning for the November 2014 Bond Election.

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

AWARDS AND ACKNOWLEDGEMENTS

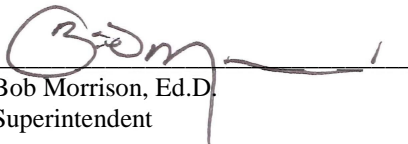
Awards - The Government Finance Officers Associations of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2013. The Certificate of Achievement 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-six 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.

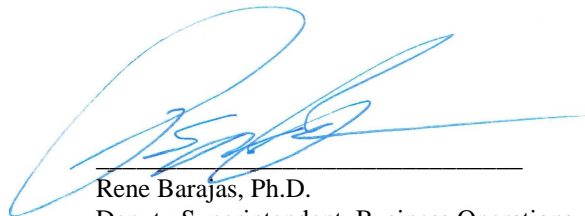
The District was awarded a Certificate of Excellence in Financial Reporting by the Association of School Business Officials (ASBO) stating that the District's Comprehensive Annual Financial Report for the fiscal year ended August 31, 2013, substantially conformed to the recommended principles and standards of financial reporting adopted by that organization. The District has received the Certificate of Excellence for twenty-six 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 Business Department. We would like to express our appreciation to all members of the department who assisted and contributed.

We also wish to thank 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, 2013

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, 2013*

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



A handwritten signature in cursive script, reading 'Terrie S. Simmons', written over a horizontal line.

Terrie S. Simmons, RSBA, CSBO
President

A handwritten signature in cursive script, reading 'John D. Musso', written over a horizontal line.

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, 2014, 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, 2014, 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.

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 11 and budgetary comparison information on pages 47 through 51 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 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.

To the Board of Trustees
Garland Independent School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2015, 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, flowing style.

Houston, Texas
January 16, 2015

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Garland Independent School District
 Management's Discussion and Analysis
 Year Ended August 31, 2014
 (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, 2014.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the District's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$347,535,536 (net position). Of this amount \$163,033,042 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 \$203,210,590, which breaks down as follows.

| | | | |
|---------------|----|--------------------|---------------|
| Non-Spendable | \$ | 5,688,979 | 2.8% |
| Restricted | | 19,462,706 | 9.6% |
| Committed | | 11,096,524 | 5.5% |
| Assigned | | 23,176,096 | 11.4% |
| Unassigned | | 143,786,285 | 70.7% |
| Total | \$ | <u>203,210,590</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: government-wide financial statements, fund financial statements, and notes to the financial statements. This report 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, liabilities, and deferred outflows and inflows of resources. Net position is equal to assets plus deferred outflows of resources less liabilities and deferred inflows of resources. 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 current year revenues and expenses regardless of when revenue is received or expenses incurred. Therefore, 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*) or *business-type activities* 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. They 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 District has no component units for which it is financially accountable. The government-wide financial statements can be found on pages 12-14 of this report.

Fund financial statements. A *fund* is a grouping of related accounts used to maintain control over resources 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, 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 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 balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District maintains four governmental funds all of which are considered to be major 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. 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 15-20 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, motor pool, and copier pool programs. The basic proprietary fund financial statements can be found on pages 21-23 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 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 24. 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 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 25-46 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 47-51 of this report.

Combining statements are prepared in connection with internal service funds and are presented immediately following the required supplementary information on pages 52-58 of this report.

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. As of August 31, 2014, assets and deferred outflow of resources exceeded liabilities by \$347,535,536.

The District's Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------|----------------------------|-----------------------|-----------------------------|---------------------|-----------------------|-----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Current and other assets | \$ 264,601,491 | \$ 260,048,537 | \$ (116,264) | \$ (123,743) | \$ 264,485,227 | \$ 259,924,794 |
| Capital assets | 494,977,270 | 507,095,214 | 9,023 | 11,601 | 494,986,293 | 507,106,815 |
| Total assets | <u>759,578,761</u> | <u>767,143,751</u> | <u>(107,241)</u> | <u>(112,142)</u> | <u>759,471,520</u> | <u>767,031,609</u> |
| Total deferred outflows | 21,824,841 | 22,545,175 | - | - | 21,824,841 | 22,545,175 |
| Noncurrent liabilities | 386,914,672 | 414,182,996 | - | - | 386,914,672 | 414,182,996 |
| Other liabilities | 46,953,394 | 46,753,904 | 14,528 | 2,489 | 46,967,922 | 46,756,393 |
| Total liabilities | <u>433,868,066</u> | <u>460,936,900</u> | <u>14,528</u> | <u>2,489</u> | <u>433,882,594</u> | <u>460,939,389</u> |
| Net investment in capital assets | 162,891,590 | 157,656,333 | 9,023 | 11,601 | 162,900,613 | 157,667,934 |
| Restricted | 21,610,904 | 15,823,684 | - | - | 21,610,904 | 15,823,684 |
| Unrestricted | <u>163,033,042</u> | <u>155,272,009</u> | <u>(130,792)</u> | <u>(126,232)</u> | <u>162,902,250</u> | <u>155,145,777</u> |
| Total net position | <u>\$ 347,535,536</u> | <u>\$ 328,752,026</u> | <u>\$ (121,769)</u> | <u>\$ (114,631)</u> | <u>\$ 347,413,767</u> | <u>\$ 328,637,395</u> |

Investment in capital assets (e.g., land, buildings, furniture, and equipment) less any related outstanding debt used to acquire those assets is \$162,891,590. 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 6%) of the District's net position represents resources that are subject to external restrictions on how they may be used. The *unrestricted net position* (\$163,033,042) 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 \$18,783,510. This increase is due to an increase in state program revenue. The total cost of all *governmental activities* this year was \$524,674,239. The amount our taxpayers paid for these activities through property taxes was \$165,252,105 or 31%. A prior period adjustment was recorded in FY 2013 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 FY 2013 beginning net position by \$3,404,203.

Changes in the District's Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenues: | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 15,118,242 | \$ 14,687,508 | \$ 252,564 | \$ 260,455 | \$ 15,370,806 | \$ 14,947,963 |
| Operating grants and contributions | 90,430,370 | 80,546,373 | | | 90,430,370 | 80,546,373 |
| General revenues | | | | | | |
| Property taxes | 165,252,105 | 164,299,939 | | | 165,252,105 | 164,299,939 |
| State grants | 270,830,210 | 254,240,046 | | | 270,830,210 | 254,240,046 |
| Other | 1,570,580 | 1,794,888 | 52 | - | 1,570,632 | 1,794,888 |
| Total revenues | <u>543,201,507</u> | <u>515,568,754</u> | <u>252,616</u> | <u>260,455</u> | <u>543,454,123</u> | <u>515,829,209</u> |
| Expenses | | | | | | |
| Instructional and | | | | | | |
| instructional related services | 312,919,430 | 295,420,796 | | | 312,919,430 | 295,420,796 |
| Instructional and school leadership | 37,466,262 | 35,797,177 | | | 37,466,262 | 35,797,177 |
| Support services - student | 79,694,912 | 71,707,128 | | | 79,694,912 | 71,707,128 |
| Administrative support services | 15,141,046 | 11,631,845 | | | 15,141,046 | 11,631,845 |
| Support services – non-student | 58,045,407 | 54,159,910 | | | 58,045,407 | 54,159,910 |
| Community services | 3,198,004 | 2,540,248 | | | 3,198,004 | 2,540,248 |
| Debt service | 12,102,492 | 14,137,543 | | | 12,102,492 | 14,137,543 |
| Facilities acquisition and construction | 5,364,055 | 4,540,264 | | | 5,364,055 | 4,540,264 |
| Payments to fiscal agent of | | | | | | |
| shared services arrangement | 74,889 | 64,011 | | | 74,889 | 64,011 |
| Payments to JJAEP | 4,824 | 5,742 | | | 4,824 | 5,742 |
| Intergovernmental charges | 662,918 | 664,700 | | | 662,918 | 664,700 |
| Concessions | - | - | 259,754 | 261,762 | 259,754 | 261,762 |
| Total expenses | <u>524,674,239</u> | <u>490,669,364</u> | <u>259,754</u> | <u>261,762</u> | <u>524,933,993</u> | <u>490,931,126</u> |
| Excess of revenues over expenses | 18,527,268 | 24,899,390 | (7,138) | (1,307) | 18,520,130 | 24,898,083 |
| Extraordinary item - insurance recoveries | | | | | | |
| | - | 78,284 | | | - | 78,284 |
| Special item - gain on disposal of assets | | | | | | |
| | <u>256,242</u> | <u>272,557</u> | <u>-</u> | <u>-</u> | <u>256,242</u> | <u>272,557</u> |
| Increase/(Decreases) in net position | 18,783,510 | 25,250,231 | (7,138) | (1,307) | 18,776,372 | 25,248,924 |
| Beginning net position | 328,752,026 | 306,905,998 | (114,631) | (113,324) | 328,637,395 | 306,792,674 |
| Prior period adjustment | - | (3,404,203) | - | - | - | (3,404,203) |
| Ending net position | <u>\$347,535,536</u> | <u>\$328,752,026</u> | <u>\$ (121,769)</u> | <u>\$ (114,631)</u> | <u>\$347,413,767</u> | <u>\$328,637,395</u> |

Business-type Activities. Business-type activities decreased the District's net position by \$7,138. 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 \$203,210,590, an increase of \$2,638,312 over last year.

| | | |
|---|-----------------------|---------------|
| Non-Spendable - Inventories | \$ 2,863,875 | 1.4% |
| Non-Spendable - Prepaid Items | 2,825,104 | 1.4% |
| Restricted - Grant Funds | 6,840,334 | 3.4% |
| Restricted - Capital Acquisitions and Contractual Obligations | 6,614,366 | 3.3% |
| Restricted - Retirement of Long-term Debt | 6,008,006 | 3.0% |
| Committed - Self-Insurance | 8,000,000 | 3.9% |
| Committed - Local Special Revenue Funds | 3,096,524 | 1.5% |
| Assigned - Construction and Capital Expenditures | 23,176,096 | 11.4% |
| Unassigned | 143,786,285 | 70.7% |
| | <u>\$ 203,210,590</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 \$143,786,285. 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 35% of the total general fund expenditures, while total fund balance represents 37% of that same amount.

The general fund's fund balance increased \$11,366,975 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 \$6,008,006 all of which is restricted for the payment of debt service. The net increase in debt services fund balance was \$182,351. This increase was due to an increase in state revenue.

The capital projects fund decreased its fund balance by \$8,538,515. 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 decreased its fund balance by \$372,499. This decrease is due to expenditures exceeding revenues in the National School Lunch and Breakfast Program netted with increased revenues 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, 2014, amounted to \$8,210,907, a decrease of \$33,867. This is due to a decrease in net position of \$366,291 in the Risk Management Fund. The decrease was planned by reducing rates charged to other funds. There was a \$138,293 increase in net position in the Print Shop caused by increased revenue. There was a \$141,890 increase in net position in the Curtis Culwell Center related to decreased expenses. The remaining difference was the result of small increases and decreases in the other internal service funds.

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

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

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

GENERAL FUND

Revenues

- \$1,305,245 increase in local revenues to align budget with estimated year end totals.
- \$1,185,312 increase in state program revenues to align budget with estimated year end totals.
- \$4,878,804 increase in Federal Medicaid program revenues to align budget with estimated year end totals.

Expenditures and Transfers Out

- \$5,891,734 increase in instruction expenditures to align salary budget with estimated year end totals.
- \$2,145,851 decrease in student transportation expenditures to align salary budget with estimated year end totals.
- \$1,871,236 increase in general administration expenditures to align salary budget with estimated year end totals.
- \$2,626,575 decrease in plant maintenance and operations to align salary budget with estimated year end totals.
- \$12,000,000 increase in operating transfers out, all of which went to Capital projects for the acquisition of equipment or renovations.

After appropriations were amended as described above, actual revenues were \$4,909,088 greater than final budgeted amounts due to more revenue in state and federal programs than final budgeted estimates. Actual expenditures were \$5,624,884 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, 2014, expenditures exceeded appropriations in the following fund 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 |
|--------------------------------|--|
| Student (Pupil) Transportation | \$ 335,507 |
| General Administration | <u>135,298</u> |
| | <u>\$ 470,805</u> |

NATIONAL BREAKFAST AND LUNCH PROGRAM

Revenues

- \$304,019 increase in all categories of revenue sources to align budget with estimated year end totals.

Expenditures and Transfers Out

- \$2,140,283 increase in food service expenditures to align budget with estimated year end totals.

After appropriations were amended as described above, actual revenues were \$130,292 less than final budgeted amounts due to less revenue in local and intermediate sources and federal programs than final budgeted estimates. Actual expenditures were \$205,671 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 less than expenditures, thus reducing existing fund balance.

Capital Asset and Debt Administration

Capital assets. The District’s investment in capital assets (net of accumulated depreciation) for governmental activities was \$494,977,270 and \$507,095,214 as of August 31, 2014 and 2013, respectively. This investment in capital assets includes land, buildings and improvements, and furniture and equipment. The District’s investment in capital assets (net of accumulated depreciation) for business-type activities was \$9,024 and \$11,601 as of August 31, 2014 and 2013, respectively. This investment in capital assets is made up entirely of furniture and equipment.

District’s Capital Assets (net of depreciation)

| | <u>2014</u> | <u>2013</u> |
|---------------------------------|-----------------------|-----------------------|
| Governmental Activities | | |
| Land | \$ 14,077,107 | \$ 14,077,107 |
| Land improvements, net | 13,934,704 | 15,175,834 |
| Buildings and improvements, net | 425,176,860 | 431,450,321 |
| Furniture and equipment, net | 41,471,463 | 44,358,764 |
| Construction in progress | 317,136 | 2,033,188 |
| Total at historical cost | <u>\$ 494,977,270</u> | <u>\$ 507,095,214</u> |
| Business Type Activities | | |
| Furniture and equipment, net | <u>\$ 9,023</u> | <u>\$ 11,601</u> |
| Total at historical cost | <u>\$ 9,023</u> | <u>\$ 11,601</u> |

The decrease in governmental and business-type 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, 2014, the District had total bonded debt outstanding of \$348,577,447, a decrease of \$24,941,473 from the prior year. This decrease is due to scheduled bond payments and the refunding of a portion of Unlimited Tax School Building and Refunding Bonds, Series 2005 through the issuance of Unlimited Tax Refunding Bonds, Series 2014.

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. 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 5.6%. The Dallas Metropolitan Division has a 5.5% unemployment rate as compared to a statewide rate of 5.5% and a national average of 6.1%.
- Inflationary trends in the region tend to be similar to the national consumer price index (CPI). The region's CPI increased 1.1%; Texas experienced a 2.3% increase in the CPI while the nation experienced a 1.7% increase.
- The District's student attendance rate has historically been approximately 96%.
- The District has appropriated revenues of \$439,084,790 and expenditures of \$433,045,231 in the 2014-15 budget of the General Fund.
- The Debt Service Fund has budgeted revenues of \$42,124,401 and expenditures of \$41,781,810 in the 2014-15 budget.
- The National Breakfast and Lunch Program Fund revenue and expenditure budgets for 2014-15 are \$30,511,960 and \$31,018,124, respectively.
- The 2014-15 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 2014-15 increased 4% due to an increase in commercial and residential 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, 2014

Exhibit A-1

| Data Codes | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| 1110 Cash and Cash Equivalents | \$ 246,178,562 | | \$ 246,178,562 |
| 1220 Property Taxes - Receivable - Delinquent | 5,621,237 | | 5,621,237 |
| 1230 Allowance for Uncollectible Taxes (Credit) | (1,522,188) | | (1,522,188) |
| 1240 Due From Other Governments | 8,199,105 | | 8,199,105 |
| 1260 Internal Balances | 123,901 | \$ (123,901) | |
| 1270 Due From External Parties | 166,086 | | 166,086 |
| 1290 Other Receivables, net | 15,812 | | 15,812 |
| 1300 Inventories | 2,863,875 | 7,637 | 2,871,512 |
| 1410 Prepaid Items | 2,955,101 | | 2,955,101 |
| Capital Assets: | | | |
| 1510 Land and Improvements, net | 28,011,811 | | 28,011,811 |
| 1520 Buildings and Building Improvements, net | 425,176,860 | | 425,176,860 |
| 1530 Furniture and Equipment, net | 41,471,463 | 9,023 | 41,480,486 |
| 1580 Construction in Progress | 317,136 | - | 317,136 |
| 1000 Total Assets | <u>759,578,761</u> | <u>(107,241)</u> | <u>759,471,520</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| 1700 Deferred Charge on Refunding | 21,824,841 | - | 21,824,841 |
| Total Deferred Outflows of Resources | <u>21,824,841</u> | <u>-</u> | <u>21,824,841</u> |
| LIABILITIES | | | |
| 2110 Accounts Payable | 9,180,738 | 14,528 | 9,195,266 |
| 2140 Interest Payable | 733,136 | | 733,136 |
| 2150 Payroll Deductions and Withholdings | 2,193,206 | | 2,193,206 |
| 2160 Accrued Wages Payable | 16,320,300 | | 16,320,300 |
| 2180 Due to Other Governments | 17,555,027 | | 17,555,027 |
| 2181 Due to External Parties | - | | - |
| 2200 Accrued Expenses | 283,964 | | 283,964 |
| 2300 Unearned Revenues | 687,023 | | 687,023 |
| Noncurrent Liabilities: | | | |
| 2501 Due Within One Year | 28,737,193 | | 28,737,193 |
| 2502 Due in More Than One Year | 353,931,593 | | 353,931,593 |
| 2531 Long-Term Capital Leases Payable | 1,033,463 | | 1,033,463 |
| 2532 Vested Vacation Benefits Payable | 1,117,285 | | 1,117,285 |
| 2591 Long-Term Claims Liability | 2,095,138 | - | 2,095,138 |
| 2000 Total Liabilities | <u>433,868,066</u> | <u>14,528</u> | <u>433,882,594</u> |
| NET POSITION | | | |
| 3200 Net Investment in Capital Assets | 162,891,590 | 9,023 | 162,900,613 |
| 3850 Restricted for Debt Service | 5,841,400 | | 5,841,400 |
| 3860 Restricted for Grant Funds | 9,155,138 | | 9,155,138 |
| 3870 Restricted for Construction | 6,614,366 | | 6,614,366 |
| 3900 Unrestricted Net Position | 163,033,042 | (130,792) | 162,902,250 |
| 3000 Total Net Position | <u>\$ 347,535,536</u> | <u>\$ (121,769)</u> | <u>\$ 347,413,767</u> |

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
AUGUST 31, 2014

| Data Control Codes | 1 | Program Revenues | |
|---------------------------|--|-------------------------|--|
| | | 3 | 4 |
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions |
| Primary Government: | | | |
| Governmental Activities: | | | |
| 11 | Instruction | \$ 293,173,717 | \$ 38,795,966 |
| 12 | Instructional Resources And Media Services | 7,897,014 | 353,516 |
| 13 | Curriculum And Staff Development | 11,848,699 | 3,630,084 |
| 21 | Instructional Leadership | 9,444,098 | 1,425,724 |
| 23 | School Leadership | 28,022,164 | 1,502,145 |
| 31 | Guidance, Counseling, And Evaluation Services | 19,318,654 | 3,032,801 |
| 32 | Social Work Services | 1,339,419 | 81,673 |
| 33 | Health Services | 6,228,989 | 5,450,048 |
| 34 | Student Transportation | 12,966,006 | 931,280 |
| 35 | Food Service | 31,285,050 | 19,538,032 |
| 36 | Extracurricular Activities | 8,556,794 | 106,425 |
| 41 | General Administration | 15,141,046 | 457,552 |
| 51 | Plant Maintenance And Operations | 38,454,227 | 409,934 |
| 52 | Security And Monitoring Services | 4,100,656 | 4,574 |
| 53 | Data Processing Services | 15,490,524 | 1,071,607 |
| 61 | Community Services | 3,198,004 | 744,260 |
| 72 | Interest On Long-Term Debt | 11,926,352 | 12,822,754 |
| 73 | Bond Issuance Costs And Fees | 176,140 | |
| 81 | Facilities Repairs And Maintenance | 5,364,055 | |
| 93 | Payments To Fiscal Agent Of Shared Services Arrangement | 74,889 | 71,995 |
| 95 | Payments To Juvenile Justice Alternative Education Programs | 4,824 | |
| 99 | Intergovernmental Charges | 662,918 | |
| TG | TG Total Governmental Activities | 524,674,239 | 90,430,370 |
| Business-Type Activities: | | | |
| 01 | 01 Concessions | 259,754 | |
| TB | TB Total Business-Type Activities | 259,754 | |
| TP | TP Total Primary Government | \$ 524,933,993 | \$ 90,430,370 |

| Data Control Codes | General Revenues: |
|--------------------------|--|
| | Taxes: |
| MT | Property Taxes, Levied For General Purposes |
| DT | Property Taxes, Levied For Debt Service |
| SF | State Aid-Formula Grants (Unrestricted) |
| GC | Grants And Contributions Not Restricted To Specific Programs |
| IE | Investment Earnings |
| MI | Miscellaneous |
| SI | Special Item - Gain On Disposal Of Assets |
| TR | Total General Revenues And Special Items |
| CN | Change in Net Position |
| NB | Net Position—Beginning |
| NE | Net Position—Ending |

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

| Net (Expense) Revenue and Changes in Net Position | | |
|--|-----------------------------|------------------|
| 6 | 7 | 8 |
| Primary Government | | |
| Governmental Activities | Business-type Activities | Total |
| \$ (253,949,313) | | \$ (253,949,313) |
| (7,543,498) | | (7,543,498) |
| (8,218,615) | | (8,218,615) |
| (8,018,374) | | (8,018,374) |
| (26,520,019) | | (26,520,019) |
| (16,285,853) | | (16,285,853) |
| (1,257,746) | | (1,257,746) |
| (778,941) | | (778,941) |
| (12,034,726) | | (12,034,726) |
| (2,470,923) | | (2,470,923) |
| (3,188,379) | | (3,188,379) |
| (14,683,494) | | (14,683,494) |
| (37,892,574) | | (37,892,574) |
| (4,096,082) | | (4,096,082) |
| (14,418,917) | | (14,418,917) |
| (2,453,744) | | (2,453,744) |
| 896,402 | | 896,402 |
| (176,140) | | (176,140) |
| (5,364,055) | | (5,364,055) |
| (2,894) | | (2,894) |
| (4,824) | | (4,824) |
| (662,918) | - | (662,918) |
| (419,125,627) | - | (419,125,627) |
| - | \$ (7,190) | (7,190) |
| - | (7,190) | (7,190) |
| \$ (419,125,627) | \$ (7,190) | \$ (419,132,817) |
| 137,162,011 | | 137,162,011 |
| 28,090,094 | | 28,090,094 |
| 270,830,210 | | 270,830,210 |
| 504,719 | | 504,719 |
| 96,855 | 52 | 96,907 |
| 969,006 | | 969,006 |
| 256,242 | - | 256,242 |
| 437,909,137 | 52 | 437,909,189 |
| 18,783,510 | (7,138) | 18,776,372 |
| 328,752,026 | (114,631) | 328,637,395 |
| \$ 347,535,536 | \$ (121,769) | \$ 347,413,767 |

GARLAND INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
AUGUST 31, 2014

| Data Control Codes | 10 General Fund | 50 Debt Service Fund |
|--|-----------------------|----------------------------|
| ASSETS | | |
| 1110 Cash and Cash Equivalents | \$ 204,255,309 | \$ - |
| 1220 Property Taxes Receivable - Delinquent | 4,720,602 | 900,635 |
| 1230 Allowance for Uncollectible Taxes (Credit) | (1,229,375) | (292,813) |
| 1240 Due From Other Governments | | |
| 1260 Due From Other Funds | 5,443,149 | 10,288,195 |
| 1290 Other Receivables | 15,641 | |
| 1300 Inventories | 841,310 | |
| 1410 Prepaid Items | 1,947,959 | - |
| 1000 Total Assets | <u>215,994,595</u> | <u>10,896,017</u> |
| LIABILITIES | | |
| 2110 Accounts Payable | 3,987,129 | 9,465 |
| 2150 Payroll Deductions and Withholdings | 2,193,206 | |
| 2160 Accrued Wages Payable | 15,701,746 | |
| 2170 Due to Other Funds | 22,921,458 | |
| 2180 Due to Other Governments | 13,243,011 | 4,312,016 |
| 2200 Accrued Expenditures | - | |
| 2300 Unearned Revenues | 82,839 | - |
| 2000 Total Liabilities | <u>58,129,389</u> | <u>4,321,481</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| 2600 Unavailable Revenue - Property Taxes | <u>3,289,652</u> | <u>566,530</u> |
| Total Deferred Inflows of Resources | <u>3,289,652</u> | <u>566,530</u> |
| FUND BALANCES | | |
| 3410 Non-Spendable - Inventories | 841,310 | |
| 3430 Non-Spendable - Prepaid Items | 1,947,959 | |
| 3450 Restricted - Grant Funds | | |
| 3470 Restricted - Capital Acquisitions and Contractual Obligations | | |
| 3480 Restricted - Retirement of Long-term Debt | | 6,008,006 |
| 3540 Committed - Self-Insurance | 8,000,000 | |
| 3540 Committed - Local Special Revenue Funds | | |
| 3550 Assigned - Construction and Capital Expenditures | | |
| 3600 Unassigned | 143,786,285 | - |
| 3000 Total Fund Balances | <u>154,575,554</u> | <u>6,008,006</u> |
| 4000 Total Liabilities, Deferred Inflows, and Fund Balances | <u>\$ 215,994,595</u> | <u>\$ 10,896,017</u> |

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

| 60 Capital Projects | Special Revenue Fund | Total Governmental Funds |
|---------------------------|-------------------------|--------------------------------|
| \$ 19,893,944 | \$ 12,038,250 | \$ 236,187,503 |
| | | 5,621,237 |
| | | (1,522,188) |
| | 8,199,105 | 8,199,105 |
| 11,986,452 | 42,170 | 27,759,966 |
| | | 15,641 |
| | 2,022,565 | 2,863,875 |
| 584,906 | 292,239 | 2,825,104 |
| <u>32,465,302</u> | <u>22,594,329</u> | <u>281,950,243</u> |
| 2,089,931 | 2,984,798 | 9,071,323 |
| | | 2,193,206 |
| | 1,363,615 | 17,065,361 |
| 3 | 5,240,626 | 28,162,087 |
| | | 17,555,027 |
| | 283,964 | 283,964 |
| - | 469,664 | 552,503 |
| <u>2,089,934</u> | <u>10,342,667</u> | <u>74,883,471</u> |
| - | - | 3,856,182 |
| - | - | <u>3,856,182</u> |
| | 2,022,565 | 2,863,875 |
| 584,906 | 292,239 | 2,825,104 |
| | 6,840,334 | 6,840,334 |
| 6,614,366 | | 6,614,366 |
| | | 6,008,006 |
| | | 8,000,000 |
| | 3,096,524 | 3,096,524 |
| 23,176,096 | | 23,176,096 |
| - | - | 143,786,285 |
| <u>30,375,368</u> | <u>12,251,662</u> | <u>203,210,590</u> |
| \$ <u>32,465,302</u> | \$ <u>22,594,329</u> | \$ <u>281,950,243</u> |

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GARLAND INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2014

Exhibit C1-R

| | | |
|--|-----------|----------------------------------|
| Total Fund Balances - Governmental Funds | \$ | 203,210,590 |
| 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 position. | | 8,210,907 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. | | 839,199,079 |
| Accumulated depreciation has not been included in the fund financial statements. The accumulated depreciation related to internal service funds (\$2,072,265) is included in the net effect of consolidation above. | | (346,988,007) |
| Bonds payable and related premiums have not been included in the fund financial statements | | (378,096,316) |
| Accrued liabilities for compensated absences due in more than one year have not been reflected in the fund financial statements. | | (1,117,285) |
| Accreted interest on capital appreciation bonds has not been included in the fund financial statements. | | (1,831,319) |
| Revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements. | | 3,856,182 |
| Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due. | | (733,136) |
| Loss on bond refunding has not been included in the fund financial statements. | | 21,824,841 |
| Net Position of Governmental Activities | \$ | <u><u>347,535,536</u></u> |

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, 2014

| Data Control Codes | 10 General Fund | 50 Debt Service Fund |
|--|-----------------------|----------------------------|
| REVENUES: | | |
| 5700 Total local and intermediate sources | \$ 139,927,598 | \$ 28,162,628 |
| 5800 State program revenues | 291,758,886 | 12,358,268 |
| 5900 Federal program revenues | 5,325,997 | 464,486 |
| 5020 Total Revenues | <u>437,012,481</u> | <u>40,985,382</u> |
| EXPENDITURES: | | |
| Current: | | |
| 0011 Instruction | 253,859,686 | |
| 0012 Instructional Resources and Media Services | 7,316,482 | |
| 0013 Curriculum and Instructional Staff Development | 8,427,970 | |
| 0021 Instructional Leadership | 8,145,737 | |
| 0023 School Leadership | 27,285,707 | |
| 0031 Guidance, Counseling, and Evaluation Services | 16,972,083 | |
| 0032 Social Work Services | 1,339,465 | |
| 0033 Health Services | 6,045,502 | |
| 0034 Student (Pupil) Transportation | 10,195,507 | |
| 0035 Food Services | 113,710 | |
| 0036 Cocurricular/Extracurricular Activities | 6,603,973 | |
| 0041 General Administration | 14,945,298 | |
| 0051 Plant Maintenance and Operations | 35,955,905 | |
| 0052 Security and Monitoring Services | 3,811,178 | |
| 0053 Data Processing Services | 10,626,608 | |
| 0061 Community Services | 1,575,481 | |
| Debt Service: | | |
| 0071 Debt Service-Principal on Long-Term Debt | | 25,368,218 |
| 0072 Debt Service-Interest on Long-Term Debt | | 14,637,796 |
| 0073 Debt Service-Bond Issuance Cost and Fees | | 176,140 |
| Capital Outlay: | | |
| 0081 Facilities Acquisition and Construction | | |
| Intergovernmental: | | |
| 0093 Payments Related to Shared Services Arrangements | | |
| 0095 Payments to Juvenile Justice Alternative Ed Program | 4,824 | |
| 0099 Other Intergovernmental Charges | 662,918 | - |
| 6030 Total Expenditures | <u>413,888,034</u> | <u>40,182,154</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | 23,124,447 | 803,228 |
| OTHER FINANCING SOURCES (USES): | | |
| 7911 Refunding Bonds Issued | | 26,725,000 |
| 7912 Sale of Real and Personal Property | 242,528 | |
| 7915 Transfers In | | |
| 7916 Premium on Issuance of Bonds | | 1,574,982 |
| 7956 Insurance Recovery | | |
| 8911 Transfers Out | (12,000,000) | |
| 8940 Payment to Refunded Bond Escrow Agent | - | (28,920,859) |
| 7080 Total Other Financing Sources (Uses) | <u>(11,757,472)</u> | <u>(620,877)</u> |
| 1200 Net Change in Fund Balances | 11,366,975 | 182,351 |
| 0100 Fund Balance - September 1 (Beginning) | 143,208,579 | 5,825,655 |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ 154,575,554</u> | <u>\$ 6,008,006</u> |

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

| 60 Capital Projects | Special Revenue Fund | Total Governmental Funds |
|---------------------------|-------------------------|--------------------------------|
| \$ 14,082 | \$ 15,192,628 | \$ 183,296,936 |
| | 4,826,121 | 308,943,275 |
| - | 45,544,370 | 51,334,853 |
| <u>14,082</u> | <u>65,563,119</u> | <u>543,575,064</u> |
| | 24,536,535 | 278,396,221 |
| | 98,417 | 7,414,899 |
| | 3,393,361 | 11,821,331 |
| | 990,796 | 9,136,533 |
| | 449,689 | 27,735,396 |
| | 2,231,321 | 19,203,404 |
| | 6,734 | 1,346,199 |
| | 87,114 | 6,132,616 |
| 2,968,484 | 888,935 | 14,052,926 |
| | 30,180,083 | 30,293,793 |
| | 1,403,919 | 8,007,892 |
| 10,039 | 6,663 | 14,962,000 |
| 1,009,297 | 440,026 | 37,405,228 |
| | 10,138 | 3,821,316 |
| 1,194,704 | 414,361 | 12,235,673 |
| | 727,290 | 2,302,771 |
| | | 25,368,218 |
| | | 14,637,796 |
| | | 176,140 |
| 15,407,928 | | 15,407,928 |
| | 74,889 | 74,889 |
| | | 4,824 |
| - | - | 662,918 |
| <u>20,590,452</u> | <u>65,940,271</u> | <u>540,600,911</u> |
| (20,576,370) | (377,152) | 2,974,153 |
| | | 26,725,000 |
| | 4,653 | 247,181 |
| 12,000,000 | | 12,000,000 |
| | | 1,574,982 |
| 37,855 | | 37,855 |
| | | (12,000,000) |
| - | - | (28,920,859) |
| <u>12,037,855</u> | <u>4,653</u> | <u>(335,841)</u> |
| (8,538,515) | (372,499) | 2,638,312 |
| 38,913,883 | 12,624,161 | 200,572,278 |
| <u>\$ 30,375,368</u> | <u>\$ 12,251,662</u> | <u>\$ 203,210,590</u> |

GARLAND INDEPENDENT SCHOOL DISTRICT Exhibit C-3
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2014

| | |
|--|----------------------|
| Total Net Change in Fund Balance - Governmental Funds | \$ 2,638,312 |
| 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. | (33,867) |
| Current year capital outlays are expenditures in the fund financial statements but should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2014 capital outlays is to increase net position by total governmental activities additions (\$17,375,393) less internal service fund additions (\$710,706.) | 16,664,687 |
| 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. | (28,510,579) |
| 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. | 58,534,312 |
| 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. | (717,923) |
| 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. | (14,766) |
| Revenue from property taxes is unavailable in the fund financial statements until it is considered available to finance current expenditures. Such revenue is recognized in the government-wide financial statements when assessed, net of allowance for uncollectible accounts. | (413,098) |
| Loss on refunding of debt is not recognized as an expense in the governmental funds since it does not require the use of current financial resources. | 1,990,859 |
| 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. | (2,711,190) |
| Proceeds from debt issuance are recorded as other financing sources in the fund financial statements, but are recorded as debt in the government-wide financial statements. | (26,725,000) |
| Premium on bonds is considered revenue in the fund financial statements but such revenue is recorded as part of debt in the government-wide financial statements. | (1,574,982) |
| 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. | 41,722 |
| 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. | (384,977) |
| Change in Net Position of Governmental Activities | \$ 18,783,510 |

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
AUGUST 31, 2014

Exhibit D-1

| | <u>Business-type Activities</u> | <u>Governmental Activities</u> |
|---|-------------------------------------|------------------------------------|
| | Enterprise Funds | Internal Service Funds |
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ - | \$ 9,991,060 |
| Due From Other Funds | - | 736,807 |
| Other Receivables | | 172 |
| Inventories | 7,637 | |
| Prepaid Items | - | 129,997 |
| Total Current Assets | 7,637 | 10,858,036 |
| Noncurrent Assets: | | |
| Capital Assets: | | |
| Land Purchase and Improvements | | 208,872 |
| Building and Building Improvements | | 201,090 |
| Furniture and Equipment | 33,573 | 4,428,500 |
| Accumulated Depreciation-Other Land Improvements | | (46,158) |
| Accumulated Depreciation-Building and Building Improvements | | (21,469) |
| Accumulated Depreciation-Furniture and Equipment | (24,550) | (2,004,638) |
| Total Noncurrent Assets | 9,023 | 2,766,197 |
| Total Assets | 16,660 | 13,624,233 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | 14,528 | 109,415 |
| Leases Payable | | 399,139 |
| Accrued Wages Payable | | 16,323 |
| Due to Other Funds | 123,901 | 44,699 |
| Claims Liability | | 1,580,629 |
| Unearned Revenues | - | 134,520 |
| Total Current Liabilities | 138,429 | 2,284,725 |
| Noncurrent liabilities: | | |
| Capital Lease Payable Long-Term | | 1,033,463 |
| Claims Liability Long-Term | - | 2,095,138 |
| Total Noncurrent liabilities | - | 3,128,601 |
| Total Liabilities | 138,429 | 5,413,326 |
| NET POSITION | | |
| Net Investment in Capital Assets | 9,023 | 1,333,595 |
| Unrestricted Net Position | (130,792) | 6,877,312 |
| Total Net Position | \$ (121,769) | \$ 8,210,907 |

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
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2014

Exhibit D-2

| | <u>Business-type Activities</u> | <u>Governmental Activities</u> |
|--|-------------------------------------|------------------------------------|
| | <u>Enterprise Funds</u> | <u>Internal Service Funds</u> |
| OPERATING REVENUES: | | |
| Local and Intermediate Sources | \$ 252,564 | \$ 5,782,835 |
| Total Operating Revenues | <u>252,564</u> | <u>5,782,835</u> |
| OPERATING EXPENSES: | | |
| Payroll Costs | 156,841 | 1,558,136 |
| Professional and Contracted Services | 249 | 1,559,316 |
| Supplies and Materials | 99,916 | 655,822 |
| Other Operating Costs | 2,748 | 1,964,344 |
| Total Operating Expenses | <u>259,754</u> | <u>5,737,618</u> |
| Operating Income (Loss) | <u>(7,190)</u> | <u>45,217</u> |
| NONOPERATING REVENUES (EXPENSES): | | |
| Earnings from Temporary Deposits & Investments | 52 | 1,684 |
| Interest on Capital Lease | - | (80,768) |
| Total Nonoperating Revenues (Expenses) | <u>52</u> | <u>(79,084)</u> |
| Change in Net Position | (7,138) | (33,867) |
| Total Net Position - September 1 (Beginning) | (114,631) | 8,244,774 |
| Total Net Position - August 31 (Ending) | <u>\$ (121,769)</u> | <u>\$ 8,210,907</u> |

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, 2014

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 | \$ 242,726 | \$ 1,694,974 |
| Cash Received from Assessments - Other Funds | | 4,652,562 |
| Cash Payments to Employees for Services | (156,841) | (1,567,890) |
| Cash Payments for Insurance Claims | | (1,418,772) |
| Cash Payments to Suppliers | (85,518) | (757,277) |
| Cash Payments for Other Operating Expenses | (170) | (97,408) |
| Cash Payments for Prof. and Contracted Services | (249) | (1,554,931) |
| Net Cash (Used for) Provided by Operating Activities | <u>(52)</u> | <u>951,258</u> |
| Cash Flows from Capital Financing Activities: | | |
| Acquisition of Capital Assets | - | (710,706) |
| Capital Lease Payments | | (280,041) |
| Capital Lease Interest Expense | - | (80,768) |
| Net Cash Used for Capital Financing Activities | <u>-</u> | <u>(1,071,515)</u> |
| Cash Flows from Investing Activities: | | |
| Interest and Dividends on Investments | 52 | 1,684 |
| Net Increase (Decrease) in Cash and Cash Equivalents | - | (118,573) |
| Cash and Cash Equivalents at Beginning of the Year | - | 10,109,633 |
| Cash and Cash Equivalents at the End of the Year | <u>-</u> | <u>9,991,060</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: | | |
| Operating Income (Loss) | (7,190) | 45,217 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | |
| Depreciation | 2,578 | 597,783 |
| Effect of Increases and Decreases in Current Assets and Liabilities: | | |
| Decrease in Due from Other Funds | 682 | 604,210 |
| Decrease in Other Receivables | | 5,460 |
| Decrease in Inventories | 2,359 | |
| Increase in Prepaid Items | | (48,543) |
| Increase (Decrease) in Accounts Payable | 12,039 | (48,528) |
| Decrease in Accrued Wages Payable | | (9,754) |
| Decrease in Due to Other Funds | (10,520) | (58,255) |
| Increase in Unearned Revenue | | 13,287 |
| Decrease in Claims Liability | - | (149,619) |
| Net Cash (Used for) Provided by Operating Activities | <u>\$ (52)</u> | <u>\$ 951,258</u> |

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

GARLAND INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AUGUST 31, 2014

Exhibit E-1

| | Agency Funds |
|--------------------------------|-----------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 695,725 |
| Due from External Parties | 2,017 |
| Total Assets | 697,742 |
| LIABILITIES | |
| Accounts Payable | 28,290 |
| Due to External Parties | 168,103 |
| Due to Student/Employee Groups | 501,349 |
| Total Liabilities | \$ 697,742 |

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, 2014

Note 1. Summary of Significant Accounting Policies

The accounting policies of the Garland Independent School District (the "District") conform to generally accepted accounting principles ("GAAP") 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 not only reflect 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 constrained for specific purposes 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 constrained for specific purposes internally imposed by the District through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to a resolution passed by the District's Board of Trustees. This classification includes campus activity funds and local special revenue fund.

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

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 significantly 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 within 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 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 and proprietary fund financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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, 2014

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 unearned revenue 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 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 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 accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and acquisition of capital facilities.

The Special Revenue Fund 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 granted from local sources (including revenues raised by campuses and grants from local not-for-profits).

Proprietary Funds:

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

Internal Service Funds are 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 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, 2014

Note 1. Summary of Significant Accounting Policies – continued

Accrued liabilities include provisions for claims reported and claims incurred but not reported for 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 are custodial in nature and account for activities of student and employee groups. 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 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 (included within the Special Revenue Fund). The remaining Special Revenue Funds and 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.

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 the 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 \$12,000,000 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, 2014

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 due or past due and receivable within the current period.

The tax rates assessed for the year ended August 31, 2014 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, 2014, taxes receivable net estimated uncollectible taxes, aggregated \$3,491,227 and \$607,822 for the General Fund and Debt Service Fund, respectively.

Inventories and Prepaid Items

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 prepaid items 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, 2014

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, unavailable revenue from property taxes is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period in which 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, 2014

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 at which 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, 2014 will change.

Note 2. Cash and Investments

The District's funds are required to be deposited under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent (Bank of America Global Securities Operations) approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At August 31, 2014, the carrying amount of the District's deposits was \$12,863,704 and the bank balance was \$11,502,776. The book balance includes an overnight sweep investment of \$2,019,646. In addition, the District had various petty cash balances held at different locations amounting to \$46,545.

The District's entire bank balance on August 31, 2014 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.

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.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

Note 2. Cash and Investments - continued

At August 31, 2014, the District's exposure to interest rate risk, as measured by the segmented time distribution by investment type, is summarized below:

| | <u>Rating</u> | <u>Carrying Amount/ Fair Value</u> | <u>Investment Maturities in Months</u> | | |
|-------------------|---------------|--|--|---------------|---------------|
| | | | <u>Less than 1</u> | <u>1 to 3</u> | <u>4 to 6</u> |
| TexPool | AAAm | \$ 230,427,353 | \$ 230,427,353 | | |
| Lone Star | AAA | <u>3,536,685</u> | <u>3,536,685</u> | \$ - | \$ - |
| Total Investments | | <u>\$ 233,964,038</u> | <u>\$ 233,964,038</u> | <u>\$ -</u> | <u>\$ -</u> |

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

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, 2014, the fund had a weighted average maturity of 49 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.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

Note 2. Cash and Investments - continued

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”).

The weighted average maturity of TexPool cannot exceed 60 days. As of August 31, 2014, TexPool had a weighted average maturity of 48 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, 2014, 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 | \$ 4,219,076 | \$ 3,980,029 | \$ 8,199,105 |
| Total | <u>\$ 4,219,076</u> | <u>\$ 3,980,029</u> | <u>\$ 8,199,105</u> |

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

Note 4. Capital Assets

Capital asset activity of the District for the year ended August 31, 2014, was as follows:

| Governmental Activities: | Beginning Balance | | | | Ending Balance 8/31/2014 |
|---|-------------------|-----------------|-------------|----------------|-----------------------------|
| | 9/1/2013 | Additions | Retirements | Transfers | |
| Non-Depreciable Assets | | | | | |
| Land | \$ 14,077,107 | | | | \$ 14,077,107 |
| Construction In Progress | 2,033,188 | \$ 9,395,462 | \$ 357,043 | \$(10,754,471) | 317,136 |
| Total Non-Depreciable Assets | 16,110,295 | 9,395,462 | 357,043 | (10,754,471) | 14,394,243 |
| Depreciable Assets | | | | | |
| Land Improvements | 34,679,780 | 6,660 | - | 112,338 | 34,798,778 |
| Building & Building Improvements | 673,469,235 | 129,700 | - | 9,496,166 | 683,095,101 |
| Furniture & Equipment | 106,454,208 | 7,843,572 | 3,694,327 | 1,145,967 | 111,749,420 |
| Total Depreciable Assets | 814,603,223 | 7,979,932 | 3,694,327 | 10,754,471 | 829,643,299 |
| Less Accumulated Depreciation for: | | | | | |
| Land Improvements | 19,503,946 | 1,360,128 | - | - | 20,864,074 |
| Building & Building Improvements | 242,018,914 | 15,899,327 | - | - | 257,918,241 |
| Furniture & Equipment | 62,095,444 | 11,848,906 | 3,666,393 | - | 70,277,957 |
| Total Accumulated Depreciation | 323,618,304 | 29,108,361 | 3,666,393 | - | 349,060,272 |
| Governmental Activities-Capital Assets, being depreciated, net | 490,984,919 | (21,128,429) | 27,934 | 10,754,471 | 480,583,027 |
| Governmental Activities-Capital Assets, Net | \$ 507,095,214 | \$ (11,732,967) | \$ 384,977 | - | \$ 494,977,270 |
| Business Type Activities: | | | | | |
| Depreciable Assets | | | | | |
| Furniture & Equipment | \$ 33,574 | \$ - | \$ - | \$ - | \$ 33,574 |
| Less Accumulated Depreciation for: | | | | | |
| Furniture & Equipment | 21,972 | 2,579 | - | - | 24,551 |
| Business Type-Capital Assets, Net | \$ 11,602 | \$ (2,579) | \$ - | \$ - | \$ 9,023 |

Total Governmental Activities - Capital Assets include cost of assets held in internal service funds and related accumulated depreciation amounting to \$4,838,462 and \$2,072,265 respectively.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

Note 4. Capital Assets – continued

Depreciation expense was charged to governmental functions as follows:

| | |
|---|---------------|
| 11 Instruction | \$ 15,126,644 |
| 12 Instructional Resources and Media Services | 487,679 |
| 13 Curriculum Development and Instructional Staff Development | 31,010 |
| 21 Instructional Leadership | 310,497 |
| 23 School Leadership | 271,277 |
| 31 Guidance, Counseling and Evaluation Services | 110,691 |
| 33 Health Services | 96,285 |
| 34 Student (Pupil) Transportation | 1,953,061 |
| 35 Food Services | 1,390,699 |
| 36 Cocurricular/Extracurricular Activities | 1,244,612 |
| 41 General Administration | 253,726 |
| 51 Plant Maintenance and Operations | 2,124,852 |
| 52 Security and Monitoring Services | 279,549 |
| 53 Data Processing Services | 3,934,449 |
| 61 Community Services | 895,548 |
| Internal Service Fund Depreciation | 597,782 |
| | \$ 29,108,361 |

Depreciation expense of \$2,579 was charged to the Enterprise Fund and is included in other operating costs.

As of August 31, 2014, the District had no major commitments with respect to unfinished major capital projects.

Note 5. Unearned Revenue

Governmental funds unearned revenue at August 31, 2014 consisted of the following:

| | General Fund | Special Revenue Fund | Total |
|--------------------------|-----------------|----------------------------|------------|
| Athletic and Other Local | \$ 82,839 | \$ - | \$ 82,839 |
| Food Service Meals | - | 469,664 | 469,664 |
| | \$ 82,839 | \$ 469,664 | \$ 552,503 |

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

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, 2014:

| | September 1, 2013 <u>Obligations</u> | New Obligations Incurred | Obligations Retired or Transferred | August 31, 2014 <u>Obligations</u> | Due Within One Year |
|--|--|--------------------------------|--|--|------------------------|
| Governmental Activities: | | | | | |
| Bonds and Notes Payable: | | | | | |
| General Obligation Bonds | \$ 372,319,346 | \$ 26,725,000 | \$ 52,298,218 | \$ 346,746,128 | \$ 25,765,010 |
| Accreted Interest | 1,199,574 | 717,923 | 86,178 | 1,831,319 | 231,032 |
| Premium On Bond Issuance | <u>35,925,122</u> | <u>1,574,982</u> | <u>6,149,916</u> | <u>31,350,188</u> | <u>-</u> |
| Total Bonds And Notes Payable | <u>409,444,042</u> | <u>29,017,905</u> | <u>58,534,312</u> | <u>379,927,635</u> | <u>25,996,042</u> |
| Other Liabilities: | | | | | |
| Workers Compensation | | | | | |
| Self-Insurance Liability | 3,825,386 | 1,295,168 | 1,444,787 | 3,675,767 | 1,580,629 |
| Capital Leases | 1,712,643 | 94,547 | 374,588 | 1,432,602 | 399,139 |
| Vested Sick Leave | <u>1,937,901</u> | <u>493,154</u> | <u>552,387</u> | <u>1,878,668</u> | <u>761,383</u> |
| Total Other Liabilities | <u>7,475,930</u> | <u>1,882,869</u> | <u>2,371,762</u> | <u>6,987,037</u> | <u>2,741,151</u> |
| Total Governmental Activities Long-Term Liabilities | <u>\$ 416,919,972</u> | <u>\$ 30,900,774</u> | <u>\$ 60,906,074</u> | <u>\$ 386,914,672</u> | <u>\$ 28,737,193</u> |

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

Note 6. Long-Term Obligations – continued

Bonds payable and contractual obligations at August 31, 2014 are composed of the following individual issues:

| Description | Interest Rate | Amounts Original Issue | Amounts Outstanding at September 1, 2013 | Issued | Retired/Refunded | Accumulated Interest Accretion | Amounts Outstanding at August 31, 2014 |
|---|---------------|------------------------|--|----------------------|----------------------|--------------------------------|--|
| Unlimited Tax Refunding | | | | | | | |
| Bonds - 2003 | | | | | | | |
| Matures 2004-2023 | 1.2% to 5.44% | \$ 103,862,866 | \$ 1,850,000 | | \$ 1,850,000 | \$ - | \$ - |
| School Building | | | | | | | |
| Bonds - 2004A | | | | | | | |
| Matures 2006-2024 | 2.05% to 5.0% | 58,834,994 | 2,650,000 | | 1,300,000 | | 1,350,000 |
| School Building | | | | | | | |
| Bonds - 2005 | | | | | | | |
| Matures 2007-2028 | 3.0% to 5.0% | 155,830,000 | 58,530,000 | | 37,510,000 | | 21,020,000 |
| School Building and Refunding | | | | | | | |
| Bonds - 2009A | | | | | | | |
| Matures 2009-2029 | 4.0% to 5.0% | 53,210,000 | 46,420,000 | | 1,715,000 | | 44,705,000 |
| Qualified School Construction | | | | | | | |
| Bonds - 2009B | | | | | | | |
| Matures 2019-2024 | 0.0% | 10,185,000 | 10,135,000 | | | | 10,135,000 |
| Unlimited Tax Refunding | | | | | | | |
| Series - 2010 | | | | | | | |
| Matures 2011-2017 | 2.0% to 4.0% | 9,845,000 | 9,510,000 | | 650,000 | | 8,860,000 |
| Unlimited Tax School Building | | | | | | | |
| Series - 2011 | | | | | | | |
| Matures 2012-2031 | 2.0% to 5.0% | 61,615,000 | 56,210,000 | | 4,110,000 | | 52,100,000 |
| Unlimited Tax Refunding | | | | | | | |
| Series - 2011A | | | | | | | |
| Matures 2012-2023 | 0.5% to 2.9% | 52,335,609 | 51,224,346 | | 3,443,218 | 1,831,319 | 49,612,447 |
| Unlimited Tax Refunding | | | | | | | |
| Series - 2012 | | | | | | | |
| Matures 2016-2028 | 2.0% to 5.0% | 99,425,000 | 99,425,000 | | | | 99,425,000 |
| Unlimited Tax Refunding | | | | | | | |
| Series - 2012A | | | | | | | |
| Matures 2013-2024 | 0.35% to 3.0% | 25,799,604 | 23,880,000 | | 1,720,000 | | 22,160,000 |
| Qualified School Construction | | | | | | | |
| Bonds - 2012 | | | | | | | |
| Matures 2022-2031 | 4.009% | 12,485,000 | 12,485,000 | - | - | - | 12,485,000 |
| Unlimited Tax Refunding | | | | | | | |
| Bonds - 2014 | | | | | | | |
| Matures 2015-2024 | 4.000% | 26,725,000 | - | 26,725,000 | - | - | 26,775,000 |
| Total | | <u>\$ 670,153,073</u> | <u>\$ 372,319,346</u> | <u>\$ 26,725,000</u> | <u>\$ 52,298,218</u> | <u>\$ 1,831,319</u> | <u>348,577,447</u> |
| Accumulated Interest Accretion | | | | | | | <u>(1,831,319)</u> |
| Total Principal Outstanding - August 31, 2014 | | | | | | | <u>\$ 346,746,128</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, 2014, \$6,008,006 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, 2014

Note 6. Long-Term Obligations - continued

In January 2014, the District issued \$26,725,000 of Unlimited Tax Refunding Bonds, Series 2014 through a private placement with Wells Fargo. The bonds are structured based on a taxable yield through February 15, 2015 and convert to a tax exempt yield thereafter. All of the proceeds (\$26,725,000), plus a District contribution of \$767,458, were used to provide resources to purchase U.S. State and Local Government securities that were placed in an irrevocable trust for the purpose of generating resources for debt service payments of \$28,949,750 on Unlimited Tax School Building and Refunding bonds, Series 2005 as of the February 2015 call date. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt resulting in a loss on the refunding of \$1,990,859. This loss is carried as a deferred outflow of resources and amortized over the remaining life of the refunded debt (the same as the new debt). This advance refunding decreased total debt service payment over the next ten years by \$2,687,730 and resulted in an economic gain of \$2,328,836. The issuance cost of \$145,000 was expensed. The premium received of \$1,574,982 is being amortized over the life of the new debt. The 2014 issue bears interest at 4.0% and matures in 2024.

In 2012 and 2014, 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. Of the bonds defeased, \$86,360,000 remains outstanding as of August 31, 2014 and is composed of the following:

| <u>Refunding Bond Series</u> | <u>Refunded Bond Series</u> | <u>Redemption Date</u> | <u>Principal in Escrow</u> |
|---------------------------------------|------------------------------|------------------------|-----------------------------|
| Unlimited Tax Refunding Series - 2012 | School Building Bonds - 2005 | 2/15/2015 | \$ 26,930,000 |
| Unlimited Tax Refunding Bonds - 2014 | School Building Bonds - 2005 | 2/15/2015 | <u>\$ 59,430,000</u> |
| Total Outstanding | | | <u><u>\$ 86,360,000</u></u> |

The annual requirements to pay principal and interest on the bond obligations outstanding as of August 31, 2014 are as follows:

| <u>Year Ended August 31</u> | <u>Principal</u> | <u>Interest (including accreted interest)</u> | <u>Requirements</u> |
|-----------------------------|-----------------------|---|-----------------------|
| 2015 | \$ 25,765,010 | \$ 14,901,173 | \$ 40,666,183 |
| 2016 | 26,683,252 | 14,226,225 | 40,909,477 |
| 2017 | 26,651,441 | 14,264,342 | 40,915,783 |
| 2018 | 25,631,335 | 14,572,634 | 40,203,969 |
| 2019 | 26,795,090 | 13,274,902 | 40,069,992 |
| 2020 - 2024 | 146,665,000 | 31,201,795 | 177,866,795 |
| 2025 - 2029 | 48,235,000 | 9,516,937 | 57,751,937 |
| 2030 - 2031 | 20,320,000 | 1,147,411 | 21,467,411 |
| | <u>\$ 346,746,128</u> | <u>\$ 113,105,419</u> | <u>\$ 459,851,547</u> |

As of August 31, 2014, the District does not have any authorized but unissued general obligation bonds. Accreted interest of \$1,831,319 is included in the interest column.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

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 (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. The liability for compensated absences related to qualified employees is approximately \$1,878,668. Of this amount, \$761,383 is recorded in the General Fund in accrued wages for the amount expected to be utilized in the next fiscal year.

Note 8. Interfund Receivables, Payables, and Transfers

Interfund balances at August 31, 2014 arose in the normal course of operations and consisted of the following individual fund receivable and payable balances:

| TO | FROM | | |
|------------------------------|------------------------|-------------------|-----------------------------|
| General Fund | Special Revenue Fund | \$ 5,185,126 | |
| General Fund | Enterprise Funds | 123,462 | |
| General Fund | Internal Service Funds | 2,293 | |
| General Fund | Agency Funds | <u>132,268</u> | |
| Total General Fund | | | \$ 5,443,149 |
| Debt Service Fund | General Fund | <u>10,288,195</u> | |
| Total Debt Service Fund | | | 10,288,195 |
| Capital Projects | General Fund | <u>11,986,452</u> | |
| Total Capital Projects | | | 11,986,452 |
| Special Revenue Fund | Capital Projects | 3 | |
| Special Revenue Fund | Internal Service Funds | 12,296 | |
| Special Revenue Fund | Agency Funds | <u>29,871</u> | |
| Total Special Revenue Fund | | | 42,170 |
| Internal Service Funds | General Fund | 646,811 | |
| Internal Service Funds | Special Revenue Fund | 55,500 | |
| Internal Service Funds | Enterprise Fund | 439 | |
| Internal Service Funds | Internal Service Funds | 30,110 | |
| Internal Service Funds | Agency Funds | <u>3,947</u> | |
| Total Internal Service Funds | | | 736,807 |
| Agency Funds | Agency Funds | <u>2,017</u> | |
| Total Agency Funds | | | <u>2,017</u> |
| Total Due From Other Funds | | | <u><u>\$ 28,498,790</u></u> |

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

Note 8. Interfund Receivables, Payables, and Transfers – continued

| | | | |
|------------------------------|------------------------|----------------|----------------------|
| FROM | TO | | |
| General Fund | Debt Service Fund | \$10,288,195 | |
| General Fund | Capital Projects | 11,986,452 | |
| General Fund | Internal Service Funds | <u>646,811</u> | |
| Total General Fund | | | \$22,921,458 |
| Capital Projects | Special Revenue Fund | <u>3</u> | |
| Total Capital Projects | | | 3 |
| Special Revenue Fund | General Fund | 5,185,126 | |
| Special Revenue Fund | Internal Service Funds | <u>55,500</u> | |
| Total Special Revenue Fund | | | 5,240,626 |
| Enterprise Funds | General Fund | 123,462 | |
| Enterprise Funds | Internal Service Funds | <u>439</u> | |
| Total Enterprise Funds | | | 123,901 |
| Internal Service Funds | General Fund | 2,293 | |
| Internal Service Funds | Special Revenue Fund | 12,296 | |
| Internal Service Funds | Internal Service Funds | <u>30,110</u> | |
| Total Internal Service Funds | | | 44,699 |
| Agency Funds | General Fund | 132,268 | |
| Agency Funds | Special Revenue Fund | 29,871 | |
| Agency Funds | Internal Service Funds | 3,947 | |
| Agency Funds | Agency Funds | <u>2,017</u> | |
| Total Agency Funds | | | <u>168,103</u> |
| Total Due To Other Funds | | | <u>\$ 28,498,790</u> |

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.

Transfers In/Out for the year-ended August 31, 2014 were as follows:

| | | <u>Transfers In</u> | |
|--------------|--|-----------------------------|----------------------|
| | | <u>Capital Projects</u> | <u>Transfers Out</u> |
| FROM | | | |
| General Fund | | <u>\$ 12,000,000</u> | <u>\$ 12,000,000</u> |
| | | <u>\$ 12,000,000</u> | <u>\$ 12,000,000</u> |

In the fund financial statements, \$12,000,000 was transferred out of the General Fund to Capital Projects for the acquisition of equipment or for renovations.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

Note 9. Local Revenues - Governmental Funds

Local revenues are comprised of the following:

| | General Fund | Debt Service Fund | Capital Projects | Special Revenue Fund | Total |
|---------------------------|-----------------------|-------------------------|---------------------|----------------------------|-----------------------|
| Taxes, penalty & interest | \$ 137,504,844 | \$ 28,160,359 | | | \$ 165,665,203 |
| Other intermediate | 2,359,704 | | | \$ 5,912,369 | 8,272,073 |
| Food service | | | | 9,276,094 | 9,276,094 |
| Investment earning | 63,050 | 2,269 | \$ 14,082 | 4,165 | 83,566 |
| Total | <u>\$ 139,927,598</u> | <u>\$ 28,162,628</u> | <u>\$ 14,082</u> | <u>\$ 15,192,628</u> | <u>\$ 183,296,936</u> |

Note 10. Risk Management

Workers' Compensation – Self Funded

The District manages its workers' compensation risk internally through a Risk Management Department which 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, 2014, 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.

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. Through Frost Insurance, the District has workers' compensation stop-loss coverage with Midwest Employers Casualty Company with a \$750,000 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, 2014, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Health Insurance

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 77th Texas Legislature. It is a fully insured plan administered by Blue Cross and Blue Shield of Texas. The District contributes \$325 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.

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2014

Note 10. Risk Management - continued

The District reports liabilities based on requirements of Governmental Auditing Standards Board Statement Nos. 10 and 30, which require a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable 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, 2014, was \$3,675,767 and is recorded as an accrued expenditure in the Risk Management Internal Service Fund.

In fiscal years 2014 and 2013, changes in medical and workers' compensation claims liability amounts 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> |
|------------------------------|---|---|-----------------------|---------------------------------------|
| 2013 – Health Insurance | \$ 22,303 | \$ 7,801 | \$ (30,104) | \$ - |
| 2013 – Risk Management | 3,735,144 | 1,420,394 | (1,330,152) | 3,825,386 |
| 2014 - Risk Management | \$ 3,825,386 | \$ 1,269,153 | \$ (1,418,772) | 3,675,767 |

At August 31, 2014, the District held \$9,297,304 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 excluding wind and hail damage. 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 \$1,000 deductible.

The District maintains Educator Leaders liability coverage with a \$1,000,000 limit and a per occurrence deductible of \$50,000. 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, 2014

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, 2014 was \$322,119,883. 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 6.8% beginning September 1, 2013. The State of Texas' contribution is a percentage of members' eligible gross earnings, except for those District employees subject to the statutory minimum rules and those employees being paid from and participating in federally funded programs. The statutory minimum requirements are based on the State of Texas minimum teacher schedule and then adjusted based on local tax rates. For employees paid by federal programs, the federal programs are required to contribute the state's portion.

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

Note 11. Retirement Plan - continued

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 1.00% 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 \$884,400 in 2014 for on-behalf payments for Medicare Part D.

Contributions Made

Contributions made by the State, the District and its employees, and the District's covered payroll for the fiscal years 2014, 2013, and 2012 and are as follows:

| | 2014 | 2013 | 2012 |
|--|----------------|----------------|----------------|
| Covered Payroll | \$ 322,119,883 | \$ 309,585,629 | \$ 305,756,789 |
| Contributions made by the State | \$ 20,763,720 | \$ 17,673,118 | \$ 18,391,316 |
| Retirement plan rate* | 6.80% | 6.40% | 6.00% |
| Retiree health care rate | 1.00% | 0.50% | 1.00% |
| Medicare Part D | \$ 884,400 | \$ 847,294 | \$ 792,061 |
| ERRP | | | 749,034 |
| District Required and Actual Contributions to TRS and TRS-Care | 7,454,558 | 6,602,930 | 6,288,936 |
| Employee Contributions to TRS and TRS-Care | \$ 22,745,075 | \$ 21,860,100 | \$ 21,583,577 |

*Retirement plan rate increased to 6.8% beginning September 1, 2013

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, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2014

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, 2014 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. 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.

The GASB issued Statement No. 69, Governmental Combinations and Disposals of Government Operations, which will be effective for periods beginning after December 15, 2013. The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. 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. Total lease payments made under this warehouse lease was \$116,350 for the year ended August 31, 2014.

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

| <u>Year Ending August 31,</u> | <u>Amount</u> |
|-------------------------------|--------------------------|
| 2015 | \$ 107,400 |
| 2016 | 107,400 |
| 2017 | 107,400 |
| 2018 | 89,500 |
| Total | <u><u>\$ 411,700</u></u> |

Note 15. Net Position Deficits

At August 31, 2014 the Enterprise Fund had a deficit of \$121,769. This deficit will be eliminated in future periods through rate increases.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

Note 16. Capital Leases

In August 2013 and December 2013, the District entered into capital lease agreements for copier equipment. Both agreements expire in August 2016 and contain bargain renewal options up to an additional two years. 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 | \$ 1,807,190 |
| Less: accumulated depreciation | <u>(531,975)</u> |
| Net book value | <u><u>\$ 1,275,215</u></u> |

Future minimum commitments under the capital leases are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|----------------------------|--------------------------|----------------------------|
| 2015 | 399,139 | 62,566 | 461,705 |
| 2016 | 419,559 | 42,145 | 461,704 |
| 2017 | 299,295 | 23,898 | 323,193 |
| 2018 | <u>314,609</u> | <u>8,586</u> | <u>323,195</u> |
| Total | <u><u>\$ 1,432,602</u></u> | <u><u>\$ 137,195</u></u> | <u><u>\$ 1,569,797</u></u> |

Note 17. Deferred Outflows of Resources

For governmental activities, the unrestricted net position of \$163,033,042 includes the effect of deferring the recognition of losses on bond refundings. The \$21,824,841 balance of the deferred outflow of resources at August 31, 2014 will be recognized as an expense and will decrease unrestricted net position over the next 10 years.

| | <u>September 1, 2013 Balance</u> | <u>New Obligations Incurred</u> | <u>Obligations Retired or Transferred</u> | <u>August 31, 2014 Balance</u> |
|--------------------------------------|--|---|---|--|
| Deferred Outflows of Resources: | | | | |
| Deferred charge on refunding | <u>\$ 22,545,175</u> | <u>\$ 1,990,859</u> | <u>\$ (2,711,193)</u> | <u>\$ 21,824,841</u> |
| Total Deferred Outflows of Resources | <u><u>\$ 22,545,175</u></u> | <u><u>\$ 1,990,859</u></u> | <u><u>\$ (2,711,193)</u></u> | <u><u>\$ 21,824,841</u></u> |

Note 18. Subsequent Events

On November 4, 2014, Garland ISD voters approved a \$455.5 million bond package to fund significant investments. Proposed uses and related amounts are preliminary and subject to change. Actual use of bond funds will be determined by the Board of Trustees. The District has a reimbursement resolution in place such that general fund monies can be used on bond projects and be paid back upon bond issuance. This will enable the District to delay borrowing as long as possible. Bonds will be issued periodically over the next five years based on cash flow requirements of the bond projects.

The District evaluated all subsequent events through January 16, 2015, the date these financial statements were issued, and determined there to be no additional subsequent events requiring recognition or disclosure.

Required Supplementary Information

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2014

Exhibit G-1

| | <u>Budgeted Amounts</u> | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|--|-------------------------|-----------------------|--------------------------------|--|
| | ORIGINAL | FINAL | | (Negative) |
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 139,557,432 | \$ 140,862,677 | \$ 139,927,598 | \$ (935,079) |
| 5800 State Program Revenues | 284,926,600 | 286,111,912 | 291,758,886 | 5,646,974 |
| 5900 Federal Program Revenues | 250,000 | 5,128,804 | 5,325,997 | 197,193 |
| 5020 Total Revenues | <u>424,734,032</u> | <u>432,103,393</u> | <u>437,012,481</u> | <u>4,909,088</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 250,688,266 | 256,580,000 | 253,859,686 | 2,720,314 |
| 0012 Instructional Resources and Media Services | 7,452,271 | 7,550,000 | 7,316,482 | 233,518 |
| 0013 Curriculum and Instructional Staff Development | 8,281,143 | 9,060,000 | 8,427,970 | 632,030 |
| 0021 Instructional Leadership | 8,471,324 | 8,550,000 | 8,145,737 | 404,263 |
| 0023 School Leadership | 27,755,073 | 27,580,000 | 27,285,707 | 294,293 |
| 0031 Guidance, Counseling, and Evaluation Services | 16,705,465 | 17,030,000 | 16,972,083 | 57,917 |
| 0032 Social Work Services | 1,201,609 | 1,350,000 | 1,339,465 | 10,535 |
| 0033 Health Services | 6,211,023 | 6,190,000 | 6,045,502 | 144,498 |
| 0034 Student (Pupil) Transportation | 12,005,851 | 9,860,000 | 10,195,507 | (335,507) |
| 0035 Food Services | | 230,000 | 113,710 | 116,290 |
| 0036 Cocurricular/Extracurricular Activities | 6,159,455 | 6,890,000 | 6,603,973 | 286,027 |
| 0041 General Administration | 12,938,764 | 14,810,000 | 14,945,298 | (135,298) |
| 0051 Plant Maintenance and Operations | 38,636,575 | 36,010,000 | 35,955,905 | 54,095 |
| 0052 Security and Monitoring Services | 4,061,729 | 4,010,000 | 3,811,178 | 198,822 |
| 0053 Data Processing Services | 11,172,371 | 11,280,000 | 10,626,608 | 653,392 |
| 0061 Community Services | 1,780,518 | 1,600,000 | 1,575,481 | 24,519 |
| Capital Outlay: | | | | |
| 0081 Facilities Acquisition and Construction | 15,000 | 250,000 | | 250,000 |
| Intergovernmental: | | | | |
| 0095 Payments to Juvenile Justice Alternative Ed Program | 75,000 | 20,000 | 4,824 | 15,176 |
| 0099 Other Intergovernmental Charges | 662,918 | 662,918 | 662,918 | - |
| 6030 Total Expenditures | <u>414,274,355</u> | <u>419,512,918</u> | <u>413,888,034</u> | <u>5,624,884</u> |
| 1100 Excess of Revenues Over Expenditures | 10,459,677 | 12,590,475 | 23,124,447 | 10,533,972 |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7912 Sale of Real and Personal Property | | 241,796 | 242,528 | 732 |
| 8911 Transfers Out | - | (12,000,000) | (12,000,000) | - |
| 7080 Total Other Financing Sources (Uses) | <u>-</u> | <u>(11,758,204)</u> | <u>(11,757,472)</u> | <u>732</u> |
| 1200 Net Change in Fund Balances | 10,459,677 | 832,271 | 11,366,975 | 10,534,704 |
| 0100 Fund Balance - September 1 (Beginning) | <u>143,208,579</u> | <u>143,208,579</u> | <u>143,208,579</u> | <u>-</u> |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ 153,668,256</u> | <u>\$ 144,040,850</u> | <u>\$ 154,575,554</u> | <u>\$ 10,534,704</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, 2014

Exhibit G-2

| | <u>Budgeted Amounts</u> | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|--|-------------------------|---------------------|--------------------------------|--|
| | <u>ORIGINAL</u> | <u>FINAL</u> | | |
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 9,056,075 | \$ 9,480,000 | \$ 9,370,268 | \$ (109,732) |
| 5800 State Program Revenues | 154,000 | 155,660 | 155,660 | - |
| 5900 Federal Program Revenues | <u>19,698,500</u> | <u>19,576,934</u> | <u>19,556,374</u> | <u>(20,560)</u> |
| 5020 Total Revenues | <u>28,908,575</u> | <u>29,212,594</u> | <u>29,082,302</u> | <u>(130,292)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0035 Food Services | 28,198,366 | 30,250,000 | 30,180,083 | 69,917 |
| 0051 Plant Maintenance and Operations | <u>461,351</u> | <u>550,000</u> | <u>414,246</u> | <u>135,754</u> |
| 6030 Total Expenditures | <u>28,659,717</u> | <u>30,800,000</u> | <u>30,594,329</u> | <u>205,671</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | 248,858 | (1,587,406) | (1,512,027) | 75,379 |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7912 Sale of Real and Personal Property | <u>5,750</u> | <u>5,750</u> | <u>4,653</u> | <u>(1,097)</u> |
| 7080 Total Other Financing Sources (Uses) | <u>5,750</u> | <u>5,750</u> | <u>4,653</u> | <u>(1,097)</u> |
| 1200 Net Change in Fund Balances | <u>254,608</u> | <u>(1,581,656)</u> | <u>(1,507,374)</u> | <u>74,282</u> |
| 0100 Fund Balance - September 1 (Beginning) | <u>6,780,599</u> | <u>6,780,599</u> | <u>6,780,599</u> | <u>-</u> |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ 7,035,207</u> | <u>\$ 5,198,943</u> | <u>\$ 5,273,225</u> | <u>\$ 74,282</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, 2014

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 20th 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, 2014

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

- \$1,305,245 increase in local revenues to align budget with estimated year end totals.
- \$1,185,312 increase in state program revenues to align budget with estimated year end totals.
- \$4,878,804 increase in Federal Medicaid program revenues to align budget with estimated year end totals.

Expenditures and Transfers Out

- \$5,891,734 increase in instruction expenditures to align budget with estimated year end totals.
- \$2,145,851 decrease in student transportation expenditures to align budget with estimated year end totals.
- \$1,871,236 increase in general administration expenditures to align budget with estimated year end totals.
- \$2,626,575 decrease in plant maintenance and operations to align budget with estimated year end totals.
- \$12,000,000 increase in operating transfers out, all of which went to Capital projects for the acquisition of equipment or renovations.

After appropriations were amended as described above, actual revenues were \$4,909,088 greater than final budgeted amounts due to more revenue in state and federal programs than final budgeted estimates. Actual expenditures were \$5,624,884 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, 2014, expenditures exceeded appropriations in the following fund and function (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.

| General Fund | Excess of Expenditures over Appropriations |
|--------------------------------|---|
| Student (Pupil) Transportation | \$ 335,507 |
| General Administration | 135,298 |
| | \$ 470,805 |

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
YEAR ENDED AUGUST 31, 2014

Note 1. Stewardship, Compliance, and Accountability - continued

NATIONAL BREAKFAST AND LUNCH PROGRAM

Revenues

- \$304,019 increase in all categories of revenue sources to align revenue budget with estimated year end totals.

Expenditures and Transfers Out

- \$2,140,283 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 \$130,292 less than final budgeted amounts due to less revenue in local and intermediate sources and federal programs than final budgeted estimates. Actual expenditures were \$205,671 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 less than expenditures, thus reducing 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 used to transport students to/from co-curricular and extracurricular activities and staff to/from business-related activities.

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.

GARLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2014

| | 751 Motor Pool | 752 Print Shop | 753 Risk Management |
|---|--------------------------|--------------------------|----------------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 102,137 | \$ - | \$ 9,297,304 |
| Due From Other Funds | 7,494 | 153,636 | |
| Other Receivables | | | |
| Prepaid Items | - | 100,045 | 28,062 |
| Total Current Assets | <u>109,631</u> | <u>253,681</u> | <u>9,325,366</u> |
| Noncurrent Assets: | | | |
| Capital Assets: | | | |
| Land Purchase and Improvements | | | |
| Building and Building Improvements | | | 7,720 |
| Furniture and Equipment | 445,037 | 1,621,191 | 149,336 |
| Accumulated Depreciation - Other Land Improvements | | | |
| Accumulated Depreciation - Building and Building Improvements | | | (1,930) |
| Accumulated Depreciation - Furniture and Equipment | (319,253) | (935,449) | (122,874) |
| Total Noncurrent Assets | <u>125,784</u> | <u>685,742</u> | <u>32,252</u> |
| Total Assets | <u><u>235,415</u></u> | <u><u>939,423</u></u> | <u><u>9,357,618</u></u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable | | 9,187 | 41,172 |
| Leases Payable | | | |
| Accrued Wages Payable | | 410 | 731 |
| Due to Other Funds | | 25,386 | 3,656 |
| Claims Liability | | | 1,580,629 |
| Unearned Revenues | - | - | - |
| Total Current Liabilities | <u>-</u> | <u>34,983</u> | <u>1,626,188</u> |
| Noncurrent Liabilities: | | | |
| Capital Lease Payable Long-Term | | | |
| Claims Liability Long-Term | - | - | 2,095,138 |
| Total Noncurrent Liabilities | <u>-</u> | <u>-</u> | <u>2,095,138</u> |
| Total Liabilities | <u>-</u> | <u>34,983</u> | <u>3,721,326</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 125,784 | 685,742 | 32,252 |
| Unrestricted Net Position | 109,631 | 218,698 | 5,604,040 |
| Total Net Position | <u><u>\$ 235,415</u></u> | <u><u>\$ 904,440</u></u> | <u><u>\$ 5,636,292</u></u> |

| 756 Copier Pool | 757 Curtis Culwell Center | 758 Catering Services | Total Internal Service Funds |
|-----------------------|---------------------------------|-----------------------------|------------------------------------|
| \$ 10,807 | \$ 580,812 | \$ - | \$ 9,991,060 |
| 299,415 | 223,251 | 53,011 | 736,807 |
| | 172 | | 172 |
| - | 1,890 | - | 129,997 |
| <u>310,222</u> | <u>806,125</u> | <u>53,011</u> | <u>10,858,036</u> |
| | 208,872 | | 208,872 |
| | 193,370 | | 201,090 |
| 1,807,190 | 380,512 | 25,234 | 4,428,500 |
| | (46,158) | | (46,158) |
| | (19,539) | | (21,469) |
| <u>(531,975)</u> | <u>(87,517)</u> | <u>(7,570)</u> | <u>(2,004,638)</u> |
| <u>1,275,215</u> | <u>629,540</u> | <u>17,664</u> | <u>2,766,197</u> |
| <u>1,585,437</u> | <u>1,435,665</u> | <u>70,675</u> | <u>13,624,233</u> |
| | | | |
| 2,116 | 56,902 | 38 | 109,415 |
| 399,139 | | | 399,139 |
| | 12,211 | 2,971 | 16,323 |
| | 15,657 | | 44,699 |
| | | | 1,580,629 |
| - | 134,520 | - | 134,520 |
| <u>401,255</u> | <u>219,290</u> | <u>3,009</u> | <u>2,284,725</u> |
| | | | |
| 1,033,463 | | | 1,033,463 |
| - | - | - | 2,095,138 |
| <u>1,033,463</u> | <u>-</u> | <u>-</u> | <u>3,128,601</u> |
| <u>1,434,718</u> | <u>219,290</u> | <u>3,009</u> | <u>5,413,326</u> |
| | | | |
| (157,387) | 629,540 | 17,664 | 1,333,595 |
| 308,106 | 586,835 | 50,002 | 6,877,312 |
| <u>\$ 150,719</u> | <u>\$ 1,216,375</u> | <u>\$ 67,666</u> | <u>\$ 8,210,907</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, 2014

| | 751 Motor Pool | 752 Print Shop | 753 Risk Management |
|--|-----------------------|--------------------------|----------------------------|
| OPERATING REVENUES: | | | |
| Local and Intermediate Sources | \$ 38,500 | \$ 917,800 | \$ 1,512,509 |
| Total Operating Revenues | <u>38,500</u> | <u>917,800</u> | <u>1,512,509</u> |
| OPERATING EXPENSES: | | | |
| Payroll Costs | | 255,144 | 378,779 |
| Professional and Contracted Services | 8,111 | 85,163 | 139,953 |
| Supplies and Materials | 22,468 | 302,629 | 73,726 |
| Other Operating Costs | 20,351 | 136,571 | 1,288,026 |
| Total Operating Expenses | <u>50,930</u> | <u>779,507</u> | <u>1,880,484</u> |
| Operating Income (Loss) | <u>(12,430)</u> | <u>138,293</u> | <u>(367,975)</u> |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Earnings from Temporary Deposits & Investments | | | 1,684 |
| Interest on Capital Lease | - | - | - |
| Total Nonoperating Revenues (Expenses) | <u>-</u> | <u>-</u> | <u>1,684</u> |
| Change in Net Position | (12,430) | 138,293 | (366,291) |
| Total Net Position - September 1 (Beginning) | <u>247,845</u> | <u>766,147</u> | <u>6,002,583</u> |
| Total Net Position - August 31 (Ending) | <u><u>235,415</u></u> | <u><u>\$ 904,440</u></u> | <u><u>\$ 5,636,292</u></u> |

| 756 Copier Pool | 757 Curtis Culwell Center | 758 Catering Services | Total Internal Service Funds |
|-----------------------|---------------------------------|-----------------------------|------------------------------------|
| \$ 882,885 | \$ 2,326,227 | \$ 104,914 | \$ 5,782,835 |
| <u>882,885</u> | <u>2,326,227</u> | <u>104,914</u> | <u>5,782,835</u> |
| | 893,603 | 30,610 | 1,558,136 |
| 396,531 | 929,213 | 345 | 1,559,316 |
| | 207,993 | 49,006 | 655,822 |
| <u>360,711</u> | <u>153,528</u> | <u>5,157</u> | <u>1,964,344</u> |
| <u>757,242</u> | <u>2,184,337</u> | <u>85,118</u> | <u>5,737,618</u> |
| <u>125,643</u> | <u>141,890</u> | <u>19,796</u> | <u>45,217</u> |
| | | | 1,684 |
| <u>(80,768)</u> | <u>-</u> | <u>-</u> | <u>(80,768)</u> |
| <u>(80,768)</u> | <u>-</u> | <u>-</u> | <u>(79,084)</u> |
| 44,875 | 141,890 | 19,796 | (33,867) |
| <u>105,844</u> | <u>1,074,485</u> | <u>47,870</u> | <u>8,244,774</u> |
| <u>\$ 150,719</u> | <u>\$ 1,216,375</u> | <u>\$ 67,666</u> | <u>8,210,907</u> |

GARLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2014

| | 751 Motor Pool | 752 Print Shop | 753 Risk Management |
|---|----------------------|----------------------|---------------------------|
| Cash Flows from Operating Activities: | | | |
| Cash Received from User Charges | \$ - | \$ - | \$ - |
| Cash Received from Assessments - Other Funds | 51,468 | 849,485 | 1,538,641 |
| Cash Payments to Employees for Services | | (260,152) | (383,854) |
| Cash Payments for Insurance Claims | | | (1,418,772) |
| Cash Payments for Suppliers | (22,468) | (354,255) | (108,160) |
| Cash Payments for Other Operating Expenses | | (180) | (14,063) |
| Cash Payments for Prof. and Contracted Services | (8,111) | (85,163) | (130,598) |
| Net Cash Provided by (Used for) Operating Activities | 20,889 | 149,735 | (516,806) |
| Cash Flows from Capital Financing Activities: | | | |
| Acquisition of Capital Assets | (139,760) | (149,735) | (24,856) |
| Capital Lease Payments | | | |
| Capital Lease Interest Expense | - | - | - |
| Net Cash Used for Capital Financing Activities | (139,760) | (149,735) | (24,856) |
| Cash Flows from Investing Activities: | | | |
| Interest and Dividends on Investments | - | - | 1,684 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (118,871) | - | (539,978) |
| Cash and Cash Equivalents at Beginning of the Year: | 221,008 | - | 9,837,282 |
| Cash and Cash Equivalents at the End of the Year: | \$ 102,137 | \$ - | \$ 9,297,304 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | |
| Operating Income (Loss): | \$ (12,430) | \$ 138,293 | \$ (367,975) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities: | | | |
| Depreciation | 20,351 | 136,391 | 4,810 |
| Effect of Increases and Decreases in Current Assets and Liabilities: | | | |
| (Increase) Decrease in Due from Other Funds | 12,968 | (34,410) | 27,531 |
| Decrease in Other Receivables | | | |
| (Increase) Decrease in Prepaid Items | | (57,898) | 9,355 |
| Increase (Decrease) in Accounts Payable | | 6,272 | (34,434) |
| Increase (Decrease) in Accrued Wages Payable | | (5,008) | (5,075) |
| Decrease in Due to Other Funds | - | (33,905) | (1,399) |
| Increase in Unearned Revenue | | | |
| Decrease in Claims Liability | | - | (149,619) |
| Net Cash Provided by (Used for) Operating Activities | \$ 20,889 | \$ 149,735 | \$ (516,806) |

| 756 Copier Pool | 757 Curtis Culwell Center | 758 Catering Services | Total Internal Service Funds |
|-----------------------|---------------------------------|-----------------------------|------------------------------------|
| \$ - | \$ 1,694,974 | \$ - | \$ 1,694,974 |
| 867,664 | 1,294,387 | 50,917 | 4,652,562 |
| | (896,245) | (27,639) | (1,567,890) |
| | (198,543) | (73,851) | (1,418,772) |
| | (83,090) | (75) | (757,277) |
| (401,501) | (929,213) | (345) | (97,408) |
| <u>466,163</u> | <u>882,270</u> | <u>(50,993)</u> | <u>(1,554,931)</u> |
| (94,547) | (301,458) | (350) | (710,706) |
| (280,041) | | | (280,041) |
| (80,768) | - | - | (80,768) |
| <u>(455,356)</u> | <u>(301,458)</u> | <u>(350)</u> | <u>(1,071,515)</u> |
| - | - | - | 1,684 |
| <u>10,807</u> | <u>580,812</u> | <u>(51,343)</u> | <u>(118,573)</u> |
| - | - | 51,343 | 10,109,633 |
| <u>\$ 10,807</u> | <u>\$ 580,812</u> | <u>\$ -</u> | <u>\$ 9,991,060</u> |
| \$ 125,643 | \$ 141,890 | \$ 19,796 | \$ 45,217 |
| 360,711 | 70,438 | 5,082 | 597,783 |
| (15,221) | 665,417 | (52,075) | 604,210 |
| | 5,460 | | 5,460 |
| (4,970) | 9,450 | (24,846) | (48,543) |
| | (2,642) | 2,971 | (48,528) |
| | (21,030) | (1,921) | (9,754) |
| | 13,287 | | (58,255) |
| - | - | - | 13,287 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>(149,619)</u> |
| <u>\$ 466,163</u> | <u>\$ 882,270</u> | <u>\$ (50,993)</u> | <u>\$ 951,258</u> |

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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.

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

Other Activity Agency Fund accounts for the receipt and disbursement of monies from employee activity groups and fundraisers for outside charitable groups/scholarships.

GARLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2014

Exhibit H-4

| | Balance September 1, 2013 | Additions | Deductions | Balance August 31, 2014 |
|---------------------------------|---------------------------------|---------------------|----------------------|-------------------------------|
| STUDENT ACTIVITY ACCOUNT | | | | |
| Assets: | | | | |
| Cash and Temporary Investments | \$ 521,085 | \$ 39,758,122 | \$ 39,874,226 | \$ 404,981 |
| Due from External Parties | 455 | 4,641 | 5,096 | - |
| Total Assets | <u>521,540</u> | <u>39,762,763</u> | <u>39,879,322</u> | <u>404,981</u> |
| Liabilities: | | | | |
| Accounts Payable | 13,006 | 829,759 | 832,161 | 10,604 |
| Due to External Parties | 163,094 | 2,635,954 | 2,741,319 | 57,729 |
| Due to Student Groups | 345,440 | 836,051 | 844,843 | 336,648 |
| Total Liabilities | <u>521,540</u> | <u>4,301,764</u> | <u>4,418,323</u> | <u>404,981</u> |
| OTHER ACTIVITY FUND | | | | |
| Assets: | | | | |
| Cash and Temporary Investments | 1,151,858 | 25,658,331 | 26,519,445 | 290,744 |
| Due from External Parties | 106,339 | 191,955 | 296,277 | 2,017 |
| Total Assets | <u>1,258,197</u> | <u>25,850,286</u> | <u>26,815,722</u> | <u>292,761</u> |
| Liabilities: | | | | |
| Accounts Payable | 27,596 | 513,780 | 523,690 | 17,686 |
| Due to External Parties | 482,068 | 2,903,398 | 3,275,092 | 110,374 |
| Due to Employee Groups | 748,533 | 1,746,490 | 2,330,322 | 164,701 |
| Total Liabilities | <u>1,258,197</u> | <u>5,163,668</u> | <u>6,129,104</u> | <u>292,761</u> |
| TOTAL AGENCY FUNDS | | | | |
| Assets: | | | | |
| Cash and Temporary Investments | 1,672,943 | 65,416,453 | 66,393,671 | 695,725 |
| Due from External Parties | 106,794 | 196,596 | 301,373 | 2,017 |
| Total Assets | <u>1,779,737</u> | <u>65,613,049</u> | <u>66,695,044</u> | <u>697,742</u> |
| Liabilities: | | | | |
| Accounts Payable | 40,602 | 1,343,539 | 1,355,851 | 28,290 |
| Due to External Parties | 645,162 | 5,539,352 | 6,016,411 | 168,103 |
| Due to Student/Employee Groups | 1,093,973 | 2,582,541 | 3,175,165 | 501,349 |
| Total Liabilities | <u>\$ 1,779,737</u> | <u>\$ 9,465,432</u> | <u>\$ 10,547,427</u> | <u>\$ 697,742</u> |

Required TEA Schedules Section

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2014

| Last Ten Years Ended August 31 | 1 | | 2 | 3 | 10 |
|-----------------------------------|-------------|--|--------------|--|----------------------------------|
| | Tax Rates | | Debt Service | Net Assessed/Appraised Value For School Tax Purposes | Beginning Balance 9/1/2013 |
| | Maintenance | | | | |
| 2005 and prior | various | | various | | \$ 2,355,385 |
| 2006 | 1.4102 | | 0.2112 | 12,441,076,827 | 388,909 |
| 2007 | 1.4568 | | 0.2133 | 13,039,245,056 | 429,030 |
| 2008 | 1.3316 | | 0.2133 | 13,594,127,982 | 389,884 |
| 2009 | 1.0400 | | 0.2133 | 14,069,484,561 | 538,060 |
| 2010 | 1.0400 | | 0.2133 | 13,652,343,413 | 505,977 |
| 2011 | 1.0400 | | 0.2133 | 13,366,036,304 | 585,500 |
| 2012 | 1.0400 | | 0.2133 | 13,085,564,669 | 929,960 |
| 2013 | 1.0400 | | 0.2133 | 12,971,711,641 | 1,704,929 |
| 2014 | 1.0400 | | 0.2133 | 13,064,995,612 | - |
| 1000 TOTALS | | | | | <u><u>\$ 7,827,634</u></u> |

| 20 Current Year's Total Levy | 31 Maintenance Total Collections | 32 Debt Service Total Collections | 40 Entire Year's Adjustments | 50 Ending Balance 8/31/2014 |
|--|--|---|--|---|
| \$ - | \$ 23,944 | \$ 4,601 | \$ (1,339,285) | \$ 987,555 |
| | 16,900 | 2,474 | (182,948) | 186,587 |
| | 24,754 | 3,965 | (208,019) | 192,292 |
| | 22,559 | 4,627 | (180,503) | 182,195 |
| | 40,692 | 8,346 | 1,877 | 490,899 |
| | 64,718 | 13,273 | 4,260 | 432,246 |
| | 120,231 | 24,659 | 2,845 | 443,455 |
| | 285,323 | 58,519 | (10,678) | 575,440 |
| | 551,688 | 113,149 | (291,110) | 748,982 |
| <u>163,743,590</u> | <u>135,399,784</u> | <u>27,750,973</u> | <u>788,753</u> | <u>1,381,586</u> |
| <u>\$ 163,743,590</u> | <u>\$ 136,550,593</u> | <u>\$ 27,984,586</u> | <u>\$ (1,414,808)</u> | <u>\$ 5,621,237</u> |

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, 2014

Exhibit J-2

| Data Control Codes | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|--|---------------------|---------------------|--------------------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 28,462,678 | \$ 28,000,000 | \$ 28,162,628 | \$ 162,628 |
| 5800 State Program Revenues | 12,517,236 | 12,424,000 | 12,358,268 | (65,732) |
| 5900 Federal Program Revenues | 456,978 | 456,978 | 464,486 | 7,508 |
| 5020 Total Revenues | <u>41,436,892</u> | <u>40,880,978</u> | <u>40,985,382</u> | <u>104,404</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Debt Service: | | | | |
| 0071 Debt Service-Principal on Long Term Debt | 25,368,250 | 25,368,250 | 25,368,218 | 32 |
| 0072 Debt Service-Interest on Long Term Debt | 15,405,300 | 15,405,300 | 14,637,796 | 767,504 |
| 0073 Debt Service-Bond Issuance Cost and Fees | 300,000 | 300,000 | 176,140 | 123,860 |
| 6030 Total Expenditures | <u>41,073,550</u> | <u>41,073,550</u> | <u>40,182,154</u> | <u>891,396</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | 363,342 | (192,572) | 803,228 | 995,800 |
| OTHER FINANCING SOURCES: | | | | |
| 7911 Refunding Bonds Issued | - | 26,725,000 | 26,725,000 | - |
| 7916 Premium on Issuance of Bonds | - | 1,574,000 | 1,574,982 | 982 |
| 8940 Payment to Refunded bond Escrow Agent | - | (28,921,000) | (28,920,859) | 141 |
| 7080 Total Other Financing Sources | <u>-</u> | <u>(622,000)</u> | <u>(620,877)</u> | <u>1,123</u> |
| 1200 Net Change in Fund Balances | 363,342 | (814,572) | 182,351 | 996,923 |
| 0100 Fund Balance - September 1 (Beginning) | <u>5,825,655</u> | <u>5,825,655</u> | <u>5,825,655</u> | <u>-</u> |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ 6,188,997</u> | <u>\$ 5,011,083</u> | <u>\$ 6,008,006</u> | <u>\$ 996,923</u> |

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.

| | |
|--|-------|
| Financial Trends | 65-77 |
| These schedules contain trend information to help the reader understand how the government's financial performance and wellbeing have changed over time. | |
| Revenue Capacity | 78-82 |
| These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. | |
| Debt Capacity | 83-86 |
| 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 | 87-88 |
| 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 | 89-99 |
| 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 | | | |
|----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 2005 | 2006 | 2007 | 2008 |
| Governmental net position | | | | |
| Net investment in capital assets | \$ 86,903,808 | \$ 87,505,635 | \$ 98,260,626 | \$ 111,899,974 |
| Restricted | | | | |
| Food Service | 4,586,163 | 3,974,252 | 2,417,197 | 1,406,758 |
| Debt Service | 5,354,289 | 5,075,415 | 2,662,244 | 1,590,931 |
| Grant Funds | | | | |
| Unrestricted | <u>77,053,658</u> | <u>94,921,136</u> | <u>107,501,931</u> | <u>89,688,303</u> |
| Total governmental net position | <u><u>173,897,918</u></u> | <u><u>191,476,438</u></u> | <u><u>210,841,998</u></u> | <u><u>204,585,966</u></u> |
| Business-type net position | | | | |
| Net investment in capital assets | | | 7,014 | 31,235 |
| Unrestricted | <u>2,743</u> | <u>18,323</u> | <u>14,670</u> | <u>(60,544)</u> |
| Total Business-type net position | <u><u>2,743</u></u> | <u><u>18,323</u></u> | <u><u>21,684</u></u> | <u><u>(29,309)</u></u> |
| Total net position | | | | |
| Net investment in capital assets | 86,903,808 | 87,505,635 | 98,267,640 | 111,931,209 |
| Restricted | | | | |
| Food Service | 4,586,163 | 3,974,252 | 2,417,197 | 1,406,758 |
| Debt Service | 5,354,289 | 5,075,415 | 2,662,244 | 1,590,931 |
| Grant Funds | | | | |
| Construction | | | | |
| Unrestricted | <u>77,056,401</u> | <u>94,939,459</u> | <u>107,516,601</u> | <u>89,627,759</u> |
| Total net position | <u><u>\$ 173,900,661</u></u> | <u><u>\$ 191,494,761</u></u> | <u><u>\$ 210,863,682</u></u> | <u><u>\$ 204,556,657</u></u> |

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

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| \$ 115,842,801 | \$ 119,473,529 | \$ 135,714,399 | \$ 150,416,165 | \$ 157,656,333 | \$ 145,320,160 |
| 1,032,266 | 2,237,555 | 3,572,158 | 5,647,011 | | |
| 2,867,279 | 4,692,604 | 5,944,130 | 5,852,827 | 5,689,844 | 6,008,006 |
| | | | 4,480,338 | 7,594,789 | 9,155,138 |
| <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>187,052,232</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> | <u>347,535,536</u> |
| 25,810 | 21,673 | 17,536 | 14,180 | 11,601 | 9,023 |
| <u>(78,527)</u> | <u>(138,885)</u> | <u>(129,759)</u> | <u>(127,504)</u> | <u>(126,232)</u> | <u>(130,792)</u> |
| <u>(52,717)</u> | <u>(117,212)</u> | <u>(112,223)</u> | <u>(113,324)</u> | <u>(114,631)</u> | <u>(121,769)</u> |
| 115,868,611 | 119,495,202 | 135,731,935 | 150,430,345 | 157,667,934 | 162,891,590 |
| 1,032,266 | 2,237,555 | 3,572,158 | 5,647,011 | | |
| 2,867,279 | 4,692,604 | 5,944,130 | 5,852,827 | 5,689,844 | 5,841,400 |
| | | | 4,480,338 | 10,133,840 | 9,155,138 |
| | | | | | 6,614,366 |
| <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>163,033,042</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> | <u>\$ 347,535,536</u> |

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

| | Fiscal Year | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2005 | 2006 | 2007 | 2008 |
| Expenses | | | | |
| Governmental activities | | | | |
| Instruction | \$ 217,291,193 | \$ 229,395,773 | \$ 249,442,304 | \$ 276,616,196 |
| Instructional resource and media services | 7,043,428 | 6,609,280 | 6,914,200 | 7,812,690 |
| Curriculum and staff development services | 5,120,004 | 5,138,526 | 6,732,763 | 6,634,975 |
| Instructional leadership | 5,510,792 | 6,108,914 | 6,845,017 | 8,182,808 |
| School leadership | 21,860,633 | 23,606,119 | 24,991,290 | 27,002,157 |
| Guidance, counseling, and evaluation services | 14,070,831 | 15,380,606 | 16,640,146 | 17,823,643 |
| Social work services | 743,805 | 726,811 | 865,761 | 924,492 |
| Health services | 3,911,639 | 4,065,689 | 4,751,649 | 6,728,800 |
| Student transportation | 8,646,476 | 9,663,621 | 8,981,233 | 7,033,092 |
| Food Service | 19,685,050 | 22,132,097 | 23,011,684 | 25,506,613 |
| Cocurricular/Extracurricular activities | 6,709,675 | 6,658,308 | 6,162,935 | 7,030,615 |
| General administration | 8,529,235 | 9,122,816 | 10,118,411 | 11,363,821 |
| Plant maintenance and operations | 33,070,369 | 35,748,963 | 36,459,999 | 38,335,676 |
| Security and monitoring services | 2,160,511 | 2,192,834 | 2,562,847 | 7,638,267 |
| Data processing services | 13,807,050 | 13,544,652 | 16,493,955 | 9,569,934 |
| Community services | 3,539,915 | 4,570,218 | 5,022,107 | 4,701,421 |
| Interest on long-term debt | 15,455,979 | 19,904,601 | 19,028,178 | 18,332,357 |
| Bond issuance cost and fees | 31,090 | 121,093 | 78,282 | 108,891 |
| Facilities acquisition/construction | 3,805,552 | 5,237,028 | 3,623,119 | |
| Payments to Fiscal Agent of Shared Services Arrangement | | | | |
| Payments to Juvenile Justice Alternative Education Programs | 163,138 | 144,126 | 99,014 | 47,218 |
| Intergovernmental Charges | - | - | - | - |
| Total governmental activities expenses | <u>391,156,365</u> | <u>420,072,075</u> | <u>448,824,894</u> | <u>481,393,666</u> |
| Business-type activities | | | | |
| Concessions | <u>258,490</u> | <u>208,343</u> | <u>254,655</u> | <u>259,104</u> |
| Total business-type activities expenses | <u>258,490</u> | <u>208,343</u> | <u>254,655</u> | <u>259,104</u> |
| Total expenses | <u>\$ 391,414,855</u> | <u>\$ 420,280,418</u> | <u>\$ 449,079,549</u> | <u>\$ 481,652,770</u> |
| Program Revenues | | | | |
| Governmental activities | | | | |
| Charges for services | | | | |
| Instruction | \$ 358,003 | \$ 404,352 | \$ 397,819 | \$ 406,338 |
| Curriculum and staff development | | | | |
| Food service | 9,215,484 | 9,402,839 | 9,098,542 | 9,934,102 |
| Cocurricular/Extracurricular activities | 1,277,211 | 5,017,254 | 4,966,084 | 4,896,022 |
| Plant maintenance and operations | 608,436 | 47,748 | 144,015 | 96,296 |
| Security and monitoring services | 70,004 | | | |
| Community services | 4,462 | | | |
| Operating grants and contributions | 68,714,798 | 69,175,005 | 73,767,745 | 77,211,854 |
| Total governmental entities program revenue | <u>80,248,398</u> | <u>84,047,198</u> | <u>88,374,205</u> | <u>92,544,612</u> |
| Business-type activities | | | | |
| Charges for services | | | | |
| Concessions | <u>301,908</u> | <u>263,923</u> | <u>272,416</u> | <u>208,111</u> |
| Total governmental entities business-type revenue | <u>301,908</u> | <u>263,923</u> | <u>272,416</u> | <u>208,111</u> |
| Total program revenues | <u>\$ 80,550,306</u> | <u>\$ 84,311,121</u> | <u>\$ 88,646,621</u> | <u>\$ 92,752,723</u> |
| Net Expense | | | | |
| Governmental activities | \$ (310,907,967) | \$ (336,024,877) | \$ (360,450,689) | \$ (388,849,054) |
| Business-type activities | 43,418 | 55,580 | 17,761 | (50,993) |
| Total net expenses | <u>\$ (310,864,549)</u> | <u>\$ (335,969,297)</u> | <u>\$ (360,432,928)</u> | <u>\$ (388,900,047)</u> |

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

| | | Fiscal Year | | | | | | | | | |
|----|----------------------|-------------|----------------------|------|----------------------|------|----------------------|----|----------------------|----|----------------------|
| | | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | | | | |
| \$ | 283,065,227 | \$ | 289,725,326 | \$ | 294,208,920 | \$ | 272,825,108 | \$ | 277,499,490 | \$ | 293,173,717 |
| | 8,131,373 | | 8,118,770 | | 8,193,015 | | 7,368,582 | | 7,672,838 | | 7,897,014 |
| | 7,796,851 | | 7,146,831 | | 8,581,755 | | 8,514,256 | | 10,248,468 | | 11,848,699 |
| | 7,439,610 | | 10,062,924 | | 9,757,848 | | 8,365,560 | | 8,659,257 | | 9,444,098 |
| | 26,744,844 | | 27,380,902 | | 27,930,380 | | 26,527,981 | | 27,137,920 | | 28,022,164 |
| | 17,956,443 | | 18,728,727 | | 18,429,805 | | 16,939,997 | | 17,824,829 | | 19,318,654 |
| | 969,118 | | 929,902 | | 929,097 | | 894,164 | | 942,133 | | 1,339,419 |
| | 5,333,060 | | 5,619,695 | | 5,654,397 | | 5,329,439 | | 5,446,268 | | 6,228,989 |
| | 10,101,240 | | 10,499,734 | | 10,811,955 | | 10,643,267 | | 11,379,383 | | 12,966,006 |
| | 26,573,977 | | 27,071,935 | | 27,407,886 | | 26,033,888 | | 27,886,434 | | 31,285,050 |
| | 6,684,383 | | 6,704,026 | | 7,290,111 | | 7,686,728 | | 8,228,081 | | 8,556,794 |
| | 9,765,328 | | 10,668,993 | | 11,255,328 | | 10,252,916 | | 11,631,845 | | 15,141,046 |
| | 37,369,496 | | 38,327,826 | | 37,876,948 | | 35,728,649 | | 36,004,303 | | 38,454,227 |
| | 3,697,044 | | 3,847,937 | | 3,803,372 | | 3,667,174 | | 3,812,056 | | 4,100,656 |
| | 12,164,713 | | 16,879,163 | | 13,777,228 | | 21,287,235 | | 14,343,551 | | 15,490,524 |
| | 5,546,340 | | 5,614,407 | | 5,289,947 | | 3,086,571 | | 2,540,248 | | 3,198,004 |
| | 16,266,467 | | 16,555,683 | | 15,378,492 | | 691,607 | | 14,113,757 | | 11,926,352 |
| | 219,929 | | 419,457 | | 437,694 | | 229,464 | | 23,786 | | 176,140 |
| | 541,958 | | 1,570,426 | | 2,297,277 | | 1,511,554 | | 4,540,264 | | 5,364,055 |
| | | | | | 31,422 | | 69,224 | | 64,011 | | 74,889 |
| | 56,304 | | 52,360 | | 66,234 | | 45,714 | | 5,742 | | 4,824 |
| | 677,662 | | 698,644 | | 700,543 | | 658,438 | | 664,700 | | 662,918 |
| | <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>524,674,239</u> |
| | <u>288,814</u> | | <u>287,235</u> | | <u>258,978</u> | | <u>247,054</u> | | <u>261,762</u> | | <u>259,754</u> |
| | <u>288,814</u> | | <u>287,235</u> | | <u>258,978</u> | | <u>247,054</u> | | <u>261,762</u> | | <u>259,754</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> | \$ | <u>524,933,993</u> |
| \$ | 482,224 | \$ | 265,338 | \$ | 169,918 | \$ | 244,414 | \$ | 159,781 | \$ | 428,438 |
| | | | | | | | 375 | | | | |
| | 10,332,066 | | 9,803,316 | | 9,220,579 | | 9,011,473 | | 8,939,886 | | 9,276,095 |
| | 4,782,751 | | 4,667,101 | | 4,900,323 | | 5,096,626 | | 5,410,308 | | 5,261,990 |
| | 219,996 | | 193,833 | | 176,730 | | 268,172 | | 177,533 | | 151,719 |
| | <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>90,430,370</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>105,548,612</u> |
| | <u>265,406</u> | | <u>222,740</u> | | <u>263,967</u> | | <u>245,953</u> | | <u>260,455</u> | | <u>252,564</u> |
| | <u>265,406</u> | | <u>222,740</u> | | <u>263,967</u> | | <u>245,953</u> | | <u>260,455</u> | | <u>252,564</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> | \$ | <u>105,801,176</u> |
| \$ | (386,684,393) | \$ | (385,864,556) | \$ | (362,681,489) | \$ | (362,149,250) | \$ | (395,435,483) | \$ | (419,125,627) |
| | (23,408) | | (64,495) | | 4,989 | | (1,101) | | (1,307) | | (7,190) |
| \$ | <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> | \$ | <u>(419,132,817)</u> |

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

| | Fiscal Year | | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2005 | 2006 | 2007 | 2008 |
| Net Expense | | | | |
| Governmental activities | \$ (310,907,967) | \$ (336,024,877) | \$ (360,450,689) | \$ (388,849,054) |
| Business-type activities | 43,418 | 55,580 | 17,761 | (50,993) |
| Total net expenses | <u>\$ (310,864,549)</u> | <u>\$ (335,969,297)</u> | <u>\$ (360,432,928)</u> | <u>\$ (388,900,047)</u> |
| General Revenues | | | | |
| Governmental activities | | | | |
| Taxes | | | | |
| Property taxes levied for general purposes | \$ 166,090,850 | \$ 178,998,768 | \$ 172,127,966 | \$ 142,436,130 |
| Property taxes levied for debt service | 25,016,884 | 26,273,933 | 27,545,122 | 29,029,310 |
| State Aid Formula Grants | 128,054,981 | 131,092,684 | 165,397,418 | 207,567,446 |
| Grants and contributions not restricted | 648,248 | 4,112,521 | 1,648,225 | 1,684,092 |
| Investment earnings | 5,333,189 | 11,589,329 | 12,078,415 | 6,182,740 |
| Miscellaneous | 210,441 | 1,496,162 | 1,004,703 | 867,111 |
| Transfers in from business-type activities | | 40,000 | 14,400 | |
| Special Items: | | | | |
| Gain (Loss) on disposal of assets | (5,458,041) | | | (5,173,807) |
| Liquidation of Claims Liability (Note 10) | | | | |
| Extraordinary Items: | | | | |
| Insurance recoveries | - | - | - | - |
| Total governmental general revenues | <u>319,896,552</u> | <u>353,603,397</u> | <u>379,816,249</u> | <u>382,593,022</u> |
| Business-type activities | | | | |
| Investment earnings | | | | |
| Transfers out to governmental activities | - | (40,000) | (14,400) | - |
| Total business-type general revenues | <u>-</u> | <u>(40,000)</u> | <u>(14,400)</u> | <u>-</u> |
| Total primary government general revenues | <u>\$ 319,896,552</u> | <u>\$ 353,563,397</u> | <u>\$ 379,801,849</u> | <u>\$ 382,593,022</u> |
| Change in Net Position | | | | |
| Governmental activities | \$ 8,988,585 | \$ 17,578,520 | \$ 19,365,560 | \$ (6,256,032) |
| Business-type activities | 43,418 | 15,580 | 3,361 | (50,993) |
| Total primary government | <u>\$ 9,032,003</u> | <u>\$ 17,594,100</u> | <u>\$ 19,368,921</u> | <u>\$ (6,307,025)</u> |

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

| Fiscal Year | | | | | |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| \$ (386,684,393) | \$ (385,864,556) | \$ (362,681,489) | \$ (362,149,250) | \$ (395,435,483) | \$ (419,125,627) |
| (23,408) | (64,495) | 4,989 | (1,101) | (1,307) | (7,190) |
| <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> | <u>\$ (419,132,817)</u> |
| \$ 146,318,903 | \$ 142,764,547 | \$ 138,879,794 | \$ 136,593,849 | \$ 136,374,770 | \$ 137,162,011 |
| 29,971,347 | 29,284,421 | 28,513,656 | 27,998,477 | 27,925,169 | 28,090,094 |
| 216,066,364 | 220,388,265 | 224,600,836 | 233,715,404 | 254,240,046 | 270,830,210 |
| 1,061,717 | 3,365,788 | 5,192,762 | 4,482,295 | 268,714 | 504,719 |
| 1,445,428 | 692,016 | 250,405 | 286,150 | 278,338 | 96,855 |
| 2,305,294 | 492,039 | 947,721 | 1,362,616 | 1,247,836 | 896,992 |
| | | | (877,204) | 272,557 | 256,242 |
| | | | 703,742 | | |
| - | - | 2,275,658 | 617,430 | 78,284 | 72,014 |
| <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>437,909,137</u> |
| | | | | | 52 |
| - | - | - | - | - | - |
| <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>\$ 437,909,189</u> |
| \$ 10,484,660 | \$ 11,122,520 | \$ 37,979,343 | \$ 42,733,509 | \$ 25,250,231 | \$ 18,783,510 |
| (23,408) | (64,495) | 4,989 | (1,101) | (1,307) | (7,138) |
| <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> | <u>\$ 18,776,372</u> |

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

| | Fiscal Year | | |
|---|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 |
| General Fund | | | |
| Reserved | \$ 2,848,368 | \$ 1,944,047 | \$ 2,616,046 |
| Designated | 384,211 | 8,384,211 | 9,092,630 |
| Unreserved | 58,953,963 | 64,979,308 | 69,108,105 |
| Total general fund | <u>\$ 62,186,542</u> | <u>\$ 75,307,566</u> | <u>\$ 80,816,781</u> |
| All Other Governmental Funds | | | |
| Reserved | | | |
| Capital Projects fund | \$ 144,070,011 | \$ 80,944,482 | \$ 28,863,213 |
| Other governmental funds | | | 1,702,220 |
| Debt Service Fund | 5,354,289 | 5,075,415 | 2,662,244 |
| Food Service | 4,586,163 | 3,974,252 | 714,977 |
| Unreserved | | | |
| Reported in Federal Special Revenue Fund | | | |
| Reported in State Special Revenue Fund | | | |
| Reported in Local Special Revenue Fund | 6,235,030 | 9,248,511 | 15,413,864 |
| Total all other governmental funds | <u>\$ 160,245,493</u> | <u>\$ 99,242,660</u> | <u>\$ 49,356,518</u> |
| Fund Balance Categories as Required by GASB Statement No. 54 | | | |
| General Fund | 2011 | 2012 | 2013 |
| 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 | | |
|----------------------|----------------------|----------------------|
| 2008 | 2009 | 2010 |
| \$ 2,888,963 | \$ 2,124,945 | \$ 2,096,956 |
| 9,364,540 | 9,693,854 | 9,963,746 |
| 59,511,619 | 67,782,406 | 79,992,042 |
| <u>\$ 71,765,122</u> | <u>\$ 79,601,205</u> | <u>\$ 92,052,744</u> |

| | | |
|----------------------|----------------------|----------------------|
| \$ 16,314,804 | \$ 39,433,222 | \$ 23,485,325 |
| 1,182,723 | 2,183,286 | 1,925,909 |
| 1,590,931 | 2,932,753 | 4,730,024 |
| 224,035 | (972,195) | 311,646 |
| 33,862 | 177,477 | 338,061 |
| 2,897,965 | 925,300 | 253,868 |
| 8,055,692 | 7,483,279 | 9,923,244 |
| <u>\$ 30,300,012</u> | <u>\$ 52,163,122</u> | <u>\$ 40,968,077</u> |

| 2014 |
|-----------------------|
| \$ 841,310 |
| 1,947,959 |
| 8,000,000 |
| 143,786,285 |
| <u>\$ 154,575,554</u> |

| |
|----------------------|
| 2,022,565 |
| 877,145 |
| 6,840,334 |
| 6,614,366 |
| 6,008,006 |
| 3,096,524 |
| 23,176,096 |
| <u>\$ 48,635,036</u> |

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

| | Fiscal Year | | | |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 |
| Local sources: | | | | |
| Property taxes | \$ 190,896,394 | \$ 204,522,281 | \$ 199,545,024 | \$ 172,372,176 |
| Earnings on Investments | 5,304,028 | 11,543,102 | 12,397,819 | 6,433,449 |
| Other local sources | 16,221,532 | 17,614,107 | 16,168,053 | 16,901,934 |
| Total local sources | <u>212,421,954</u> | <u>233,679,490</u> | <u>228,110,896</u> | <u>195,707,559</u> |
| State sources: | | | | |
| Per Capita | 10,089,929 | 15,954,268 | 20,818,371 | 14,874,076 |
| Foundation School Program | 108,965,052 | 115,138,416 | 144,579,047 | 197,188,087 |
| On-behalf Payments | 12,941,367 | 14,477,809 | 16,066,710 | 15,865,735 |
| Other State Sources | 30,610,769 | 20,635,646 | 21,435,300 | 16,848,372 |
| Total state sources | <u>162,607,117</u> | <u>166,206,139</u> | <u>202,899,428</u> | <u>244,776,270</u> |
| Federal sources: | 30,171,982 | 36,700,563 | 36,642,349 | 40,436,333 |
| Total revenues | <u>\$ 405,201,053</u> | <u>\$ 436,586,192</u> | <u>\$ 467,652,673</u> | <u>\$ 480,920,162</u> |

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

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| \$ 176,569,986 | \$ 172,139,992 | \$ 167,273,269 | \$ 165,275,525 | \$ 164,584,996 | \$ 165,665,203 |
| 1,525,021 | 707,159 | 258,505 | 286,945 | 281,502 | 99,336 |
| 18,385,341 | 15,980,072 | 15,987,134 | 17,196,383 | 16,155,364 | 17,532,397 |
| <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> | <u>183,296,936</u> |
| 13,743,144 | 5,823,420 | 17,945,835 | \$ 13,688,849 | \$ 25,588,455 | \$ 14,229,508 |
| 206,872,320 | 214,724,391 | 206,655,001 | 220,026,555 | 228,651,591 | 256,600,702 |
| 16,405,646 | 19,652,675 | 19,836,443 | 18,391,316 | 17,673,118 | 20,763,720 |
| 16,615,806 | 15,958,239 | 22,808,914 | 16,285,452 | 11,739,565 | 17,349,345 |
| <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> | <u>308,943,275</u> |
| 47,497,219 | 72,967,099 | 95,044,989 | 60,791,256 | 51,107,017 | 51,334,853 |
| <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> | <u>\$ 543,575,064</u> |

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

| | Fiscal Year | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 |
| Expenditures | | | | |
| Governmental funds | | | | |
| 11 Instruction | \$ 208,851,384 | \$ 219,374,143 | \$ 242,950,503 | \$ 265,646,555 |
| 12 Instructional resources and media services | 6,653,686 | 6,136,673 | 6,838,200 | 7,209,018 |
| 13 Curriculum and staff development services | 5,101,828 | 5,174,366 | 6,734,791 | 6,678,169 |
| Total function 10 | <u>220,606,898</u> | <u>230,685,182</u> | <u>256,523,494</u> | <u>279,533,742</u> |
| 21 Instructional leadership | 5,394,857 | 6,247,112 | 6,636,002 | 8,218,111 |
| 23 School leadership | 21,562,806 | 23,284,518 | 24,841,538 | 26,834,758 |
| Total function 20 | <u>26,957,663</u> | <u>29,531,630</u> | <u>31,477,540</u> | <u>35,052,869</u> |
| 31 Guidance, counseling, and evaluation services | 13,942,142 | 15,259,733 | 16,638,259 | 17,827,951 |
| 32 Social work services | 740,764 | 724,197 | 863,828 | 928,221 |
| 33 Health services | 3,833,632 | 3,974,639 | 4,699,752 | 4,979,712 |
| 34 Student transportation | 9,419,538 | 10,124,583 | 9,550,651 | 11,708,937 |
| 35 Food service | 18,384,615 | 20,779,943 | 22,176,948 | 24,533,327 |
| 36 Extracurricular activities | 6,318,824 | 6,155,952 | 5,670,446 | 6,298,194 |
| Total function 30 | <u>52,639,515</u> | <u>57,019,047</u> | <u>59,599,884</u> | <u>66,276,342</u> |
| 41 General administration | 8,036,023 | 8,852,286 | 9,898,251 | 9,890,459 |
| Total function 40 | <u>8,036,023</u> | <u>8,852,286</u> | <u>9,898,251</u> | <u>9,890,459</u> |
| 51 Plant maintenance and operations | 31,608,710 | 35,369,801 | 35,270,590 | 38,853,474 |
| 52 Security and monitoring services | 2,175,905 | 2,179,230 | 2,540,258 | 2,966,480 |
| 53 Data processing services | 20,820,675 | 22,258,805 | 16,964,593 | 11,953,596 |
| Total function 50 | <u>54,605,290</u> | <u>59,807,836</u> | <u>54,775,441</u> | <u>53,773,550</u> |
| 61 Community service | 3,094,665 | 3,690,488 | 3,992,523 | 4,094,617 |
| Total function 60 | <u>3,094,665</u> | <u>3,690,488</u> | <u>3,992,523</u> | <u>4,094,617</u> |
| 71 Debt service | | | | |
| Principal on long-term debt | 20,305,851 | 18,528,311 | 21,565,040 | 24,471,922 |
| Interest on long-term debt | 19,575,268 | 22,798,556 | 21,871,202 | 18,579,782 |
| Bond issuance costs and fees | 1,988,844 | 121,093 | 78,283 | 108,891 |
| Total function 70 | <u>41,869,963</u> | <u>41,447,960</u> | <u>43,514,525</u> | <u>43,160,595</u> |
| 81 Facilities acquisition/construction | 82,004,420 | 50,716,481 | 52,232,367 | 17,282,121 |
| Total function 80 | <u>82,004,420</u> | <u>50,716,481</u> | <u>52,232,367</u> | <u>17,282,121</u> |
| 93 Payments related to Shared Services Arrangements | | | | |
| 95 Payments to Juvenile Justice Alternative | 163,138 | 144,126 | 99,014 | 47,218 |
| 99 Other Intergovernmental Charges | | | | |
| Total function 90 | <u>163,138</u> | <u>144,126</u> | <u>99,014</u> | <u>47,218</u> |
| Total expenditures | <u>\$ 489,977,575</u> | <u>\$ 481,895,036</u> | <u>\$ 512,113,039</u> | <u>\$ 509,111,513</u> |
| Debt service as a percentage of noncapital expenditures | 10.3% | 9.6% | 9.5% | 8.8% |

Source: Statement of Revenues, Expenditures, and changes in Fund Balance - Governmental Funds for the Garland Independent School District

| Fiscal Year | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| \$ 274,554,083 | \$ 277,736,342 | \$ 286,385,667 | \$ 265,783,902 | \$ 264,641,540 | \$ 278,396,221 |
| 7,683,187 | 7,550,087 | 7,606,662 | 6,907,353 | 7,200,650 | 7,414,899 |
| 7,829,424 | 7,085,074 | 8,436,124 | 8,546,167 | 10,218,104 | 11,821,331 |
| 290,066,694 | 292,371,503 | 302,428,453 | 281,237,422 | 282,060,294 | 297,632,451 |
| 7,317,361 | 10,051,751 | 9,757,128 | 8,087,798 | 8,548,600 | 9,136,533 |
| 26,613,132 | 26,802,850 | 27,214,873 | 26,327,408 | 26,963,180 | 27,735,396 |
| 33,930,493 | 36,854,601 | 36,972,001 | 34,415,206 | 35,511,780 | 36,871,929 |
| 17,888,859 | 18,443,795 | 18,188,436 | 16,815,753 | 17,725,446 | 19,203,404 |
| 971,385 | 919,581 | 916,259 | 894,034 | 939,051 | 1,346,199 |
| 5,259,870 | 5,469,179 | 5,481,977 | 5,240,443 | 5,346,833 | 6,132,616 |
| 11,657,475 | 8,330,801 | 8,958,596 | 12,375,738 | 12,992,842 | 14,052,926 |
| 25,601,394 | 25,457,357 | 25,590,165 | 24,873,220 | 27,046,189 | 30,293,793 |
| 5,946,729 | 5,722,934 | 6,194,537 | 6,643,953 | 7,128,827 | 8,007,892 |
| 67,325,712 | 64,343,647 | 65,329,970 | 66,843,141 | 71,179,188 | 79,036,830 |
| 9,645,633 | 10,088,727 | 10,143,293 | 9,994,137 | 10,799,316 | 14,962,000 |
| 9,645,633 | 10,088,727 | 10,143,293 | 9,994,137 | 10,799,316 | 14,962,000 |
| 35,974,175 | 36,352,005 | 35,809,238 | 34,621,542 | 34,104,435 | 37,405,228 |
| 3,431,654 | 3,557,014 | 3,551,656 | 3,459,277 | 3,571,740 | 3,821,316 |
| 11,961,227 | 16,369,064 | 18,896,247 | 21,004,438 | 11,129,867 | 12,235,673 |
| 51,367,056 | 56,278,083 | 58,257,141 | 59,085,257 | 48,806,042 | 53,462,217 |
| 4,676,956 | 4,680,266 | 4,366,739 | 2,229,787 | 1,663,945 | 2,302,771 |
| 4,676,956 | 4,680,266 | 4,366,739 | 2,229,787 | 1,663,945 | 2,302,771 |
| 21,144,985 | 20,565,000 | 21,745,000 | 22,555,971 | 26,329,896 | 25,368,218 |
| 17,752,528 | 16,383,178 | 15,536,957 | 15,008,901 | 16,053,653 | 14,637,796 |
| 1,004,521 | 419,457 | 1,164,685 | 2,098,437 | 23,786 | 176,140 |
| 39,902,034 | 37,367,635 | 38,446,642 | 39,663,309 | 42,407,335 | 40,182,154 |
| 4,724,520 | 11,013,287 | 8,513,304 | 14,061,387 | 52,662,091 | 15,407,928 |
| 4,724,520 | 11,013,287 | 8,513,304 | 14,061,387 | 52,662,091 | 15,407,928 |
| | | 31,423 | 69,224 | 64,011 | 74,889 |
| 56,304 | 52,360 | 66,234 | 45,714 | 5,742 | 4,824 |
| 677,662 | 698,644 | 700,543 | 658,438 | 664,700 | 662,918 |
| 733,966 | 751,004 | 798,200 | 773,376 | 734,453 | 742,631 |
| \$ 502,373,064 | \$ 513,748,753 | \$ 525,255,743 | \$ 508,303,022 | \$ 545,824,444 | \$ 540,600,911 |
| 8.0% | 7.4% | 7.4% | 8.0% | 8.6% | 7.7% |

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

| | Fiscal Year | | | |
|---|-----------------------|------------------------|------------------------|------------------------|
| | 2005 | 2006 | 2007 | 2008 |
| Excess of revenues over (under) expenditures | \$ (84,776,522) | \$ (45,308,844) | \$ (44,460,366) | \$ (28,191,351) |
| Other Financing Sources (Uses) | | | | |
| Capital related debt issued (Bonds) | 269,147,425 | | | |
| Refunding Bonds Issued | | | | |
| Sale of real or personal property | 136,443 | 92,210 | 69,039 | 83,186 |
| Non-Current Loan Proceeds | | | | |
| Transfers in | 5,521,141 | 8,658,078 | 10,014,400 | 2,788 |
| Premium or Discount on Issuance of Bonds | | | | |
| Prepaid Interest | | | | |
| Other Resources | | | | |
| Insurance Recovery | | | | |
| Transfers out | (7,959,618) | (11,323,253) | (10,000,000) | (2,788) |
| Payments to refunded bond escrow agents | (69,104,629) | - | - | - |
| Total other financing sources (uses) | <u>197,740,762</u> | <u>(2,572,965)</u> | <u>83,439</u> | <u>83,186</u> |
| Extraordinary Item - Insurance Recovery | | | | |
| Net change in fund balances | <u>\$ 112,964,240</u> | <u>\$ (47,881,809)</u> | <u>\$ (44,376,927)</u> | <u>\$ (28,108,165)</u> |

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

| Fiscal Year | | | | | |
|----------------|--------------|---------------|---------------|-----------------|--------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| \$ (4,758,581) | \$ 4,204,294 | \$ 20,554,347 | \$ 3,639,259 | \$ (30,042,836) | \$ 2,974,153 |
| 63,395,000 | | 71,460,000 | 12,485,000 | | |
| | | | 177,560,213 | | 26,725,000 |
| 232,155 | 52,200 | 71,984 | 186,936 | 271,558 | 247,181 |
| 3,525,000 | | | | | |
| 1,292,791 | 3,887,810 | 1,767 | 10,939,244 | 9,990,338 | 12,000,000 |
| 3,666,822 | | 7,289,674 | 31,307,398 | | 1,574,982 |
| | | 238,982 | | | |
| | | | 41,262 | 103,005 | - |
| | | | 7,956 | 42,299 | 37,855 |
| (1,292,791) | (6,887,810) | (10,001,767) | (10,009,462) | (10,000,000) | (12,000,000) |
| (36,361,203) | - | (12,637,102) | (208,224,256) | - | (28,920,859) |
| 34,457,774 | (2,947,800) | 56,423,538 | 14,294,291 | 407,200 | (335,841) |
| | | 2,275,658 | | | |
| \$ 29,699,193 | \$ 1,256,494 | \$ 79,253,543 | \$ 17,933,550 | \$ (29,635,636) | \$ 2,638,312 |

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

Exhibit S-8

| Fiscal Year | Appraised Value | | | Total Estimated Taxable Value | Total Direct Rate(1) |
|-------------|------------------------------------|----------------------|---------------------|-------------------------------------|-------------------------|
| | Residential or Real Property | Personal Property | Less: Exemptions | | |
| 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 |
| 2014 | 13,896,972,810 | 1,901,121,140 | 2,733,098,338 | 13,064,995,612 | 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 |
| 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 |
| 2014 | 1.0400 | 0.2133 | 1.2533 | 0.7046 | 0.6639 | 0.7872 | 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 | 2014 | | | 2004 | | |
|------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Simon Property Group | \$ 127,036,990 | 1 | 0.97% | | | |
| Walmart | 121,317,680 | 2 | 0.93% | \$ 87,962,680 | 2 | 0.64% |
| Kraft Foods/ U S Foods | 83,408,820 | 3 | 0.64% | 56,683,930 | 6 | 0.41% |
| Verizon/G.T.E. | 67,925,650 | 4 | 0.52% | 86,016,370 | 3 | 0.63% |
| Oncor | 64,782,530 | 5 | 0.50% | | | |
| Sears Roebuck Co. | 63,684,490 | 6 | 0.49% | 101,997,320 | 1 | 0.75% |
| Landmark Lakeway | 56,416,610 | 7 | 0.43% | | | |
| Plastipak Packaging | 52,948,777 | 8 | 0.41% | | | |
| Engineered Polymer | 49,711,257 | 9 | 0.38% | 54,037,700 | 7 | 0.40% |
| S S T Truck | 46,403,250 | 10 | 0.36% | 54,021,620 | 8 | 0.40% |
| Eckerd Corp. | | | | 77,928,460 | 4 | 0.57% |
| Texas Utilities Co. | | | | 74,412,390 | 5 | 0.54% |
| Interceramic | | | | 42,977,560 | 9 | 0.31% |
| Simpson Financing | | | | 42,918,640 | 10 | 0.31% |
| Total | <u>\$ 733,636,054</u> | | <u>5.63%</u> | <u>\$ 678,956,670</u> | | <u>4.96%</u> |

Source: Dallas Central Appraisal District.

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

Exhibit S-11

| Fiscal Year Ending | Taxes Levied for the Fiscal Year | Collected Within the Fiscal Year of the Levy | | Collections other than Current Year | Total Collections to Date | |
|-----------------------|--|---|--------------------------|--|---------------------------|--------------------------|
| | | Amount (1) | Percentage of Levy | Delinquent Taxes | Amount (2) | Percentage of Levy |
| 2005 | \$ 187,863,912 | \$ 185,477,481 | 98.73% | \$ 2,571,825 | \$ 188,049,306 | 100.10% |
| 2006 | 200,898,664 | 199,008,663 | 99.06% | 2,885,076 | 201,893,739 | 100.50% |
| 2007 | 195,980,635 | 194,382,179 | 99.18% | 2,996,663 | 197,378,842 | 100.71% |
| 2008 | 170,375,206 | 167,691,108 | 98.42% | 1,931,870 | 169,622,978 | 99.56% |
| 2009 | 176,332,850 | 172,938,357 | 98.07% | 1,578,759 | 174,517,116 | 98.97% |
| 2010 | 171,104,820 | 168,743,825 | 98.62% | 1,174,303 | 169,918,128 | 99.31% |
| 2011 | 167,516,533 | 164,067,348 | 97.94% | 1,443,396 | 165,510,744 | 98.80% |
| 2012 | 164,001,382 | 162,314,401 | 98.97% | 1,164,329 | 163,478,730 | 99.68% |
| 2013 | 162,574,462 | 161,649,499 | 99.43% | 664,837 | 162,314,336 | 99.84% |
| 2014 | 163,743,590 | 163,150,757 | 99.64% | - | 163,150,757 | 99.64% |

Source: Dallas Central Appraisal District and District records.

Notes:

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

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

Exhibit S-12

| Fiscal Year Ending | Governmental Activities | | | Total Primary Government | Ratio of Debt to Assessed Value | Outstanding Debt Per Student |
|-----------------------|--------------------------------|------------------|------------------|--------------------------------|--|---------------------------------------|
| | General Obligation Bonds | Notes Payable | Capital Lease | | | |
| 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 | 988,183 | \$ 400,114,923 | 2.54% | 6,881 |
| 2013 | 373,518,920 | | 1,712,643 | \$ 375,231,563 | 2.39% | 6,463 |
| 2014 | 348,577,447 | | 1,432,602 | \$ 350,010,049 | 2.22% | 6,075 |

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, 2014 (UNAUDITED)

Exhibit S-13

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|--|-----------------------------|--|---|
| Direct: | | | |
| Garland Independent School District | \$ 348,577,447 | 100.00% | \$ 348,577,447 |
| Overlapping: | | | |
| City of Garland | 186,065,739 | 90.75% | 168,854,658 |
| City of Rowlett | 60,148,537 | 83.71% | 50,350,340 |
| City of Sachse | 37,980,000 | 63.14% | 23,980,572 |
| City of Dallas | 1,556,832,904 | 0.32% | 4,981,865 |
| City of Mesquite | 112,585,000 | 0.10% | 112,585 |
| City of Richardson | 207,444,133 | 0.04% | 82,978 |
| City of Wylie | 93,859,044 | 0.37% | 347,278 |
| Dallas County | 126,255,000 | 8.11% | 10,239,281 |
| Dallas County Community College District | 339,035,000 | 8.11% | 27,495,739 |
| Dallas County Hospital District | 721,469,314 | 8.11% | 58,511,161 |
| Dallas County Schools | <u>85,990,000</u> | 8.11% | <u>6,973,789</u> |
| Total Overlapping Debt | <u>3,527,664,671</u> | | <u>351,930,246</u> |
| Total Direct and Overlapping Debt | <u>\$ 3,876,242,118</u> | | <u>\$ 700,507,693</u> |
| Taxable Assessed Valuation | | | 13,064,995,612 |
| Ratio of Direct and Overlapping Debt to taxable assessed valuation | | | 5.36% |
| Direct and Overlapping Debt per Capita | | | \$ 2,274.26 |

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 | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 |
| Debt Limit | \$ 1,200,253,430 | \$ 1,202,913,981 | \$ 1,303,924,506 | \$ 1,359,412,798 |
| Total net debt applicable to limit | <u>455,380,465</u> | <u>435,112,747</u> | <u>416,973,066</u> | <u>393,222,811</u> |
| Legal debt margin | <u>\$ 744,872,965</u> | <u>\$ 767,801,234</u> | <u>\$ 886,951,440</u> | <u>\$ 966,189,987</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 37.94% | 36.17% | 31.98% | 28.93% |

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

| Fiscal Year | | | | | |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| \$ 1,406,948,456 | \$ 1,365,234,341 | \$ 1,336,603,630 | \$ 1,308,556,467 | \$ 1,297,171,164 | \$ 1,306,499,561 |
| 400,700,320 | 379,424,221 | 418,050,800 | 393,140,863 | 367,693,265 | 342,569,441 |
| <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> | <u>\$ 963,930,120</u> |
| 28.48% | 27.79% | 31.28% | 30.04% | 28.35% | 26.22% |

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 |
|------------------|------------|---|--|----------------------|
| 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% |
| 2014 | 308,015 | (1) | (1) | 5.6% |

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 SIX YEARS AGO (UNAUDITED)

Exhibit S-16

| Employer | 2014 | | | 2008 | | |
|-------------------------------|---------------|------|--------------------------|---------------|------|--------------------------|
| | Employees | Rank | Percentage of Employment | Employees | Rank | Percentage of Employment |
| Garland ISD | 7,300 | 1 | 47.10% | 7,254 | 1 | 42.91% |
| City of Garland | 2,000 | 2 | 12.90% | 2,500 | 3 | 14.79% |
| Raytheon | 1,700 | 3 | 10.97% | 3,500 | 2 | 20.71% |
| Walmart Super Centers | 1,250 | 4 | 8.06% | 1,750 | 4 | 10.35% |
| Baylor Medical Center Garland | 1,185 | 5 | 7.65% | 1,200 | 6 | 7.10% |
| US Food Service | 520 | 6 | 3.35% | | | 0.00% |
| APEX Tool Group | 467 | 7 | 3.01% | | | 0.00% |
| Atlas Copco | 409 | 8 | 2.64% | 700 | 8 | 4.14% |
| Home Depot | 339 | 9 | 2.19% | | | 0.00% |
| KARLEE | 330 | 10 | 2.13% | | | 0.00% |
| Total | 15,500 | | 100.00% | 16,904 | | 100.00% |

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)

| | Full Time Equivalent Employees | | | |
|--|--------------------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 |
| Teachers | 3,607.9 | 3,692.2 | 3,773.7 | 3,806.0 |
| Professional Support | | | | |
| Psychological Associate | 8.0 | 8.0 | 1.0 | 1.0 |
| Audiologist | 3.0 | 3.0 | 3.0 | 3.0 |
| Counselor | 127.0 | 126.8 | 127.8 | 135.6 |
| Educational Diagnostician | 38.6 | 51.6 | 77.4 | 71.4 |
| Librarian | 77.5 | 78.5 | 75.0 | 77.5 |
| Musical Therapist | | | | |
| Occupational Therapist | 14.0 | 13.0 | 13.0 | 14.0 |
| Corrective Therapist | - | - | 0.5 | 1.0 |
| Orientation/Mobility Instructor | - | - | 1.0 | 1.0 |
| Physical Therapist | 7.0 | 7.0 | 8.0 | 7.0 |
| School Nurse | 71.0 | 73.6 | 75.0 | 77.0 |
| LSSP/Psychologist | - | - | 8.0 | 8.0 |
| Social Worker | 12.5 | 13.8 | 16.8 | 15.5 |
| Speech Therapist/Speech-Language Pathologist | 50.0 | 52.8 | 53.7 | 58.5 |
| Visiting Teacher | 6.0 | 5.0 | 6.0 | 5.0 |
| Work-Based Learning Site Coordinator | 2.0 | 2.0 | - | - |
| Teacher Facilitator | 1.0 | 2.0 | 48.0 | 46.0 |
| Department Head | | | | |
| Athletic Trainer | - | - | - | - |
| Campus Professional Personnel | 16.0 | 16.0 | 8.5 | 25.5 |
| Non-Campus Professional Personnel | 90.4 | 96.5 | 116.2 | 133.7 |
| Total Professional Support | <u>524.0</u> | <u>549.6</u> | <u>638.9</u> | <u>680.7</u> |
| Campus Administration | | | | |
| Assistant Principal | 103.5 | 110.5 | 112.0 | 115.0 |
| Principal | 67.0 | 70.0 | 70.0 | 72.0 |
| Vocational Education Coordinator | - | - | - | - |
| Teacher Supervisor | 24.0 | 33.0 | 0.5 | 4.0 |
| Registrar | 8.0 | 9.0 | - | - |
| Total Campus Administration | <u>202.5</u> | <u>222.5</u> | <u>182.5</u> | <u>191.0</u> |
| Central Administration | | | | |
| Assistant/Assoc/Deputy Superintendent | 4.5 | 4.5 | 4.3 | 4.5 |
| Instructional Officer | 14.0 | 14.0 | 13.0 | 12.4 |
| District Instructional Program Director | - | - | - | - |
| Superintendent | 1.0 | 1.0 | 0.9 | 1.0 |
| Teacher Supervisor | 38.0 | 39.0 | 32.5 | 43.0 |
| Athletic Director | 2.5 | 2.0 | 2.0 | 2.0 |
| Business Manager | 1.0 | 1.0 | 1.0 | 1.0 |
| Tax Assessor and/or Collector | 1.0 | - | 1.0 | 1.0 |
| Director of Personnel/HR | 4.0 | 4.0 | 4.0 | 4.0 |
| Registrar | 1.0 | 1.0 | - | - |
| Total Central Administration | <u>67.0</u> | <u>66.5</u> | <u>58.7</u> | <u>68.9</u> |
| Educational Aides | 476.2 | 510.8 | 279.1 | 373.1 |
| Auxiliary Staff | 1,757.9 | 1,813.6 | 2,176.6 | 2,134.1 |
| Total All Full Time Equivalent Employees | <u><u>6,635.5</u></u> | <u><u>6,855.2</u></u> | <u><u>7,109.5</u></u> | <u><u>7,253.8</u></u> |

Source: District records for the fall PEIMS submission

| Full Time Equivalent Employees | | | | | |
|--------------------------------|---------|---------|---------|---------|---------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| 3,785.2 | 3,720.4 | 3,710.9 | 3,651.1 | 3,636.9 | 3,646.8 |
| 1.0 | - | - | - | - | - |
| 3.0 | 3.0 | 3.0 | 3.0 | 2.0 | 2.0 |
| 135.5 | 133.0 | 136.0 | 129.3 | 130.8 | 134.6 |
| 69.8 | 61.5 | 54.7 | 57.6 | 58.2 | 56.6 |
| 77.5 | 80.0 | 79.0 | 76.0 | 76.0 | 75.0 |
| | | | | | 1.0 |
| 13.0 | 12.6 | 11.4 | 9.0 | 10.0 | 10.0 |
| 1.0 | - | - | - | - | - |
| 2.0 | 2.0 | 2.0 | - | 2.0 | 2.0 |
| 5.0 | 7.0 | 6.0 | 4.9 | 5.8 | 6.0 |
| 77.4 | 79.4 | 79.0 | 76.4 | 75.0 | 82.0 |
| 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| 18.2 | 19.3 | 20.8 | 12.8 | 8.0 | 7.0 |
| 59.2 | 56.9 | 54.2 | 50.3 | 50.4 | 52.5 |
| 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 |
| - | 10.1 | 6.0 | 7.3 | 8.4 | 4.3 |
| 55.7 | 90.0 | 110.4 | 131.7 | 120.6 | 107.2 |
| | | | | | 12.7 |
| - | 8.6 | 2.0 | 3.8 | 5.1 | 4.8 |
| 25.5 | 25.4 | 32.0 | 29.5 | 26.9 | 31.3 |
| 149.0 | 149.3 | 156.1 | 158.5 | 148.4 | 173.3 |
| 705.8 | 751.1 | 765.6 | 762.1 | 739.6 | 774.3 |
| 113.9 | 114.0 | 113.0 | 107.0 | 106.0 | 108.9 |
| 72.0 | 72.0 | 73.0 | 72.0 | 71.0 | 71.0 |
| - | - | - | - | - | - |
| 7.0 | 4.1 | - | - | - | 0.1 |
| - | 8.0 | 8.0 | 10.0 | 10.0 | 2.0 |
| 192.9 | 198.1 | 194.0 | 189.0 | 187.0 | 182.0 |
| 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 5.5 |
| 12.4 | - | - | - | - | - |
| - | 17.0 | 17.0 | 15.0 | 16.0 | 19.0 |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| 60.8 | 41.3 | 29.5 | 28.5 | 28.4 | 27.5 |
| 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| 4.0 | 4.0 | 4.0 | 4.0 | - | 4.0 |
| - | - | - | - | - | - |
| 86.7 | 71.8 | 60.0 | 57.0 | 53.9 | 61.0 |
| 374.3 | 455.5 | 432.1 | 461.8 | 454.8 | 516.7 |
| 2,242.9 | 2,197.4 | 2,182.5 | 2,116.8 | 2,099.8 | 2,126.8 |
| 7,387.8 | 7,394.3 | 7,345.1 | 7,237.8 | 7,172.0 | 7,307.6 |

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 |
|----------------|------------|---------------------------|-------------------|----------------------|-------------------|-------------------------|---|
| 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 | 389,695,690 | 6,712 | 6.00% | 3,637 | 16.0 | 61.0% |
| 2014 | 57,616 | 413,888,034 | 7,184 | 6.21% | 3,647 | 15.8 | 60.8% |

Source: District records

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

Exhibit S-19

| | Fiscal Year | | | | | | | | |
|--|-------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Teachers By Highest Degree Held | | | | | | | | | |
| No Degree | 0.3% | 0.6% | 0.7% | 0.4% | 1.0% | 0.2% | 0.2% | 0.2% | 0.5% |
| Bachelors | 74.8% | 74.1% | 73.9% | 73.7% | 72.7% | 72.1% | 71.4% | 70.8% | 69.8% |
| Masters | 23.8% | 24.3% | 24.6% | 24.8% | 26.1% | 26.7% | 27.5% | 28.1% | 28.8% |
| Doctorate | 1.0% | 1.0% | 0.9% | 1.1% | 1.0% | 1.0% | 0.9% | 0.9% | 0.9% |
| Teachers By Years of Experience | | | | | | | | | |
| Beginning Teachers | 8.6% | 12.4% | 6.8% | 5.9% | 3.1% | 3.8% | 3.4% | 4.9% | 5.3% |
| 1 - 5 Years of Experience | 33.6% | 29.6% | 34.5% | 34.3% | 33.6% | 30.2% | 27.5% | 23.8% | 22.9% |
| 6 - 10 Years of Experience | 20.2% | 20.2% | 20.9% | 21.7% | 23.3% | 24.8% | 26.7% | 27.7% | 27.9% |
| 11 - 20 Years of Experience | 20.1% | 20.5% | 20.3% | 21.2% | 23.1% | 24.7% | 26.9% | 28.2% | 28.8% |
| Over 20 Years of Experience | 17.4% | 17.3% | 17.5% | 16.9% | 16.9% | 16.4% | 15.4% | 15.4% | 15.0% |
| Average Salaries by Experience | | | | | | | | | |
| Beginning Teachers | \$ 38,585 | \$ 47,321 | \$ 43,836 | \$ 45,508 | \$ 47,308 | \$ 46,839 | \$ 46,605 | \$46,462 | \$48,899 |
| 1 - 5 Years of Experience | 39,983 | 44,228 | 44,673 | 46,237 | 47,319 | 47,493 | 47,313 | \$48,038 | \$49,232 |
| 6 - 10 Years of Experience | 41,016 | 45,302 | 46,002 | 47,563 | 48,585 | 48,801 | 48,607 | \$49,331 | \$50,572 |
| 11 - 20 Years of Experience | 44,509 | 48,417 | 48,649 | 49,968 | 50,858 | 50,914 | 50,562 | \$51,190 | \$52,332 |
| Over 20 Years of Experience | 53,810 | 56,456 | 57,546 | 58,875 | 59,806 | 59,899 | 59,237 | \$59,546 | \$59,925 |
| Student Teacher Ratio | 15.6 | 15.1 | 15.0 | 15.2 | 15.6 | 15.6 | 15.9 | 16.0 | 15.8 |

Source: District records for the fall PEIMS submission

Note: Data not available for 2005

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

Exhibit S-20

| | Fiscal Year | | | | | | | | | |
|-------------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Schools: | | | | | | | | | | |
| Elementary | | | | | | | | | | |
| Buildings | 45 | 45 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 |
| Enrollment | 27,028 | 26,382 | 26,066 | 25,901 | 25,938 | 26,395 | 26,330 | 26,471 | 26,364 | 27,532 |
| Middle | | | | | | | | | | |
| Buildings | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Enrollment | 12,500 | 12,519 | 12,453 | 12,473 | 12,568 | 12,742 | 12,842 | 12,789 | 12,871 | 12,764 |
| High | | | | | | | | | | |
| Buildings | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Enrollment | 15,702 | 16,351 | 16,113 | 16,248 | 16,269 | 16,441 | 17,123 | 16,863 | 17,198 | 17,338 |
| Pre-K | | | | | | | | | | |
| Buildings | - | 2 | 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 | 1,477 |
| Other | | | | | | | | | | |
| Buildings | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 2 |
| Enrollment | 522 | 492 | 503 | 572 | 635 | 637 | 143 | 575 | 159 | 280 |
| 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 | 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

Federal Awards Section

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INDEPENDENT AUDITORS' 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, 2014, 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 16, 2015.

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.

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.

Whitley Penn LLP

Houston, Texas
January 16, 2015

**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, 2014. 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.

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, 2014.

To the Board of Trustees
Garland Independent School District

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 16, 2015

GARLAND INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2014

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 | 13610101057909 | 103,643 | 7,284 |
| ESEA Title I Part A - Improving Basic Programs | 84.010A | 14610101057909 | 11,784,117 | 150,129 |
| ESEA Title I Part A - Improving Basic Programs | 84.010A | 15610101057909 | 501,631 | 6,385 |
| ESEA Title I - School Improvement Effective Strategies | 84.010A | 13610110057909042 | 4,401 | 42 |
| ESEA Title I - Priority and Focus School Grant | 84.010A | 14610112057909043 | 4,300 | 55 |
| Total Title I Part A | | | 12,398,092 | 163,895 |
| IDEA - Part B, Formula | 84.027A | 136600010579096600 | 25,237 | 322 |
| IDEA - Part B, Formula | 84.027A | 146600010579096600 | 10,104,755 | 128,882 |
| IDEA - Part B, Formula | 84.027A | 156600010579096600 | 94,684 | 1,793 |
| IDEA - Part B, Preschool | 84.173A | 136610010579096610 | 3,181 | 26 |
| IDEA - Part B, Preschool | 84.173A | 146610010579096610 | 168,049 | 1,795 |
| IDEA - Part B, Preschool | 84.173A | 156610010579096610 | 6,018 | 77 |
| Total Special Education Cluster (IDEA) | | | 10,401,924 | 132,895 |
| Vocation Education - Basic Grant | 84.048A | 14420006057909 | 567,227 | 7,254 |
| Vocation Education - Basic Grant | 84.048A | 15420006057909 | 53,343 | 720 |
| Total CFDA Number 84.048A | | | 620,570 | 7,974 |
| ESEA Title III, Part A, LEP | 84.365A | 13671001057909 | 2,903 | 37 |
| ESEA Title III, Part A, LEP | 84.365A | 14671001057909 | 1,287,301 | 21,002 |
| ESEA Title III, Part A, LEP | 84.365A | 15671001057909 | 71,287 | 743 |
| ESEA Title III, Part A, Immigrant | 84.365A | 14671003057909 | 3,702 | 47 |
| Total CFDA Number 84.365A | | | 1,365,193 | 21,829 |
| ESEA Title II, Part A, Teacher & Principal Training | 84.367A | 13694501057909 | 40,222 | 484 |
| ESEA Title II, Part A, Teacher & Principal Training | 84.367A | 14694501057909 | 959,552 | 12,433 |
| ESEA Title II, Part A, Teacher & Principal Training | 84.367A | 15694501057909 | - | 254 |
| Total CFDA Number 84.367A | | | 999,774 | 13,171 |
| Summer School LEP-RD 16 | 84.369A | 69551302 | 131,205 | |
| Total Passed Through State Department of Education | | | 25,916,758 | 339,764 |
| Total US Department of Education | | | 25,916,758 | 339,764 |
| US Department of Health & Human Services | | | | |
| Passed Through Texas Health and Human Services Commission | | | | |
| Medical Assistance Program | 93.778 | 057909 | 71,237 | |
| Total Passed Through Texas Health and Human Services Commission | | | 71,237 | |
| Total US Department of Health and Human Services | | | 71,237 | |
| US Department of Agriculture | | | | |
| Passed Through State Department of Education | | | | |
| School Breakfast Program - Cash Assistance | 10.553 | 71401401 | 3,289,122 | |
| National School Lunch Program - Cash Assistance | 10.555 | 71301401 | 14,604,547 | |
| Total Passed Through State Department of Education | | | 17,893,669 | |
| Passed Through State Department of Agriculture | | | | |
| USDA Donated Commodities - Non-Cash Assistance | 10.555 | 057909 | 1,662,706 | |
| Total Passed Through State Department of Agriculture | | | 1,662,706 | |
| Total Child Nutrition Cluster | | | 19,556,375 | |
| Total US Department of Agriculture | | | 19,556,375 | |
| Total Expenditures of Federal Awards | | | \$ 45,544,370 | \$ 339,764 |
| | | | | \$ 45,884,134 |

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, 2014

Note 1. Fund Types

The District utilizes the fund types specified in the Texas Education Agency Resource Guide.

Special Revenue Funds – 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, 2014, 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 \$4,986,233

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2014

I. Summary of Auditors' Results

Financial Statements

| | |
|---|---------------|
| Type of auditors' report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness (es) identified? | No |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|---|---------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| 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? | No |

Identification of major programs:

| Name of Federal Program or Cluster | CFDA Numbers |
|---|---------------------|
| <i>ESEA Title I Part A:</i> | |
| ESEA Title I Part A – Improving Basic Programs | 84.010A |
| ESEA Title I – School Improvement Effective Strategies | 84.010A |
| ESEA Title I – Priority and Focus School Grant | 84.010A |
| <i>Special Education Cluster:</i> | |
| IDEA – Part B, Formula | 84.027A |
| IDEA – Part B, Preschool | 84.173A |
| <i>ESEA Title III, Part A:</i> | |
| ESEA Title III, Part A, LEP | 84.365A |
| ESEA Title III, Part A, Immigrant | 84.365A |
| Dollar Threshold Considered Between Type A and Type B Federal Programs: | \$ 1,376,524 |
| Auditee qualified as low-risk auditee? | Yes |

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2014

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

No prior year findings.