



Garland Independent School District
Garland, Texas

Comprehensive Annual
Financial Report

Fiscal Year Ended August 31, 2015

GARLAND INDEPENDENT SCHOOL DISTRICT
GARLAND, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
AUGUST 31, 2015

Prepared by:
The Department of
Business Operations

GARLAND INDEPENDENT SCHOOL DISTRICT
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED AUGUST 31, 2015
 TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
INTRODUCTORY SECTION (Unaudited)		
	Certificate of the Board	i
	Board of Trustees and Administrative Officials	ii
	Plan of Organization	iii
	Transmittal Letter	iv
	GFOA Certificate of Achievement	x
	ASBO Certificate of Excellence	xi
FINANCIAL SECTION		
	Independent Auditor's Report	1
	Management's Discussion and Analysis (Unaudited)	4
BASIC FINANCIAL STATEMENTS		
	Government Wide Statements:	
A-1	Statement of Net Position	12
B-1	Statement of Activities	13
	Governmental Fund Financial Statements:	
C-1	Balance Sheet - Governmental Funds	15
C-1R	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
C-2	Statement of Revenues, Expenditures, and Changes in Fund Balance	18
C-3	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	20
	Proprietary Fund Financial Statements:	
D-1	Statement of Net Position	21
D-2	Statement of Revenues, Expenses, and Changes in Fund Net Position	22
D-3	Statement of Cash Flows	23
	Fiduciary Fund Financial Statements:	
E-1	Statement of Fiduciary Assets and Liabilities	24
	Notes to the Basic Financial Statements	25
REQUIRED SUPPLEMENTARY INFORMATION		
G-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	54
G-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - National Breakfast and Lunch Program	55
	Note to Required Supplemental Information	56
G-3	Schedule of The District's Proportionate Share of The Net Pension Liability Teacher Retirement System of Texas	58
G-4	Schedule of The District's Contributions- Last 10 Fiscal Years Teacher Retirement System of Texas	58

GARLAND INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2015

TABLE OF CONTENTS - CONTINUED

<u>Exhibit</u>		<u>Page</u>
COMBINING STATEMENTS		
	Internal Service Funds:	59
H-1	Combining Statement of Net Position	60
H-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	62
H-3	Combining Statement of Cash Flows	64
	Agency Funds:	66
H-4	Combining Statement of Changes in Assets and Liabilities	67
REQUIRED TEA SCHEDULES SECTION		
J-1	Schedule of Delinquent Taxes Receivable	68
J-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Debt Service Fund	70
STATISTICAL SECTION (UNAUDITED):		
	Table of Contents - Statistical Section	71
S-1	Net Position by Component	72
S-2	Expenses, Program Revenues, and Net (Expense) Revenue	74
S-3	General Revenues and Total Change in Net Position	76
S-4	Fund Balances, Governmental Funds	78
S-5	Governmental Funds Revenues	80
S-6	Governmental Funds Expenditures and Debt Service Ratio	82
S-7	Other Financing Sources and Uses and Net Change in Fund Balances	84
S-8	Appraised Value and Actual Value of Taxable Property	86
S-9	Direct and Overlapping Property Tax Rates	87
S-10	Principal Property Taxpayers	88
S-11	Property Tax Levies and Collections	89
S-12	Outstanding Debt by Type	90
S-13	Direct and Overlapping Governmental Activities Debt	91
S-14	Legal Debt Margin Information	92
S-15	Demographic and Economic Statistics	93
S-16	Principal Employers	94
S-17	Full Time Equivalent District Employees by Type	95
S-18	Operating Statistics	97
S-19	Operating Indicators	98
S-20	School Building Information	99

GARLAND INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2015

TABLE OF CONTENTS - CONTINUED

<u>Exhibit</u>		<u>Page</u>
	FEDERAL AWARDS SECTION	
	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	100
	Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	102
K-1	Schedule of Expenditures of Federal Awards	104
	Notes to Schedule of Expenditures of Federal Awards	105
	Schedule of Findings and Questioned Costs	106

This page intentionally left blank

Introductory Section

This page intentionally left blank

CERTIFICATE OF THE BOARD


Garland Independent School District
Name of School District

Dallas
County

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

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2015, at a meeting of the Board of Trustees of such school district on the 19 day of January, 2016.


Signature of Board Secretary


Signature of Board President

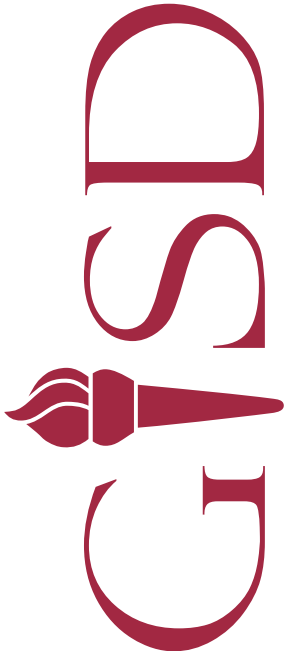
BOARD OF TRUSTEES

Name	Position	Place	Length of Service	Term Expires	Occupation
Larry Glick	President	1	8 years	May 2016	Tax Attorney
Charles Axe	Member	2	2 Years	May 2016	Retired Educator
Linda Griffin	Secretary	3	17 years	May 2016	Consultant
Dr. Cindy Castañeda	Member	4	7 Years (1)	May 2017	College Administrator
Scott Luna	Vice President	5	10 years	May 2017	Attorney
Robert Selders, Jr.	Member	6	6 months	May 2018	Business Owner
Rick Lambert	Assistant Secretary	7	4 years	May 2018	Attorney

(1) Dr. Cindy Castañeda Resigned as of August 18, 2015

ADMINISTRATIVE OFFICIALS

Name	Position	Length of Service
Dr. Bob Morrison	Superintendent	2 years
Dr. Linda Chance	Deputy Superintendent of Instruction	2 year
Dr. Rene Barajas	Deputy Superintendent of Business Operations	7 years
Dr. Jovan Wells	Associate Superintendent of Curriculum, Instruction & Assessment	2 year
John Washington	Assistant Superintendent of Student Services and Community Relations	16 years



Clerk to Board
Michelle Hogan
972-487-3263

BOARD OF TRUSTEES
Place 1 Larry Glick
Place 2 Charles Axe
Place 3 Linda Griffin
Place 4 Veronica Martinez-Cantu
Place 5 Scott Luna
Place 6 Robert Selders Jr.
Place 7 Rick Lambert

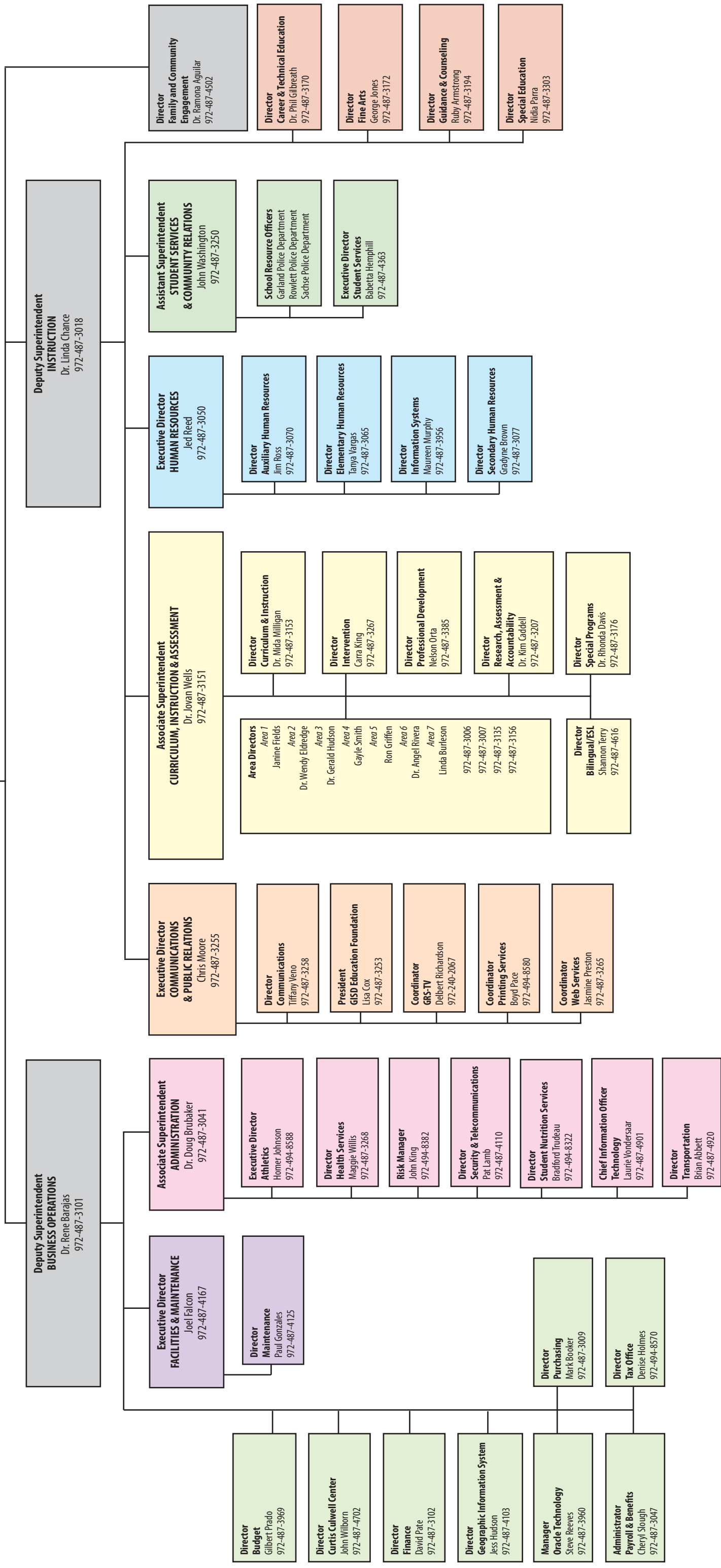
Executive Officer to Superintendent
Janet McDade
972-487-3017

SUPERINTENDENT
Dr. Bob Morrison
972-487-3022

Internal Auditor
Steve Martin
972-487-3109

General Counsel
Justin Graham
972-487-3026

SERVING THE STUDENTS OF GARLAND ISD
**DIVERSE COMMUNITY
SHARED VISION
EXCEPTIONAL EDUCATION**
WWW.GARLANDISD.NET





Garland Independent School District
Division of Business Operations

January 14, 2016
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, 2015.

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, 2015, 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, 2015, 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 2004-05 and 2014-15 school years.

	<u>2004-05</u>	<u>2014-15</u>
Enrollment	56,236	57,436
White	36.9%	20.4%
Hispanic	36.9%	51.7%
African-American	18.5%	17.1%
Asian	7.2%	8.3%
Native American	0.5%	
American Indian or Alaska Native		0.4%
Native Hawaiian/Other Pacific Islander		0.1%
Two or More		2.0%
Economically Disadvantaged	42.9%	60.5%
Limited English	22.2%	24.9%
Graduates	3,065	3,957

The District's total student population has remained stable in recent years and is expected to remain relatively unchanged in 2015-16. 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 50 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 2004-2005 and 2014-15 school years.

	<u>2004-05</u>	<u>2014-15</u>
Total Staff	6,634	7,418
Teachers	3,608	3,679
Masters or Doctorate	25.3%	30.2%
Average Years of Experience	10.4	11.5
Student/Teacher Ratio	15.5	15.6

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 student nutrition services fund (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>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Certified Market Value	\$15,798,093,950	\$16,467,791,270	\$17,656,334,400
Average Market Value of Residence	\$127,945	\$132,829	\$138,330

There are signs of continued recovery in the District. Construction is continues on 158 apartment units next to Garland City Hall. WinCo Foods completed construction and opened a store at Centerville and Interstate 635 at a former Target location. A new housing development is under construction at Firewheel Parkway and Castle Dr. Construction is under way on a Golden Chick restaurant at Lavon Dr. and Crist Rd. Advance Auto Parts took over a former auto parts location at Jupiter Rd. and Walnut Rd. A public storage facility is under construction on Broadway Blvd. near Colonel Dr. A Firestone Auto Service is under construction at the intersection of Miller Rd. and Shiloh Rd. Icee has leased 11,204 sq. ft. of warehouse space on Marquis Dr. Hillwood Investment Properties purchased a 200,000 sq. ft. industrial and office complex on Miller Rd. Construction is under way on 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 which is nearing completion. Construction has begun on 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. Advance Auto Parts has opened two new locations, one in Rowlett at Rowlett Rd and Big A Rd and the other at Plano Rd and Walnut Rd in Garland. A housing development behind Dorsey Elementary School on Dexham Rd. is nearing completion. CVS completed construction and opened a new location at the corner of Lakeview Pkwy and Rowlett Rd. Harbor Freight opened in the former CVS location. A Dairy Queen is under construction on Lakeview Pkwy near the George Bush Tollway. QT has broken ground on a new location at the intersection of Lakeview Pkwy and the George Bush Tollway.

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. In June 2015 the District issued Series 2015A, Unlimited Tax School Building and Refunding Bonds, and Series 2015B, Unlimited Tax School Building Bonds, utilizing \$196,055,000 of the November 2014 voted authorization. The remaining voted authorization is \$259,445,000, and is expected to be issued periodically over the next 4 years depending 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	9 years
Elementary Schools	47	38 years
Middle Schools	12	41 years
High Schools	7	38 years

State Funding - During the 84th regular session of the Texas Legislature in the spring of 2015, the State increased funding for education by \$3.56 billion for the next two years. The District’s funding from the State increased approximately \$12,900,000 for 2015-16 and is expected to increase \$8,500,000 for 2016-17, compared to funding received under the funding formulas passed in the 2013 legislative session. The funding increases are due primarily to the following changes to the State’s funding formulas for public education in House Bill (HB) 1. Senate Bill (SB) 1 increased the homestead exemption from \$15,000 to \$25,000, contingent upon voter approval in November 2015. Voters approved the increase in the homestead exemption, which will go into effect for 2015-2016. SB1 included provisions to hold districts harmless for General Fund revenue. There are some limitations on the hold harmless protection for Debt Service Fund revenue.

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
Basic Allotment	\$5,040	\$5,140	\$5,140
Regular Program Adjustment Factor	1.00	1.00	1.00
Target Reduction	0.9263	0.9263	0.9263
Austin Yield	\$61.86	\$74.28	\$77.53
Tier I Equalized Wealth Level	\$504,000	\$514,000	\$514,000

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 7 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

The District implemented Skyward to replace the existing student attendance accounting and gradebook system during 2013-2014. Skyward was in use for the 2014-2015 school year.

As part of the process to issue the 2015A and B bonds, referred to above, the District sought bond ratings from Moody’s Investor Services and Fitch Ratings. Moody’s affirmed their AAA rating of the District. Fitch issued the District a rating of AA+. This is the District’s first rating from Fitch.

TEA is in the process of implementing revisions to the Financial Accountability Rating System of Texas (FIRST). The rating system was established during the 76th Texas Legislature. The 2014-2015 rating is a transition year. The only two ratings a district could receive are Pass and Substandard Achievement. The District received a rating of Pass for 2014-2015.

AWARDS AND ACKNOWLEDGEMENTS

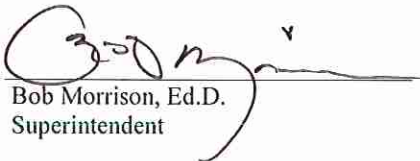
Awards - The Government Finance Officers Associations of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2014. The Certificate of Achievement 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-seven 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, 2014, 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-seven 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.

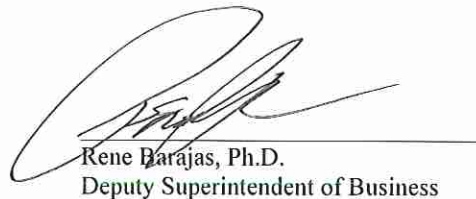
Acknowledgments - The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Finance and Budget Departments. We would like to express our appreciation to all members of the department who assisted and contributed.

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 of Business



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, 2014

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, 2014*

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



A handwritten signature in black ink, appearing to read "M. Pepera".

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director

This page intentionally left blank

Financial Section

This page intentionally left blank

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, 2015, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* as of August 31, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 54 through 56, and the GASB required supplementary pension schedules on page 58, 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.

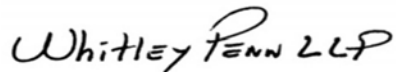
The combining and individual nonmajor fund financial statements, and required TEA schedules, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records 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

To the Board of Trustees
Garland Independent School District

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2016, 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.

Dallas, Texas
January 14, 2016

This page intentionally left blank

Garland Independent School District
 Management's Discussion and Analysis
 Year Ended August 31, 2015

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, 2015.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the District's governmental activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$294,626,808 (net position). Of this amount \$104,414,137 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 \$385,494,743, which breaks down as follows.

Non-Spendable	\$	5,792,687	1.5%
Restricted		197,223,415	51.2%
Committed		10,321,589	2.7%
Assigned		22,091,992	5.7%
Unassigned		150,065,060	38.9%
Total	\$	<u>385,494,743</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. In August 2015, the District entered into a contract with Ed Campbell Company to operate the concession stands at District Stadiums. The District's enterprise fund ceased regular operations in August 2015.

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 student nutrition services fund. 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, which were outsourced in August 2015. Accordingly, the District's Enterprise Fund ceased normal operations at that time. 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 25-53 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 54-58 of this report.

Combining statements are prepared in connection with internal service funds and are presented immediately following the required supplementary information on pages 59-65 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, 2015, assets and deferred outflow of resources exceeded liabilities and deferred inflows by \$294,626,808.

The District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 451,256,941	\$ 264,601,491	\$ (6,661)	\$ (116,264)	\$ 451,250,280	\$ 264,485,227
Capital assets	490,089,948	494,977,270	6,445	9,023	490,096,393	494,986,293
Total assets	<u>941,346,889</u>	<u>759,578,761</u>	<u>(216)</u>	<u>(107,241)</u>	<u>941,346,673</u>	<u>759,471,520</u>
Total deferred outflows	32,985,928	21,824,841	-	-	32,985,928	21,824,841
Noncurrent liabilities	609,344,088	386,914,672			609,344,088	386,914,672
Other liabilities	52,764,054	46,953,394	-	14,528	52,764,054	46,967,922
Total liabilities	<u>662,108,142</u>	<u>433,868,066</u>	<u>-</u>	<u>14,528</u>	<u>662,108,142</u>	<u>433,882,594</u>
Total deferred inflows	17,597,867	-	-	-	17,597,867	-
Net investment in						
capital assets	173,975,555	162,891,590	6,445	9,023	173,982,000	162,900,613
Restricted	16,237,116	21,610,904	-	-	16,237,116	21,610,904
Unrestricted	104,414,137	163,033,042	(6,661)	(130,792)	104,407,476	162,902,250
Total net position	<u>\$ 294,626,808</u>	<u>\$ 347,535,536</u>	<u>\$ (216)</u>	<u>\$ (121,769)</u>	<u>\$ 294,626,592</u>	<u>\$ 347,413,767</u>

Governmental activities. Investment in capital assets (e.g., land, buildings, furniture, and equipment) less any related outstanding debt used to acquire those assets is \$173,975,555. 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* (\$104,414,137) may be used to meet the District's ongoing obligations to citizens and creditors.

Changes in the District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 14,168,661	\$ 15,118,242	\$ 271,241	\$ 252,564	\$ 14,439,902	\$ 15,370,806
Operating grants and contributions	98,476,190	90,430,370			98,476,190	90,430,370
General revenues						
Property taxes	172,668,135	165,252,105			172,668,135	165,252,105
State grants	278,214,031	270,830,210			278,214,031	270,830,210
Other	2,108,890	1,570,580	475	52	2,109,365	1,570,632
Total revenues	<u>565,635,907</u>	<u>543,201,507</u>	<u>271,716</u>	<u>252,616</u>	<u>565,907,623</u>	<u>543,454,123</u>
Expenses						
Instructional and						
instructional related services	325,144,009	312,919,430			325,144,009	312,919,430
Instructional and school leadership	38,835,576	37,466,262			38,835,576	37,466,262
Support services - student	85,021,356	79,694,912			85,021,356	79,694,912
Administrative support services	15,338,293	15,141,046			15,338,293	15,141,046
Support services – non-student	68,274,204	58,045,407			68,274,204	58,045,407
Community services	3,462,272	3,198,004			3,462,272	3,198,004
Debt service	15,058,017	12,102,492			15,058,017	12,102,492
Facilities acquisition and construction	1,605,080	5,364,055			1,605,080	5,364,055
Payments to fiscal agent of						
shared services arrangement	81,790	74,889			81,790	74,889
Payments to JJAEP	10,716	4,824			10,716	4,824
Intergovernmental charges	667,640	662,918			667,640	662,918
Concessions	-	-	282,724	259,754	282,724	259,754
Total expenses	<u>553,498,953</u>	<u>524,674,239</u>	<u>282,724</u>	<u>259,754</u>	<u>553,781,677</u>	<u>524,933,993</u>
Excess of revenues over expenses	12,136,954	18,527,268	(11,008)	(7,138)	12,125,946	18,520,130
Transfers						
Special item - gain on disposal of assets	(132,561)		132,561		-	
	265,904	256,242	-	-	265,904	256,242
Increase/(Decreases) in net position	12,270,297	18,783,510	121,553	(7,138)	12,391,850	18,776,372
Beginning net position	347,535,536	328,752,026	(121,769)	(114,631)	347,413,767	328,637,395
Prior period adjustment	(65,179,025)	-	-	-	(65,179,025)	-
Ending net position	<u>\$294,626,808</u>	<u>\$347,535,536</u>	<u>\$ (216)</u>	<u>\$ (121,769)</u>	<u>\$294,626,592</u>	<u>\$347,413,767</u>

Governmental activities. Governmental activities increased the District's net position by \$12,270,297. This increase is due to an increase in state program revenue. The total cost of all *governmental activities* this year was \$553,498,953. The amount our taxpayers paid for these activities through property taxes was \$172,668,135 or 31%. A prior period adjustment was recorded in FY 2015 due to the implementation of GASB Statements No. 68, *Accounting and Financial Reporting for Pensions, and amendment of GASB Statement No. 27 and No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. The effect of this prior period adjustment was to decrease FY 2015 beginning net position by \$65,179,025.

Business-type Activities. Business-type activities increased the District's net position by \$121,533. The increase is due to a transfer from governmental activities. The District's business-type activities consist entirely of concession operations. The District out sourced concession operations in August 2015.

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 \$385,494,743, an increase of \$182,284,153 over last year.

Non-Spendable - Inventories	\$ 2,563,899	0.7%
Non-Spendable - Prepaid Items	3,228,788	0.8%
Restricted - Grant Funds	3,487,530	0.9%
Restricted - Capital Acquisitions and Contractual Obligations	183,774,730	47.7%
Restricted - Retirement of Long-term Debt	9,961,155	2.6%
Committed - Self-Insurance	8,000,000	2.1%
Committed - Local Special Revenue Funds	2,321,589	0.6%
Assigned - Construction and Capital Expenditures	22,091,992	5.7%
Unassigned	150,065,060	38.9%
	<u>\$ 385,494,743</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 \$150,065,060. 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 \$5,841,673 during the current fiscal year. This is due to an increase in property tax revenue, as a result of increased property values, and an increase in state funding offset by an increase in expenditures.

The debt service fund has a total fund balance of \$9,961,155 all of which is restricted for the payment of debt service. The net increase in debt services fund balance was \$3,953,149. This increase was due to an increase in state revenue.

The capital projects fund increased its fund balance by \$175,739,196. This increase is due to the proceeds from the first sale of bonds from the November 2014 voted authorization offset by 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 \$3,249,865. This decrease is due to expenditures exceeding revenues in the National School Lunch and Breakfast Program and the State Textbook Fund netted with increased revenues in other programs. The State Textbook Fund is funded by the State of Texas at the beginning of each biennium and subsequently drawn down.

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, 2015, amounted to \$7,748,115, a decrease of \$462,792. This is due to a decrease in net position of \$263,768 in the Risk Management Fund. The decrease was planned by reducing rates charged to other funds. There was a \$137,700 increase in net position in the Print Shop caused by increased revenue. There was a \$356,756 decrease in net position in the Curtis Culwell Center related to increased 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

- \$2,027,916 increase in local revenues to align budget with estimated year end totals.
- \$2,142,798 increase in state program revenues to align budget with estimated year end totals.
- \$4,187,000 increase in Federal Medicaid program revenues to align budget with estimated year end totals.

Expenditures and Transfers Out

- \$510,936 increase in instruction expenditures to align budget with estimated year end totals.
- \$1,439,684 increase in guidance, counseling and evaluation expenditures to align budget with year-end totals.
- \$832,748 decrease in student transportation expenditures to align budget with estimated year end totals.
- \$734,170 increase in extracurricular activities expenditures to align budget with year-end totals.
- \$1,578,893 increase in general administration expenditures to align budget with estimated year end totals.
- \$1,813,461 decrease in plant maintenance and operations to align budget with estimated year end totals.
- \$13,000,000 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 \$3,869,233 greater than final budgeted amounts due to more revenue in state and federal programs than final budgeted estimates. Actual expenditures were \$729,999 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, 2015, 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.

<u>General Fund</u>	<u>Excess of Expenditures over Appropriations</u>
Instruction	\$ 1,361,367
Instructional Resources & Medical Services	8,003
Curriculum Development & Instruction Staff Development	258,008
School Leadership	273,557
Health Services	31,029
Student Transportation	112,554
Plant Maintenance and Operations	81,701
Security & Monitoring Services	37,814
	<u>\$ 2,164,033</u>

NATIONAL BREAKFAST AND LUNCH PROGRAM

Revenues

- \$2,078,289 decrease in all categories of revenue sources to align revenue budget with estimated year end totals.

Expenditures and Transfers Out

- \$1,052,083 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 \$913,024 greater than final budgeted amounts due to more revenue in local and intermediate sources and federal programs than final budgeted estimates. Actual expenditures were \$132,731 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 \$490,089,948 and \$494,977,270 as of August 31, 2015 and 2014, 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 \$6,445 and \$9,023 as of August 31, 2015 and 2014, respectively. This investment in capital assets is made up entirely of furniture and equipment.

District's Capital Assets (net of depreciation)

	<u>2015</u>	<u>2014</u>
Governmental Activities		
Land	\$ 14,077,107	\$ 14,077,107
Land improvements, net	12,679,799	13,934,704
Buildings and improvements, net	409,611,864	425,176,860
Furniture and equipment, net	34,772,834	41,471,463
Construction in progress	18,948,344	317,136
Total at historical cost	<u>\$ 490,089,948</u>	<u>\$ 494,977,270</u>
Business Type Activities		
Furniture and equipment, net	\$ 6,445	\$ 9,023
Total at historical cost	<u>\$ 6,445</u>	<u>\$ 9,023</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, 2015, the District had total bonded debt outstanding of \$503,980,250, an increase of \$155,402,803 from the prior year. This increase is due to the issuance of Unlimited Tax School Building and Refunding Bonds, Series 2015A in the amount of \$185,740,000 and Unlimited Tax School Building Bonds, Series 2015B in the amount of \$7,580,000 offset by scheduled bond payments and the refunding of the remainder of Unlimited Tax School Building and Refunding Bonds, Series 2005 through the issuance of Series 2015A.

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 Fitch Ratings. This is the first time the District has received a rating from Fitch Ratings. 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 4.1%. The Dallas Metropolitan Division has a 3.8% unemployment rate as compared to a statewide rate of 4.1% and a national average of 5.1%.
- Inflationary trends in the region tend to be similar to the national consumer price index (CPI). The region's CPI decreased 0.85%; Texas experienced a 0.88% decrease in the CPI while the nation experienced a 0.22% increase.
- The District's student attendance rate has historically been approximately 96%.
- The District has appropriated revenues of \$455,068,883 and expenditures of \$453,880,036 in the 2015-16 budget of the General Fund.
- The Debt Service Fund has budgeted revenues of \$57,175,527 and expenditures of \$59,607,460 in the 2015-16 budget.
- The Student Nutrition Services Fund revenue and expenditure budgets for 2015-16 are \$30,792,778 and \$30,772,499, respectively.
- The 2015-16 budget is based on a total property tax rate of \$1.3533 per hundred dollars of assessed value. The property tax rate for maintenance and operations is \$1.04 per hundred dollars of assessed value and has remained unchanged for eight years. The debt service tax rate is \$0.3133 per hundred dollars of assessed value. The debt service tax rate increased by \$0.1000 from 2014-15. This is the first increase in the debt rate in ten years and is due to the sale of a portion of the \$455,500,000 of bonds approved by the voters in November 2014. The District's taxable value for 2015-16 increased 7.3% due to an increase in commercial and residential property values.
- On December 26, 2015 areas of the District in the Cities of Garland and Rowlett were struck by tornados. Homes and businesses in both cities were damaged or destroyed. Classes resumed as scheduled on January 5, 2015. The District expects a minimal impact on the current and future budgets. The District could see a small decline in taxable value as property values are assessed on January 1st of each year. The District will likely see an increase in student transportation cost related to additional bus routes to transport displaced students to their campuses.

Requests for Information

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

Basic Financial Statements

This page intentionally left blank

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2015

Exhibit A-1

Data Codes	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 431,651,866		\$ 431,651,866
1220 Property Taxes - Receivable - Delinquent	5,062,872		5,062,872
1230 Allowance for Uncollectible Taxes (Credit)	(1,076,386)		(1,076,386)
1240 Due From Other Governments	8,934,526		8,934,526
1260 Internal Balances	6,661	\$ (6,661)	
1270 Due From External Parties	823,509		823,509
1290 Other Receivables, net	3,023		3,023
1300 Inventories	2,563,899		2,563,899
1410 Prepaid Items	3,286,971		3,286,971
Capital Assets:			
1510 Land and Improvements, net	26,756,906		26,756,906
1520 Buildings and Building Improvements, net	409,611,864		409,611,864
1530 Furniture and Equipment, net	34,772,834	6,445	34,779,279
1580 Construction in Progress	18,948,344	-	18,948,344
1000 Total Assets	<u>941,346,889</u>	<u>(216)</u>	<u>941,346,673</u>
DEFERRED OUTFLOWS OF RESOURCES			
1700 Deferred Charge on Refunding	18,446,117		18,446,117
1705 Deferred Outflow of Resources for Pension Activities	14,539,811	-	14,539,811
Total Deferred Outflows of Resources	<u>32,985,928</u>	<u>-</u>	<u>32,985,928</u>
LIABILITIES			
2110 Accounts Payable	17,145,353		17,145,353
2140 Interest Payable	1,003,442		1,003,442
2150 Payroll Deductions and Withholdings	2,692,877		2,692,877
2160 Accrued Wages Payable	19,039,547		19,039,547
2180 Due to Other Governments	12,186,306		12,186,306
2181 Due to External Parties	11,136		11,136
2200 Accrued Expenses	7,382		7,382
2300 Unearned Revenues	678,011		678,011
Noncurrent Liabilities:			
2501 Due Within One Year	41,251,973		41,251,973
2502 Due in More Than One Year	506,858,882		506,858,882
2531 Long-Term Capital Leases Payable	626,717		626,717
2540 Net Pension Liability	57,527,611		57,527,611
2532 Vested Vacation Benefits Payable	985,154		985,154
2591 Long-Term Claims Liability	2,093,751	-	2,093,751
2000 Total Liabilities	<u>662,108,142</u>	<u>-</u>	<u>662,108,142</u>
DEFERRED INFLOWS OF RESOURCES			
1705 Deferred Outflow of Resources for Pension Activities	17,597,867	-	17,597,867
	<u>17,597,867</u>	<u>-</u>	<u>17,597,867</u>
NET POSITION			
3200 Net Investment in Capital Assets	173,975,555	6,445	173,982,000
3850 Restricted for Debt Service	9,556,908		9,556,908
3860 Restricted for Grant Funds	3,926,659		3,926,659
3861 Restricted for Student Nutrition Services	2,753,549		2,753,549
3900 Unrestricted Net Position	104,414,137	(6,661)	104,407,476
3000 Total Net Position	<u>\$ 294,626,808</u>	<u>\$ (216)</u>	<u>\$ 294,626,592</u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues	
			3 Charges for Services	4 Operating Grants and Contributions
	Primary Government:			
	Governmental Activities:			
11	Instruction	\$ 302,936,954	\$ 419,763	\$ 42,753,975
12	Instructional Resources And Media Services	8,240,779		538,906
13	Curriculum And Staff Development	13,966,276		5,160,975
21	Instructional Leadership	9,476,390		1,427,224
23	School Leadership	29,359,186		1,955,201
31	Guidance, Counseling, And Evaluation Services	21,727,176		2,069,548
32	Social Work Services	1,253,128		93,993
33	Health Services	6,545,294		4,892,926
34	Student Transportation	13,717,097		35,833
35	Food Service	32,701,421	9,272,764	20,552,444
36	Extracurricular Activities	9,077,240	4,292,064	62,323
41	General Administration	15,338,293		551,303
51	Facilities Maintenance And Operations	39,578,630	184,070	537,230
52	Security And Monitoring Services	4,348,891		72
53	Data Processing Services	24,346,683		580,368
61	Community Services	3,462,272		886,439
72	Interest On Long-Term Debt	13,571,186		16,292,804
73	Bond Issuance Costs And Fees	1,486,831		
81	Facilities Repairs And Maintenance	1,605,080		
93	Payments To Fiscal Agent Of Shared Services Arrangement	81,790		84,626
95	Payments To Juvenile Justice Alternative Education Programs	10,716		
99	Intergovernmental Charges	667,640	-	-
TG	TG Total Governmental Activities	553,498,953	14,168,661	98,476,190
	Business-Type Activities:			
01	01 Concessions	282,724	271,241	-
TB	TB Total Business-Type Activities	282,724	271,241	-
TP	TP Total Primary Government	\$ 553,781,677	\$ 14,439,902	\$ 98,476,190

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
	Transfers
	Special Items:
SI	Special Item - Gain On Disposal Of Assets
TR	Total General Revenues And Special Items
CN	Change in Net Position
NB	Net Position—Beginning
	Prior Period Adjustment - (Note 14)
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
\$ (259,763,216)		\$ (259,763,216)
(7,701,873)		(7,701,873)
(8,805,301)		(8,805,301)
(8,049,166)		(8,049,166)
(27,403,985)		(27,403,985)
(19,657,628)		(19,657,628)
(1,159,135)		(1,159,135)
(1,652,368)		(1,652,368)
(13,681,264)		(13,681,264)
(2,876,213)		(2,876,213)
(4,722,853)		(4,722,853)
(14,786,990)		(14,786,990)
(38,857,330)		(38,857,330)
(4,348,819)		(4,348,819)
(23,766,315)		(23,766,315)
(2,575,833)		(2,575,833)
2,721,618		2,721,618
(1,486,831)		(1,486,831)
(1,605,080)		(1,605,080)
2,836		2,836
-		-
(10,716)		(10,716)
(667,640)	-	(667,640)
(440,854,102)	-	(440,854,102)
-	\$ (11,483)	(11,483)
-	(11,483)	(11,483)
\$ (440,854,102)	\$ (11,483)	\$ (440,865,585)

143,261,249		143,261,249
29,406,886		29,406,886
278,214,031		278,214,031
457,688		457,688
155,049	475	155,524
1,496,153		1,496,153
(132,561)	132,561	-
265,904	-	265,904
453,124,399	133,036	453,257,435
12,270,297	121,553	12,391,850
347,535,536	(121,769)	347,413,767
(65,179,025)		(65,179,025)
\$ 294,626,808	\$ (216)	\$ 294,626,592

GARLAND INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
AUGUST 31, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund
	Fund	Fund
ASSETS		
1110 Cash and Cash Equivalents	\$ 214,527,482	\$ -
1220 Property Taxes Receivable - Delinquent	4,195,977	866,895
1230 Allowance for Uncollectible Taxes (Credit)	(874,631)	(201,755)
1240 Due From Other Governments		
1260 Due From Other Funds	4,654,358	10,864,657
1290 Other Receivables	1,824	
1300 Inventories	898,601	
1410 Prepaid Items	1,453,566	-
1000 Total Assets	224,857,177	11,529,797
LIABILITIES		
2110 Accounts Payable	6,421,403	976
2150 Payroll Deductions and Withholdings	2,692,877	
2160 Accrued Wages Payable	18,027,072	
2170 Due to Other Funds	22,977,081	
2180 Due to Other Governments	11,215,996	968,471
2200 Accrued Expenditures	7,382	
2300 Unearned Revenues	98,939	-
2000 Total Liabilities	61,440,750	969,447
DEFERRED INFLOWS OF RESOURCES		
2600 Unavailable Revenue - Property Taxes	2,999,200	599,195
Total Deferred Inflows of Resources	2,999,200	599,195
FUND BALANCES		
3410 Non-Spendable - Inventories	898,601	
3430 Non-Spendable - Prepaid Items	1,453,566	
3450 Restricted - Grant Funds		
3470 Restricted - Capital Acquisitions and Contractual Obligations		
3480 Restricted - Retirement of Long-term Debt		9,961,155
3540 Committed - Self-Insurance	8,000,000	
3545 Committed - Local Special Revenue Funds		
3550 Assigned - Construction and Capital Expenditures		
3600 Unassigned	150,065,060	-
3000 Total Fund Balances	160,417,227	9,961,155
4000 Total Liabilities, Deferred Inflows, and Fund Balances	\$ 224,857,177	\$ 11,529,797

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

60 Capital Projects	Special Revenue Fund	Total Governmental Funds
\$ 198,229,967	\$ 9,143,396	\$ 421,900,845
		5,062,872
		(1,076,386)
	8,934,526	8,934,526
12,874,338	55,013	28,448,366
		1,824
	1,665,298	2,563,899
247,842	1,527,380	3,228,788
<u>211,352,147</u>	<u>21,325,613</u>	<u>469,064,734</u>
5,236,893	5,275,977	16,935,249
		2,692,877
690	1,712,411	19,740,173
	4,901,536	27,878,617
	1,839	12,186,306
		7,382
-	432,053	530,992
<u>5,237,583</u>	<u>12,323,816</u>	<u>79,971,596</u>
-	-	3,598,395
<u>-</u>	<u>-</u>	<u>3,598,395</u>
	1,665,298	2,563,899
247,842	1,527,380	3,228,788
	3,487,530	3,487,530
183,774,730		183,774,730
		9,961,155
		8,000,000
	2,321,589	2,321,589
22,091,992		22,091,992
-	-	150,065,060
<u>206,114,564</u>	<u>9,001,797</u>	<u>385,494,743</u>
\$ <u>211,352,147</u>	\$ <u>21,325,613</u>	\$ <u>469,064,734</u>

This page intentionally left blank

GARLAND INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2015

Exhibit C1-R

Total Fund Balances - Governmental Funds	\$	385,494,743
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.		7,748,115
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The capital assets related to internal service funds (\$5,395,305) is included in the net effect of consolidation above.		861,864,978
Accumulated depreciation has not been included in the fund financial statements. The accumulated depreciation related to internal service funds (\$2,740,961) is included in the net effect of consolidation above.		(374,429,374)
Bonds payable and related premiums have not been included in the fund financial statements		(543,297,771)
Accrued liabilities for compensated absences due in more than one year have not been reflected in the fund financial statements.		(985,154)
Accreted interest on capital appreciation bonds has not been included in the fund financial statements.		(2,224,132)
Revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.		3,598,395
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		(1,003,442)
Loss on bond refunding has not been included in the fund financial statements.		18,446,117
Net pension liability has not been included in the fund financial statements		(57,527,611)
Deferred outflows of resources relating to pension activities has not been included in the fund financial statements		14,539,811
Deferred inflows of resources relating to pension activities has not been included in the fund financial statements		(17,597,867)
Net Position of Governmental Activities	\$	<u><u>294,626,808</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, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES:		
5700 Total local and intermediate sources	\$ 146,414,929	\$ 29,467,325
5800 State program revenues	300,078,333	15,828,819
5900 Federal program revenues	4,818,476	463,985
5020 Total Revenues	<u>451,311,738</u>	<u>45,760,129</u>
EXPENDITURES:		
Current:		
0011 Instruction	261,047,628	
0012 Instructional Resources and Media Services	7,514,280	
0013 Curriculum and Instructional Staff Development	9,666,261	
0021 Instructional Leadership	8,391,935	
0023 School Leadership	28,709,550	
0031 Guidance, Counseling, and Evaluation Services	20,741,020	
0032 Social Work Services	1,245,250	
0033 Health Services	6,387,466	
0034 Student (Pupil) Transportation	11,690,480	
0035 Food Services	323,077	
0036 Cocurricular/Extracurricular Activities	6,752,860	
0041 General Administration	15,024,616	
0051 Facilities Maintenance and Operations	37,126,998	
0052 Security and Monitoring Services	4,071,663	
0053 Data Processing Services	11,217,193	
0061 Community Services	1,836,097	
Debt Service:		
0071 Debt Service-Principal on Long-Term Debt		25,765,010
0072 Debt Service-Interest on Long-Term Debt		15,807,117
0073 Debt Service-Bond Issuance Cost and Fees		96,405
Capital Outlay:		
0081 Facilities Acquisition and Construction	308,990	
Intergovernmental:		
0093 Payments Related to Shared Services Arrangements		
0095 Payments to Juvenile Justice Alternative Ed Program	10,716	
0099 Other Intergovernmental Charges	667,640	-
6030 Total Expenditures	<u>432,733,720</u>	<u>41,668,532</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	18,578,018	4,091,597
OTHER FINANCING SOURCES (USES):		
7901 Issuance of Refunding Bonds		10,740,000
7911 Issuance of Bonds		
7912 Sale of Real and Personal Property	263,655	
7915 Transfers In		
7916 Premium on Issuance of Bonds		1,888,736
8911 Transfers Out	(13,000,000)	
8940 Payment to Refunded Bond Escrow Agent	-	(12,767,184)
7080 Total Other Financing Sources (Uses)	<u>(12,736,345)</u>	<u>(138,448)</u>
1200 Net Change in Fund Balances	5,841,673	3,953,149
0100 Fund Balance - September 1 (Beginning)	154,575,554	6,008,006
3000 Fund Balance - August 31 (Ending)	<u>\$ 160,417,227</u>	<u>\$ 9,961,155</u>

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

60 Capital Projects	Special Revenue Fund	Total Governmental Funds
\$ 40,986	\$ 13,312,820	\$ 189,236,060
	4,638,545	320,545,697
-	51,457,626	56,740,087
40,986	69,408,991	566,521,844
	31,634,759	292,682,387
	121,548	7,635,828
	4,484,400	14,150,661
	875,300	9,267,235
	396,504	29,106,054
	771,139	21,512,159
	93,297	1,338,547
	2,083	6,389,549
3,436,696	36,061	15,163,237
	31,467,269	31,790,346
2,589	1,039,857	7,795,306
11,884	18,118	15,054,618
94,254	422,338	37,643,590
	1,331	4,072,994
9,819,400	368,454	21,405,047
	859,895	2,695,992
		25,765,010
		15,807,117
1,390,426		1,486,831
19,859,406		20,168,396
	81,790	81,790
		10,716
-	-	667,640
34,614,655	72,674,143	581,691,050
(34,573,669)	(3,265,152)	(15,169,206)
		10,740,000
182,580,000		182,580,000
	2,249	265,904
12,867,439	13,038	12,880,477
14,865,426		16,754,162
		(13,000,000)
-	-	(12,767,184)
210,312,865	15,287	197,453,359
175,739,196	(3,249,865)	182,284,153
30,375,368	12,251,662	203,210,590
\$ 206,114,564	\$ 9,001,797	\$ 385,494,743

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, 2015

Total Net Change in Fund Balance - Governmental Funds	\$ 182,284,153
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.	(462,792)
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 2015 capital outlays is to increase net position by total governmental activities additions (\$24,180,551) less internal service fund additions (\$582,077.)	23,598,474
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.	(28,386,891)
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.	45,147,935
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.	(668,041)
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.	(270,306)
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.	(257,787)
Gain on refunding of debt is not recognized in the governmental funds since it is not a source of current financial resources.	(821,399)
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.	(2,557,325)
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.	(193,320,000)
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.	(16,754,162)
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.	132,131
Net book value of capital assets transferred from the internal service fund to the governmental funds since it is not a source of current financial resources.	12,949
Amortization and other changes in deferred outflows related to the District's portion of the TRS net pension liability are reported in the government-wide financial statements	9,079,649
Amortization and other changes in deferred inflows related to the District's portion of the TRS net pension liability are reported in the government-wide financial statements	(17,597,867)
Changes in the net pension liability are not shown in the fund financial statements. The net effect of the current year's decrease is to increase net position.	13,111,576
Change in Net Position of Governmental Activities	<u><u>\$ 12,270,297</u></u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
AUGUST 31, 2015

Exhibit D-1

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents		\$ 9,751,021
Due From Other Funds		296,985
Other Receivables		1,199
Prepaid Items	\$ -	58,182
Total Current Assets	<u>-</u>	<u>10,107,387</u>
Noncurrent Assets:		
Capital Assets:		
Land Purchase and Improvements		208,872
Building and Building Improvements		265,990
Furniture and Equipment	33,573	4,920,443
Accumulated Depreciation-Other Land Improvements		(57,288)
Accumulated Depreciation-Building and Building Improvements		(41,289)
Accumulated Depreciation-Furniture and Equipment	<u>(27,128)</u>	<u>(2,642,384)</u>
Total Noncurrent Assets	<u>6,445</u>	<u>2,654,344</u>
Total Assets	<u>6,445</u>	<u>12,761,731</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable		210,104
Leases Payable		428,317
Accrued Wages Payable		32,132
Due to Other Funds	6,661	47,700
Claims Liability		1,427,876
Unearned Revenues	-	147,019
Total Current Liabilities	<u>6,661</u>	<u>2,293,148</u>
Noncurrent liabilities:		
Capital Lease Payable Long-Term		626,717
Claims Liability Long-Term	-	<u>2,093,751</u>
Total Noncurrent liabilities	<u>-</u>	<u>2,720,468</u>
Total Liabilities	<u>6,661</u>	<u>5,013,616</u>
NET POSITION		
Net Investment in Capital Assets	6,445	1,599,310
Unrestricted Net Position	(6,661)	6,148,805
Total Net Position	<u>\$ (216)</u>	<u>\$ 7,748,115</u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

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	\$ 271,241	\$ 5,841,749
Total Operating Revenues	<u>271,241</u>	<u>5,841,749</u>
OPERATING EXPENSES:		
Payroll Costs	175,917	1,717,977
Professional and Contracted Services	334	1,723,620
Supplies and Materials	103,872	663,996
Other Operating Costs	2,601	2,130,112
Total Operating Expenses	<u>282,724</u>	<u>6,235,705</u>
Operating Income (Loss)	<u>(11,483)</u>	<u>(393,956)</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	475	6,940
Interest on Capital Lease	-	(62,738)
Total Nonoperating Revenues (Expenses)	<u>475</u>	<u>(55,798)</u>
Income (Loss) before Transfers	(11,008)	(449,754)
Transfer In	132,561	
Transfer Out		(13,038)
Change in Net Position	<u>121,553</u>	<u>(462,792)</u>
Total Net Position - September 1 (Beginning)	<u>(121,769)</u>	<u>8,210,907</u>
Total Net Position - August 31 (Ending)	<u>\$ (216)</u>	<u>\$ 7,748,115</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, 2015

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	\$ 271,241	\$ 1,699,190
Cash Received from Assessments - Other Funds		4,596,854
Cash Payments to Employees for Services	(175,917)	(1,702,168)
Cash Payments for Insurance Claims		(1,490,977)
Cash Payments to Suppliers	(110,763)	(578,247)
Cash Payments for Other Operating Expenses	(23)	(112,383)
Cash Payments for Prof. and Contracted Services	(334)	(1,636,866)
Net Cash (Used for) Provided by Operating Activities	<u>(15,796)</u>	<u>775,403</u>
Cash Flows from Noncapital Financing Activities:		
Transfers from Other Funds	<u>15,321</u>	-
Net Cash Provided by Noncapital Financing Activities	<u>15,321</u>	-
Cash Flows from Capital Financing Activities:		
Acquisition of Capital Assets	-	(582,077)
Capital Lease Payments		(377,567)
Capital Lease Interest Expense	-	(62,738)
Net Cash Used for Capital Financing Activities	<u>-</u>	<u>(1,022,382)</u>
Cash Flows from Investing Activities:		
Interest and Dividends on Investments	<u>475</u>	<u>6,940</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	(240,039)
Cash and Cash Equivalents at Beginning of the Year	-	9,991,060
Cash and Cash Equivalents at the End of the Year	<u>-</u>	<u>9,751,021</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(11,483)	(393,956)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	2,578	680,892
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease in Due from Other Funds		439,822
Increase in Other Receivables		(1,027)
Decrease in Inventories	7,637	
Decrease in Prepaid Items		71,815
Increase (Decrease) in Accounts Payable	(14,528)	100,688
Increase in Accrued Wages Payable		15,809
Increase in Due to Other Funds		3,001
Increase in Unearned Revenue		12,499
Decrease in Claims Liability	-	(154,140)
Net Cash (Used for) Provided by Operating Activities	<u>\$ (15,796)</u>	<u>\$ 775,403</u>
Noncash Investing, Capital, and Financing Activities:		
Borrowing Under Capital Lease		\$ 29,902
Transfer of Equipment to Another Fund		\$ (13,038)

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AUGUST 31, 2015

Exhibit E-1

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,415,355
Due from External Parties	<u>17,959</u>
Total Assets	<u><u>1,433,314</u></u>
LIABILITIES	
Accounts Payable	28,511
Due to External Parties	830,332
Due to Student/Employee Groups	<u>574,471</u>
Total Liabilities	<u><u>\$ 1,433,314</u></u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2015

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, 2015

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, 2015

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. In August 2015, the District entered into a contract with Ed Campbell Company to operate the concession stands at District Stadiums. The District's enterprise fund ceased regular operations in August 2015.

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. In August 2015, the District ceased regular operations of the catering internal service fund. Catering services will be accounted for in the Student Nutrition Services Fund.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2015

Note 1. Summary of Significant Accounting Policies – continued

Proprietary Funds (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 Student Nutrition Services Fund (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 \$13,000,000 amendment in the General Fund, to increase transfers out, substantially all of which was for locally funded capital projects in the Capital Projects fund. Amendments were made to other sources and uses in the Debt Service Fund. These amendments are related to the issuance of refunding bonds.

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, 2015

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, 2015 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, 2015, taxes receivable net of estimated uncollectible taxes, aggregated \$3,321,346 and \$665,140 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 Student Nutrition Services Fund.

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, 2015

Note 1. Summary of Significant Accounting Policies – continued

Deferred outflows/inflows of resources (Continued)

The District only has two items that qualify for reporting in this category. First, deferred charges 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. Second, deferred outflows of resources for pensions reported in the government-wide statement of net position. A deferred outflow of resources for pensions, results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflow of resources related to pensions resulting from District Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently 6.94 years.

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 two items of this type. First, unavailable revenue from property taxes exists under the modified accrual basis of accounting and 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. Second, deferred inflows of resources for pensions reported in the government-wide statement of net position. These deferred inflows result primarily from the differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period.

Pensions

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

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.

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2015

Note 1. Summary of Significant Accounting Policies – continued

Capital Assets (Continued)

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.

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, 2015 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, 2015, the carrying amount of the District’s deposits was \$8,195,439 and the bank balance was \$8,801,831. In addition, the District had various petty cash balances held at different locations amounting to \$41,831.

The District’s entire bank balance on August 31, 2015 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.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2015

Note 2. Cash and Investments - continued

The District's investment policy contains the following objectives:

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

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

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

At August 31, 2015, the District's exposure to interest rate risk, as measured by the segmented time distribution by investment type, is summarized below:

	Rating	Carrying Amount/ Fair Value	Investment Maturities in Months		
			Less than 1	1 to 3	4 to 6
TexPool	AAAm	\$ 286,042,022	\$ 286,042,022		
Texas CLASS	AAAm	66,021,576	66,021,576		
Lone Star	AAA	68,539,706	68,539,706		
BofA Treasury Reserves	AAAmmf	4,226,647	4,226,647	\$ -	\$ -
Total Investments		\$ 424,829,951	\$ 424,829,951	\$ -	\$ -

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 Government Overnight Fund to be pledged to the Government Overnight Fund, held in the Government Overnight Fund's name, and deposited at the time the investment is made with the Government Overnight Fund or with a third party selected and approved by the Government Overnight 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.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2015

Note 2. Cash and Investments - continued

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 Government Overnight Fund to be pledged to the Government Overnight Fund, held in the Government Overnight Fund's name, and deposited at the time the investment is made with the Government Overnight Fund or with a third party selected and approved by the Government Overnight 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.

The Government Overnight Fund may lend up to 25 percent of its securities pursuant to a reserve repurchase agreement authorized under the Investment Act. Any funds obtained pursuant to a reserve repurchase agreement must be invested in authorized Government Overnight Fund investments and match the term of any reverse repurchase agreement may not exceed 90 days.

No-load money market mutual funds regulated by the Securities and Exchange Commission (SEC) that invest exclusively in authorized Government Overnight Fund investments, provided the Government Overnight Fund shall not invest its funds in any one money market mutual fund in an amount that exceeds (i) 25 percent of the Government Overnight Fund's total assets or (ii) 10 percent of the total assets of such money market mutual fund.

Lone Star's Government Overnight Fund seeks to maintain a dollar-weighted average maturity of 60 days or fewer. As of August 31, 2015, the fund had a weighted average maturity of 27 days.

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

TexPool is authorized for the following investments:

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

Fully collateralized repurchase agreements or reverse repurchase agreements (i) with defined termination dates, (ii) secured obligations of the United States, its agencies or its instrumentalities, including mortgage-backed securities, (iii) that require purchased securities to be pledged to the investing entity or a third party, and (iv) that are placed through primary government securities dealers or a financial institution doing business in the State of Texas. The maximum maturity on repurchase agreements may not exceed 90 days unless the repurchase agreements have a put option that allows TexPool to liquidate the position at par with no more than 7 day notice to the counterparty. The maximum maturity on repurchase agreements may not exceed 181 days.

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 or equivalent by at least one nationally recognized statistical rating organization ("NRSRO").

Securities lending programs that comply various limitations.

The weighted average maturity of TexPool cannot exceed 60 days. As of August 31, 2015, TexPool had a weighted average maturity of 41 days.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2015

Note 2. Cash and Investments - continued

Texas CLASS is administered by a board of pool members. The fair value of the District's position in Texas CLASS is the same as the value of the pool shares. Texas CLASS is operated in a manner consistent with the SEC's Rule 2A-7 of the investment company Act of 1970.

Texas CLASS is authorized for the following investments:

Obligations, including letters of credit, of the United States or its agencies and instrumentalities with a maximum maturity of 397 days, except that certain permitted variable rate securities may be purchased with final maturities greater than 397 days, as described in Paragraph 12 (d) below.

Direct obligations of the State of Texas or its agencies and 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 State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.

Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

Certificates of deposit or share certificates if the certificate is issued by a depository institution that has its main office or a branch office in this state and is: (1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor the National Credit Union Share Insurance Fund or its successor; (2) secured by obligations that are described by Section 2256.009(a) of Chapter 2256, Texas Government Code as amended, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b), Texas Government Code, as amended; or (3) secured in any other manner and amount provided by law for deposits of the investing entity. In addition, an investment in certificates of deposit is authorized if (1) the funds are invested by an investing entity through (A) a broker that has its main office or a branch office in Texas and is selected from a list adopted by the investing entity, or (B) a depository institution that has its main office or a branch office in Texas and that is selected by the investing entity, (2) the broker or depository institution selected by the investing entity under (1) above arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity, (3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (4) the investing entity appoints the depository institution selected by the investing entity under (1) above, an entity described by Section 2257.041(d) or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rules 15c3-3 (17 C.F.W. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity, .

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2015

Note 2. Cash and Investments - continued

Repurchase agreements that comply with the Investment Act. No more than 25% of the portfolio of Texas CLASS shall be invested in term repurchase agreements and no more than 5% of the portfolio of Texas CLASS may be invested in term repurchase agreements with maturities exceeding 90 days. Repurchase agreements shall be 102% collateralized by obligations of the United States Treasury or its agencies and instrumentalities in accordance with the provisions of the Public Securities Association Master Agreement on file with the Program Administrator pertaining to repurchase agreement operating procedures.

Securities lending programs that comply with various limitations.

Bankers' acceptances that comply with the Investment Act.

Commercial paper that complies with the Investment Act; provided that no more than 25% of the assets of Texas CLASS shall be invested in commercial paper of any one industry, except that the 25% limitation shall not apply to commercial paper of banking and financial institutions.

No-load money market mutual funds that comply with the Investment Act.

Guaranteed investment contracts that comply with the Investment Act.

Bonds issued, assumed or guaranteed by the State of Israel that are also backed by the full faith and credit of the United States of America.

The weighted average maturity of Texas CLASS cannot exceed 60 days. As of August 31, 2015, Texas CLASS has a weighted average maturity of 54 days.

BofA Treasury Reserves, Capital Share Class is administered by a team of investment professionals. The fair value of the District's position in BofA Treasury Reserves, Capital Share Class is the same as the value of the mutual fund shares. BofA Treasury Reserves, Capital Share Class is operated in a manner consistent with the SEC's Rule 2A-7 of the investment company Act of 1970.

BofA Treasury Reserves, Capital Share Class is authorized for the following investments:

United States government obligations whose principal and interest are backed by the full faith and credit of the United States government.

Repurchase agreements secured by United States government obligations.

The weighted average maturity of BofA Treasury Reserves, Capital Share Class cannot exceed 60 days. As of August 31, 2015, BofA Treasury Reserves, Capital Share Class has a weighted average maturity of 6 days.

To manage credit risk, all investments are made in the name of the Garland Independent School District. All investments other than pools and repurchase agreements 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.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2015

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, 2015, 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	\$ 8,665,526	\$ 269,000	\$ 8,934,526
Total	<u>\$ 8,665,526</u>	<u>\$ 269,000</u>	<u>\$ 8,934,526</u>

Note 4. Capital Assets

Capital asset activity of the District for the year ended August 31, 2015, was as follows:

Capital Assets

Governmental Activities:	Beginning Balance				Ending Balance
	9/1/2014	Additions	Retirements	Transfers	8/31/2015
Non-Depreciable Assets					
Land	\$ 14,077,107				\$ 14,077,107
Construction In Progress	317,136	\$ 18,772,312	\$ -	\$ (141,104)	18,948,344
Total Non-Depreciable Assets	<u>14,394,243</u>	<u>18,772,312</u>	<u>-</u>	<u>(141,104)</u>	<u>33,025,451</u>
Depreciable Assets					
Land Improvements	34,798,778	-	-	100,358	34,899,136
Building & Building Improvements	683,095,101	337,972	-	40,746	683,473,819
Furniture & Equipment	<u>111,749,420</u>	<u>5,070,267</u>	<u>957,810</u>	<u>-</u>	<u>115,861,877</u>
Total Depreciable Assets	<u>829,643,299</u>	<u>5,408,239</u>	<u>957,810</u>	<u>141,104</u>	<u>834,234,832</u>
Less Accumulated Depreciation for:					
Land Improvements	20,864,074	1,355,263	-	-	22,219,337
Building & Building Improvements	257,918,241	15,943,714	-	-	273,861,955
Furniture & Equipment	<u>70,277,957</u>	<u>11,768,896</u>	<u>957,810</u>	<u>-</u>	<u>81,089,043</u>
Total Accumulated Depreciation	<u>349,060,272</u>	<u>29,067,873</u>	<u>957,810</u>	<u>-</u>	<u>377,170,335</u>
Governmental Activities-Capital Assets, being depreciated, net	<u>480,583,027</u>	<u>(23,659,634)</u>	<u>-</u>	<u>141,104</u>	<u>457,064,497</u>
Governmental Activities-Capital Assets, Net	<u>\$ 494,977,270</u>	<u>\$ (4,887,322)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 490,089,948</u>
Business Type Activities:					
	Beginning Balance				Ending Balance
	9/1/2014	Additions	Retirements	Transfers	8/31/2015
Depreciable Assets					
Furniture & Equipment	\$ 33,574	\$ -	\$ -	\$ -	\$ 33,574
Less Accumulated Depreciation for:					
Furniture & Equipment	<u>24,551</u>	<u>2,578</u>	<u>-</u>	<u>-</u>	<u>27,129</u>
Business Type-Capital Assets, Net	<u>\$ 9,023</u>	<u>\$ (2,578)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,445</u>

Total Governmental Activities - Capital Assets include cost of assets held in internal service funds and related accumulated depreciation amounting to \$5,395,305 and \$2,740,961 respectively.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2015

Note 4. Capital Assets – continued

Depreciation expense was charged to governmental functions as follows:

11 Instruction	\$ 15,000,257
12 Instructional Resources and Media Services	486,255
13 Curriculum Development and Instructional Staff Development	21,810
21 Instructional Leadership	292,892
23 School Leadership	271,487
31 Guidance, Counseling and Evaluation Services	107,625
33 Health Services	96,008
34 Student (Pupil) Transportation	2,095,979
35 Food Services	1,417,710
36 Cocurricular/Extracurricular Activities	1,353,957
41 General Administration	262,466
51 Plant Maintenance and Operations	2,210,166
52 Security and Monitoring Services	283,043
53 Data Processing Services	3,571,807
61 Community Services	893,370
81 Facilities Acquisition and Construction	19,571
Internal Service Fund Depreciation	683,470
	\$ 29,067,873

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

As of August 31, 2015, the District had the following major commitments with respect to unfinished major capital projects.

	Project Authorization	Remaining Commitment
Lakeview High School Renovations	\$ 1,218,360	\$ 745,746
Naaman Forest High School Renovations	1,129,001	1,036,313
Career & Technology High School	1,812,553	1,355,932
Natatorium	1,105,470	810,372
Softball and Baseball Fields	10,304,739	9,584,962
Roofs at Keeley, Sewell, and Walnut Glen	1,130,699	103,916
Turf Fields	9,000,000	834,412
Total	\$ 25,700,822	\$ 14,471,653

Note 5. Unearned Revenue

Governmental funds unearned revenue at August 31, 2015 consisted of the following:

	General Fund	Special Revenue Fund	Total
Athletic and Other Local	\$ 98,939	\$ -	\$ 98,939
Food Service Meals	-	432,053	432,053
	\$ 98,939	\$ 432,053	\$ 530,992

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2015

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, 2015:

	September 1, 2014 Obligations as Restated	New Obligations Incurred	Obligations Retired or Transferred	August 31, 2015 Obligations	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General obligation bonds	\$ 346,746,128	\$ 193,320,000	\$ 38,310,010	\$ 501,756,118	\$ 38,298,252
Accreted interest	1,831,319	668,041	275,228	2,224,132	364,769
Premium on bond issuance	<u>31,350,188</u>	<u>16,754,162</u>	<u>6,562,697</u>	<u>41,541,653</u>	<u>-</u>
Total Bonds and Notes Payable	<u>379,927,635</u>	<u>210,742,203</u>	<u>45,147,935</u>	<u>545,521,903</u>	<u>38,663,021</u>
Other Liabilities:					
Net Pension Liability	70,639,187		13,111,576	57,527,611	
Workers compensation self-insurance liability	3,675,767	1,315,008	1,469,148	3,521,627	1,427,876
Capital Leases	1,432,602	29,902	407,470	1,055,034	428,317
Vested sick leave	<u>1,878,668</u>	<u>492,179</u>	<u>652,934</u>	<u>1,717,913</u>	<u>732,759</u>
Total Other Liabilities	<u>77,626,224</u>	<u>1,837,089</u>	<u>15,641,129</u>	<u>63,822,185</u>	<u>2,588,952</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 457,553,859</u>	<u>\$ 212,579,292</u>	<u>\$ 60,789,063</u>	<u>\$ 609,344,088</u>	<u>\$ 41,251,973</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, 2015

Note 6. Long-Term Obligations – continued

Bonds payable and contractual obligations at August 31, 2015 are composed of the following individual issues:

Description	Interest Rate	Amounts Original Issue	Amounts Outstanding at September 1, 2014	Issued	Retired/ Refunded	Accumulated Interest Accretion	Amounts Outstanding at August 31, 2015
School Building Bonds - 2004A							
Matures 2006 - 2024	2.05% to 5.0%	58,834,994	1,350,000		1,350,000		\$ -
School Building Bonds - 2005							
Matures 2007 - 2028	3.0% to 5.0%	155,830,000	21,020,000		21,020,000		-
School Building and Refunding Bonds - 2009A							
Matures 2009 - 2029	4.0% to 5.0%	53,210,000	44,705,000		1,555,000		43,150,000
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	8,860,000		2,745,000		6,115,000
Unlimited Tax School Building Series - 2011							
Matures 2012 - 2031	2.0% to 5.0%	61,615,000	52,100,000		4,580,000		47,520,000
Unlimited Tax Refunding Series - 2011A							
Matures 2012 - 2023	0.5% to 2.9%	52,335,609	47,781,128		5,210,010	\$ 2,224,132	44,795,250
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	22,160,000		1,750,000		20,410,000
Qualified School Construction Bonds - 2012							
Matures 2022 - 2031	4.009%	12,485,000	12,485,000				12,485,000
Unlimited Tax Refunding Series - 2014							
Matures 2015 - 2024	4.00%	26,725,000	26,725,000		100,000		26,625,000
Unlimited Tax Building and Refunding Series - 2015A							
Matures 2016 - 2035	2.0% to 5.0%	185,740,000		185,740,000			185,740,000
Unlimited Tax School Building Bonds - 2015B							
Matures 2016 - 2017	2.0% to 3.0%	7,580,000	-	7,580,000	-	-	7,580,000
Total		\$ 759,610,207	\$ 346,746,128	\$ 193,320,000	\$ 38,310,010	\$ 2,224,132	503,980,250
Accumulated Interest Accretion							<u>(2,224,132)</u>
Total Principal Outstanding - August 31, 2015							<u>\$ 501,756,118</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2015

Note 6. Long-Term Obligations - continued

These bonds and accreted interest are secured by ad valorem taxes levied against all taxable property and are serviced by the Debt Service Fund with an apportionment of the ad valorem tax levy. Interest rates on the bonds range from 0.00% to 5.00% and are due through 2035. At August 31, 2015, \$9,961,155 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.

In June 2015, the District issued \$185,740,000 of Unlimited Tax School Building and Refunding Bonds, Series 2015A and \$7,580,000 of Unlimited Tax School Building Bonds, Series 2015B.

Series 2015A consisted of \$175,000,000 for the construction, renovation, and equipping of school buildings. The remaining \$10,740,000 and \$225,267 of District Debt Service Fund reserves were used to redeem the remaining outstanding Unlimited Tax School Building and Refund Bonds, Series 2005 on the June 2015 call date. As a result the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price was less than the net carrying amount of the old debt resulting in a gain on refunding of \$821,399. This gain is netted with previous losses on refunding and carried as a deferred outflow of resources and amortized over the remaining life of the refunded debt which is shorter than the new debt. This advance refunding decreased total debt service payment over the next thirteen years by \$2,899,285 and resulted in an economic gain of \$2,208,168. The issuance cost of \$1,401,216 was expensed. The premium received of \$14,760,365 related to the new money portion is being amortized over the life of the new debt. The premium received of \$1,888,736 related to the refunding portion is being amortized over the life of the refunded debt. Series 2015A bears interest at rates between 2.0% and 5.0% and matures in 2035.

The proceeds of Series 2015B were used for the construction, renovation, and equipping of school buildings. The issuance cost of \$76,028 was expensed. The premium received of \$105,061 is being amortized over the life of the new debt. Series 2015B bears interest at rates between 2.0% and 3.0%, and matures in 2027.

In 2015, 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. The District does not have any outstanding defeased bonds as of August 31, 2015.

The annual requirements to pay principal and interest on the bond obligations outstanding as of August 31, 2015 are as follows:

Year Ended August 31	Principal	Interest (including accreted interest)	Requirements
2016	\$ 38,298,252	\$ 21,209,207	\$ 59,507,459
2017	36,396,441	21,028,725	57,425,166
2018	34,721,335	21,143,667	55,865,002
2019	31,755,090	19,680,635	51,435,725
2020	32,735,000	15,246,855	47,981,855
2021 - 2025	166,125,000	52,909,917	219,034,917
2026 - 2030	95,550,000	24,657,980	120,207,980
2031 - 2035	66,175,000	6,582,344	72,757,344
	<u>\$ 501,756,118</u>	<u>\$ 182,459,330</u>	<u>\$ 684,215,448</u>

As of August 31, 2015, the District has \$259,445,000 of authorized but unissued general obligation bonds from the November 2014 voted authorization. Accreted interest of \$2,224,132 is included in the interest column.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2015

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 \$1,717,913. Of this amount, \$732,759 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, 2015 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	\$ 3,846,584	
General Fund	Enterprise Funds	6,661	
General Fund	Internal Service Funds	20,040	
General Fund	Agency Funds	<u>781,073</u>	
Total General Fund			\$ 4,654,358
Debt Service Fund	General Fund	9,864,657	
Debt Service Fund	Special Revenue Fund	<u>1,000,000</u>	
Total Debt Service Fund			10,864,657
Capital Projects	General Fund	<u>12,874,338</u>	
Total Capital Projects			12,874,338
Special Revenue Fund	Internal Service Funds	12,633	
Special Revenue Fund	Agency Funds	<u>42,380</u>	
Total Special Revenue Fund			55,013
Internal Service Funds	General Fund	238,086	
Internal Service Funds	Special Revenue Fund	43,816	
Internal Service Funds	Internal Service Funds	15,027	
Internal Service Funds	Agency Funds	<u>56</u>	
Total Internal Service Funds			296,985
Agency Funds	Special Revenue Fund	11,136	
Agency Funds	Agency Funds	<u>6,823</u>	
Total Agency Funds			<u>17,959</u>
Total Due From Other Funds			<u><u>\$ 28,763,310</u></u>

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2015

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

FROM	TO		
General Fund	Debt Service Fund	\$9,864,657	
General Fund	Capital Projects	12,874,338	
General Fund	Internal Service Funds	<u>238,086</u>	
Total General Fund			\$22,977,081
Special Revenue Fund	General Fund	3,846,584	
Special Revenue Fund	Debt Service Fund	1,000,000	
Special Revenue Fund	Internal Service Funds	43,816	
Special Revenue Fund	Agency Funds	<u>11,136</u>	
Total Special Revenue Fund			4,901,536
Enterprise Funds	General Fund	<u>6,661</u>	
Total Enterprise Funds			6,661
Internal Service Funds	General Fund	20,040	
Internal Service Funds	Special Revenue Fund	12,633	
Internal Service Funds	Internal Service Funds	<u>15,027</u>	
Total Internal Service Funds			47,700
Agency Funds	General Fund	781,073	
Agency Funds	Special Revenue Fund	42,380	
Agency Funds	Internal Service Funds	56	
Agency Funds	Agency Funds	<u>6,823</u>	
Total Agency Funds			<u>830,332</u>
Total Due To Other Funds			<u><u>\$ 28,763,310</u></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, 2015 were as follows:

FROM	Transfers In			Transfers Out
	Capital Projects	Enterprise Fund	Special Revenue	
General Fund	\$ 12,867,439	\$ 132,561		\$ 13,000,000
Catering Services	-	-	\$ 13,038	13,038
	<u>\$ 12,867,439</u>	<u>\$ 132,561</u>	<u>\$ 13,038</u>	<u>\$ 13,013,038</u>

In the fund financial statements, \$12,867,439 was transferred out of the General Fund to Capital Projects Fund for the acquisition of equipment or for renovations. \$132,561 was transferred out of the General Fund into the Enterprise Fund to dissolve the Enterprise Fund, as the District outsourced concession operations beginning in August 2015. In August 2015, the District ceased regular operations of the Catering Internal Service Fund and transferred \$13,038 to the Special Revenue Fund.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2015

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	\$ 143,475,171	\$ 29,450,750			\$ 172,925,921
Other intermediate	2,849,110	100		\$ 4,785,573	7,634,783
Food service				8,523,599	8,523,599
Investment earning	90,648	16,475	\$ 40,986	3,648	151,757
Total	\$ 146,414,929	\$ 29,467,325	\$ 40,986	\$ 13,312,820	\$ 189,236,060

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, 2015, 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, 2015, 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 Aetna. 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, 2015

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, 2015, was \$3,675,767 and is recorded as an accrued expenditure in the Risk Management Internal Service Fund.

In fiscal years 2015 and 2014, changes in 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>
2014 – Risk Management	\$ 3,825,386	\$ 1,269,153	\$(1,418,772)	\$ 3,675,767
2015 - Risk Management	3,675,767	1,315,008	(1,469,148)	3,521,627

At August 31, 2015, the District held \$8,764,049 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, plus \$1,000,000 per occurrence for out of state claims. 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 \$10,000. 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 \$10,000 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, 2015

Note 11. Retirement Plan

Retirement Plan Description

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

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

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2015

Note 11. Retirement Plan - continued

Contributions (Continued)

2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

	Contribution Rates	
	Plan Fiscal Year	
	2014	2015
Member	6.4%	6.7%
Employer	6.8%	6.8%

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the GAA. Contributions and pension expense for all contributors were as follows:

	Measurement Year		TRS
	Contributions Required and Made	Pension Expense	
Member (Employee)	\$ 5,077,687	\$ -	\$ 22,485,453
Non-employer contributing agency (State)	17,018,255	16,611,523	16,949,612
District	5,460,162	5,317,411	9,910,769

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

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

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2015

Note 11. Retirement Plan - continued

Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term Expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

*Includes Inflation of 3%

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

Discount Rate

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2015

Note 11. Retirement Plan - continued

Discount Rate (Continued)

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
Stable Value			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
Risk Parity			
Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
Total	<u>100%</u>		<u>8.7%</u>

* The Expected Contribution to return incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability.

	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
District's proportional share of the net pension liability	\$ 102,798,353	\$ 57,527,611	\$ 23,673,527

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2015

Note 11. Retirement Plan - continued

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

At August 31, 2015, the District reported a liability of \$57,527,611 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportional share of the net pension liability	\$ 57,527,611
State's proportional share of the net pension liability associated with the district	<u>179,684,773</u>
Total	<u>\$237,212,384</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was 0.2153% which was substantially the same from its proportion measured as of August 31, 2013. The change in proportion is immaterial and therefore disregarded this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective 9/01/2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended August 31, 2015, the District recognized pension expense of \$5,317,411 as well as revenue of \$16,611,523 representing pension expense incurred by the State on behalf of the District.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2015

Note 11. Retirement Plan - continued

At August 31, 2015, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 889,683	
Changes of assumptions	3,739,359	
Net difference between projected and actual earnings on pension plan investments		\$17,582,787
Changes in proportion and differences between District contributions and proportionate share of contributions		15,080
District contributions subsequent to the measurement date	9,910,769	-
Total	<u>\$14,539,811</u>	<u>\$17,597,867</u>

The \$9,910,769 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2016. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31	Amount
2016	(\$3,619,014)
2017	(3,619,014)
2018	(3,619,014)
2019	(3,619,013)
2020	776,683
2021	730,547

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2015

Note 12. 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”). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the TRS. 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. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. The report may be obtained by visiting the TRS web site at www.trs.state.tx.us under the TRS Publications heading, by calling the TRS Communication Department at 1-800-223-8778, or by writing to the TRS Communications Department at 1000 Red River Street, Austin, Texas 78701.

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 active public school employee contribution rate was 0.65% of eligible gross earnings for the period August 2012 through August 2015. The state contribution rate was 1.0% of public school payroll for the period September 2013 through June 2015, 0.50% for the period September 2012 through August 2013, and 1.0% for the period July 2012 through August 2012, with school districts contributing a percentage of payroll set at 0.55% for fiscal years, 2015, 2014, and 2013. 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 of the public school. For staff members funded by federal programs, the federal programs were required to contribute all of the state’s contribution amount.

Contributions made by the State, District and staff members for the fiscal years ended August 31 2015, 2014, and 2013, are as follows:

	State TRS CARE Contributions Made on Behalf of the District	District Required Contributions to TRS Care	Staff Members’ Contributions to TRS CARE	District’s Covered Payroll
2015	\$3,140,961	\$2,028,920	\$2,181,445	\$335,610,115
2014	3,030,964	1,991,034	2,093,784	322,119,883
2013	2,989,438	1,822,886	2,012,302	309,585,629

For the current fiscal year and each of the past two years, the District’s actual contributions were equal to 100% of the required contributions. The contributions made by the State on behalf of the District have been recorded in the governmental funds financial statements of the District as both state revenues and payroll expenditures. These contributions are the legal responsibility of the State.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries know as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years August 31, 2015, 2014, and 2013, the subsidy payments received by TRS-Care on-behalf of the District were \$1,436,082, \$884,400, and \$847,294, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2015

Note 13. 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 14. Prior Period Restatement

The District has implemented the Governmental Accounting Standards Board Statements No. 68 *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* and No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68* for the year ending August 31, 2015. As a result the beginning net position of the District’s governmental activities has been restated on the Statement of Activities to reflect the net pension liability and deferred outflows of resources relating to pension contributions made after the prior measurement date of the plan as follows:

Net Position as originally presented		\$347,535,536
Prior Period Restatement		
Net Pension Liability	\$(70,639,187)	
Deferred Outflows of Resources	<u>5,460,162</u>	
Net Prior Period Restatement		<u>(65,179,025)</u>
Net Position as restated		<u>\$282,356,511</u>

Note 15. Operating Leases

The District leases a warehouse and clinic space under non-cancelable operating leases. Total lease payments made under the warehouse and clinic leases were \$107,625 and \$31,477, respectfully, for the year ended August 31, 2015.

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

<u>Year Ending August 31,</u>	<u>Warehouse</u>	<u>Clinic</u>
2016	\$ 108,075	\$ 78,821
2017	108,075	78,821
2018	108,075	78,821
2019	108,075	78,821
2020	108,075	39,411
2021	<u>90,063</u>	<u>-</u>
Total	<u>\$ 630,438</u>	<u>\$ 354,695</u>

Note 16. Net Position Deficits

At August 31, 2015 the Enterprise Fund had a deficit of \$216. The Enterprise Fund ceased normal operations in August 2015. The deficit will be eliminated in fiscal year 2016 when the fund is closed.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2015

Note 17. 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. In September 2014, the copier lease was amended adding an additional \$29,902 of equipment, with payments made over the existing lease term.

The following is a summary of the leased assets included in furniture and equipment within the Copier Pool Internal Service Fund:

Equipment	\$	1,834,285
Less: accumulated depreciation		<u>(900,838)</u>
Net book value	\$	<u>933,447</u>

Future minimum commitments under the capital leases are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 428,317	\$ 43,025	\$ 471,342
2017	305,542	34,397	339,939
2018	<u>321,175</u>	<u>8,765</u>	<u>329,940</u>
Total	<u>\$ 1,055,034</u>	<u>\$ 86,187</u>	<u>\$ 1,141,221</u>

Note 18. Deferred Outflows of Resources

For governmental activities, the net increase in capital assets of \$170,980,048 includes the effect of deferring the recognition of losses on bond refundings. The \$18,446,117 balance of the deferred outflow of resources at August 31, 2015 will be recognized as an expense and will decrease unrestricted net position over the next 10 years.

	<u>September 1, 2014 Balance</u>	<u>New Obligations Incurred</u>	<u>Obligations Retired or Transferred</u>	<u>August 31, 2015 Balance</u>
Deferred Outflows of Resources:				
Deferred charge on refunding	<u>\$ 21,824,841</u>	<u>\$ (821,399)</u>	<u>\$ 2,557,325</u>	<u>\$ 18,446,117</u>
Total Deferred Outflows of Resources	<u>\$ 21,824,841</u>	<u>\$ (821,399)</u>	<u>\$ 2,557,325</u>	<u>\$ 18,446,117</u>

Note 19. Subsequent Events

The District evaluated all subsequent events through January 14, 2016, the date these financial statements were issued, and determined there to be no additional subsequent events requiring recognition or disclosure.

This page intentionally left blank

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, 2015

Exhibit G-1

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	ORIGINAL	FINAL		Positive or (Negative)
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 144,376,084	\$ 146,404,000	\$ 146,414,929	\$ 10,929
5800 State Program Revenues	294,438,706	296,581,504	300,078,333	3,496,829
5900 Federal Program Revenues	270,000	4,457,000	4,818,476	361,476
5020 Total Revenues	<u>439,084,790</u>	<u>447,442,504</u>	<u>451,311,738</u>	<u>3,869,234</u>
EXPENDITURES:				
Current:				
0011 Instruction	259,175,325	259,686,261	261,047,628	(1,361,367)
0012 Instructional Resources and Media Services	7,558,475	7,506,277	7,514,280	(8,003)
0013 Curriculum and Instructional Staff Development	9,448,799	9,408,253	9,666,261	(258,008)
0021 Instructional Leadership	8,643,309	8,453,099	8,391,935	61,164
0023 School Leadership	28,540,235	28,435,993	28,709,550	(273,557)
0031 Guidance, Counseling, and Evaluation Services	19,331,285	20,770,969	20,741,020	29,949
0032 Social Work Services	1,216,333	1,396,963	1,245,250	151,713
0033 Health Services	6,582,209	6,356,437	6,387,466	(31,029)
0034 Student (Pupil) Transportation	12,410,674	11,577,926	11,690,480	(112,554)
0035 Food Services	75,000	375,000	323,077	51,923
0036 Cocurricular/Extracurricular Activities	6,450,739	7,184,909	6,752,860	432,049
0041 General Administration	14,803,639	16,382,532	15,024,616	1,357,916
0051 Facilities Maintenance and Operations	38,858,758	37,045,297	37,126,998	(81,701)
0052 Security and Monitoring Services	4,133,727	4,033,849	4,071,663	(37,814)
0053 Data Processing Services	12,467,865	11,720,354	11,217,193	503,161
0061 Community Services	2,595,941	2,041,960	1,836,097	205,863
Capital Outlay:				
0081 Facilities Acquisition and Construction	15,000	400,000	308,990	91,010
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed Program	75,000	20,000	10,716	9,284
0099 Other Intergovernmental Charges	662,918	667,640	667,640	-
6030 Total Expenditures	<u>433,045,231</u>	<u>433,463,719</u>	<u>432,733,720</u>	<u>729,999</u>
1100 Excess of Revenues Over Expenditures	6,039,559	13,978,785	18,578,018	4,599,233
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property		173,092	263,655	90,563
8911 Transfers Out	-	(13,000,000)	(13,000,000)	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>(12,826,908)</u>	<u>(12,736,345)</u>	<u>90,563</u>
1200 Net Change in Fund Balances	6,039,559	1,151,877	5,841,673	4,689,796
0100 Fund Balance - September 1 (Beginning)	154,575,554	154,575,554	154,575,554	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 160,615,113</u>	<u>\$ 155,727,431</u>	<u>\$ 160,417,227</u>	<u>\$ 4,689,796</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, 2015

Exhibit G-2

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	<u>ORIGINAL</u>	<u>FINAL</u>		Positive or (Negative)
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 9,586,060	\$ 7,785,500	\$ 8,584,417	\$ 798,917
5800 State Program Revenues	155,000	155,825		(155,825)
5900 Federal Program Revenues	<u>20,770,900</u>	<u>20,492,346</u>	<u>20,762,279</u>	<u>269,933</u>
5020 Total Revenues	<u>30,511,960</u>	<u>28,433,671</u>	<u>29,346,696</u>	<u>913,025</u>
EXPENDITURES:				
Current:				
0035 Food Services	30,547,917	31,600,000	31,467,269	132,731
0051 Facilities Maintenance and Operations	<u>470,207</u>	<u>470,207</u>	<u>414,389</u>	<u>55,818</u>
6030 Total Expenditures	<u>31,018,124</u>	<u>32,070,207</u>	<u>31,881,658</u>	<u>188,549</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(506,164)	(3,636,536)	(2,534,962)	1,101,574
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	5,750	5,750	4,653	(1,097)
7915 Transfer In	<u>-</u>	<u>-</u>	<u>13,038</u>	<u>13,038</u>
7080 Total Other Financing Sources (Uses)	<u>5,750</u>	<u>5,750</u>	<u>17,691</u>	<u>11,941</u>
1200 Net Change in Fund Balances	<u>(500,414)</u>	<u>(3,630,786)</u>	<u>(2,517,271)</u>	<u>1,113,515</u>
0100 Fund Balance - September 1 (Beginning)	<u>5,273,225</u>	<u>5,273,225</u>	<u>5,273,225</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 4,772,811</u>	<u>\$ 1,642,439</u>	<u>\$ 2,755,954</u>	<u>\$ 1,113,515</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, 2015

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 Director at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board of School Trustees. All budget appropriations lapse at year-end.

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

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

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

GENERAL FUND

Revenues

- \$2,027,916 increase in local revenues to align budget with estimated year end totals.
- \$2,142,798 increase in state program revenues to align budget with estimated year end totals.
- \$4,187,000 increase in Federal Medicaid program revenues to align budget with estimated year end totals.

Expenditures and Transfers Out

- \$510,936 increase in instruction expenditures to align budget with estimated year end totals.
- \$1,439,684 increase in guidance, counseling and evaluation expenditures to align budget with year end totals.
- \$832,748 decrease in student transportation expenditures to align budget with estimated year end totals.
- \$734,170 increase in extracurricular activities expenditures to align budget with year end totals.
- \$1,578,893 increase in general administration expenditures to align budget with estimated year end totals.
- \$1,813,461 decrease in plant maintenance and operations to align budget with estimated year end totals.
- \$13,000,000 increase in operating transfers out, all of which went to Capital projects for the acquisition of equipment or renovations.

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
 YEAR ENDED AUGUST 31, 2015

Note 1. Stewardship, Compliance, and Accountability - continued

After appropriations were amended as described above, actual revenues were \$3,869,233 greater than final budgeted amounts due to more revenue in state and federal programs than final budgeted estimates. Actual expenditures were \$729,999 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, 2015, 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
Instruction	\$ 1,361,367
Instructional Resources & Medical Services	8,003
Curriculum Development & Instruction Staff Development	258,008
School Leadership	273,557
Health Services	31,029
Student Transportation	112,554
Plant Maintenance and Operations	81,701
Security & Monitoring Services	37,814
	\$ 2,164,033

NATIONAL BREAKFAST AND LUNCH PROGRAM

Revenues

- \$2,078,289 decrease in all categories of revenue sources to align revenue budget with estimated year end totals.

Expenditures and Transfers Out

- \$1,052,083 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 \$913,024 greater than final budgeted amounts due to more revenue in local and intermediate sources and federal programs than final budgeted estimates. Actual expenditures in function 35 Food Service were \$132,731 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.

GARLAND INDEPENDENT SCHOOL DISTRICT
TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED AUGUST 31, 2015

Schedule of The District's Proportionate Share of The Net Pension Liability

Exhibit G-3

	2014
District's proportion of the net pension liability	0.2153%
District's proportionate share of the net pension liability	\$ 57,527,611
State's proportionate share of the net pension liability associated with the District	179,684,773
Total	\$ 237,212,384
District's covered-employee payroll (for Measurement Year)	\$ 322,119,883
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	17.9%
Plan fiduciary net position as a percentage of the total pension liability *	83.25%
Plan's net pension liability as a percentage of covered-employee payroll *	72.89%

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Net pension liability is calculated using an new methodology and will be presented prospectively in accordance with GASB 68.

* Per TRS' CAFR

Schedule of The District's Contributions- Last 10 Fiscal Years

Exhibit G-4

	2015	2014	2013	2012	2011
Contractually required contributions	\$ 9,910,769	\$ 5,460,162	\$ 4,522,663	\$ 5,390,517	\$ 6,098,888
Contributions in relation to the contractual required contributions	9,910,769	5,460,162	4,522,663	5,390,517	6,098,888
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 335,610,114	\$ 322,119,883	\$ 309,585,629	\$ 305,756,789	\$ 315,564,945
Contributions as a percentage of covered employee payroll	2.95%	1.70%	1.46%	1.76%	1.93%

Note: Data not available prior to 2011.

Combining Statements

This page intentionally left blank

INTERNAL SERVICE FUNDS

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

Motor Pool – this fund is used to account for costs associated with certain vehicles 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, 2015

	751 Motor Pool	752 Print Shop	753 Risk Management
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 142,042	\$ 359,337	\$ 8,764,049
Due From Other Funds	227	81,028	118,944
Other Receivables			
Prepaid Items	-	28,287	18,305
Total Current Assets	142,269	468,652	8,901,298
Noncurrent Assets:			
Capital Assets:			
Land Purchase and Improvements			
Building and Building Improvements			7,720
Furniture and Equipment	445,037	1,675,603	149,336
Accumulated Depreciation - Other Land Improvements			
Accumulated Depreciation - Building and Building Improvements			(2,702)
Accumulated Depreciation - Furniture and Equipment	(347,205)	(1,079,910)	(128,898)
Total Noncurrent Assets	97,832	595,693	25,456
Total Assets	240,101	1,064,345	8,926,754
LIABILITIES			
Current Liabilities:			
Accounts Payable		5,744	19,631
Leases Payable			
Accrued Wages Payable		3,008	12,827
Due to Other Funds		13,453	145
Claims Liability			1,427,876
Unearned Revenues	-	-	
Total Current Liabilities	-	22,205	1,460,479
Noncurrent Liabilities:			
Capital Lease Payable Long-Term			
Claims Liability Long-Term	-	-	2,093,751
Total Noncurrent Liabilities	-	-	2,093,751
Total Liabilities	-	22,205	3,554,230
NET POSITION			
Net Investment in Capital Assets	97,832	595,693	25,456
Unrestricted Net Position	142,269	446,447	5,347,068
Total Net Position	\$ 240,101	\$ 1,042,140	\$ 5,372,524

756 Copier Pool	757 Curtis Culwell Center	758 Catering Services	Total Internal Service Funds
\$ 296,182	\$ 142,418	\$ 46,993	\$ 9,751,021
96,786			296,985
	1,199		1,199
-	11,590	-	58,182
<u>392,968</u>	<u>155,207</u>	<u>46,993</u>	<u>10,107,387</u>
	208,872		208,872
	258,270		265,990
1,834,285	816,182		4,920,443
	(57,288)		(57,288)
	(38,587)		(41,289)
(900,838)	(185,533)		(2,642,384)
<u>933,447</u>	<u>1,001,916</u>	<u>-</u>	<u>2,654,344</u>
<u>1,326,415</u>	<u>1,157,123</u>	<u>46,993</u>	<u>12,761,731</u>
79,114	105,615		210,104
428,317			428,317
	16,297		32,132
	28,573	5,529	47,700
			1,427,876
	147,019		147,019
<u>507,431</u>	<u>297,504</u>	<u>5,529</u>	<u>2,293,148</u>
626,717			626,717
	-	-	2,093,751
<u>626,717</u>	<u>-</u>	<u>-</u>	<u>2,720,468</u>
<u>1,134,148</u>	<u>297,504</u>	<u>5,529</u>	<u>5,013,616</u>
(121,587)	1,001,916		1,599,310
313,854	(142,297)	41,464	6,148,805
<u>\$ 192,267</u>	<u>\$ 859,619</u>	<u>\$ 41,464</u>	<u>\$ 7,748,115</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, 2015

	751 Motor Pool	752 Print Shop	753 Risk Management
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 41,768	\$ 972,653	\$ 1,609,285
Total Operating Revenues	<u>41,768</u>	<u>972,653</u>	<u>1,609,285</u>
OPERATING EXPENSES:			
Payroll Costs		269,345	409,775
Professional and Contracted Services	510	94,789	76,199
Supplies and Materials	8,620	325,866	28,761
Other Operating Costs	27,952	144,953	1,360,658
Total Operating Expenses	<u>37,082</u>	<u>834,953</u>	<u>1,875,393</u>
Operating Income (Loss)	<u>4,686</u>	<u>137,700</u>	<u>(266,108)</u>
NONOPERATING REVENUES (EXPENSES):			
Earnings from Temporary Deposits & Investments			2,340
Interest on Capital Lease			
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>2,340</u>
Income (Loss) before Transfers	4,686	137,700	(263,768)
Transfer Out			
Change in Net Position	<u>4,686</u>	<u>137,700</u>	<u>(263,768)</u>
Total Net Position - September 1 (Beginning)	<u>235,415</u>	<u>904,440</u>	<u>5,636,292</u>
Total Net Position - August 31 (Ending)	<u><u>240,101</u></u>	<u><u>\$ 1,042,140</u></u>	<u><u>\$ 5,372,524</u></u>

756 Copier Pool	757 Curtis Culwell Center	758 Catering Services	Total Internal Service Funds
\$ 906,373	\$ 2,187,718	\$ 123,952	\$ 5,841,749
<u>906,373</u>	<u>2,187,718</u>	<u>123,952</u>	<u>5,841,749</u>
	961,555	77,302	1,717,977
433,224	1,118,898		1,723,620
	254,880	45,869	663,996
368,863	213,741	13,945	2,130,112
<u>802,087</u>	<u>2,549,074</u>	<u>137,116</u>	<u>6,235,705</u>
<u>104,286</u>	<u>(361,356)</u>	<u>(13,164)</u>	<u>(393,956)</u>
	4,600		6,940
(62,738)			(62,738)
<u>(62,738)</u>	<u>4,600</u>	<u>-</u>	<u>(55,798)</u>
41,548	(356,756)	(13,164)	(449,754)
		(13,038)	(13,038)
41,548	(356,756)	(26,202)	(462,792)
150,719	1,216,375	67,666	8,210,907
<u>\$ 192,267</u>	<u>\$ 859,619</u>	<u>\$ 41,464</u>	<u>\$ 7,748,115</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

	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	49,035	1,033,328	1,486,830
Cash Payments to Employees for Services		(266,747)	(397,679)
Cash Payments for Insurance Claims			(1,490,977)
Cash Payments for Suppliers	(8,620)	(257,551)	(50,302)
Cash Payments for Other Operating Expenses		(492)	(17,025)
Cash Payments for Prof. and Contracted Services	(510)	(94,789)	(66,442)
Net Cash Provided by (Used for) Operating Activities	39,905	413,749	(535,595)
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets		(54,412)	
Capital Lease Payments			
Capital Lease Interest Expense	-	-	-
Net Cash Used for Capital Financing Activities	-	(54,412)	-
Cash Flows from Investing Activities:			
Interest and Dividends on Investments	-	-	2,340
Net Increase (Decrease) in Cash and Cash Equivalents	39,905	359,337	(533,255)
Cash and Cash Equivalents at Beginning of the Year:	102,137	-	9,297,304
Cash and Cash Equivalents at the End of the Year:	\$ 142,042	\$ 359,337	\$ 8,764,049
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss):	\$ 4,686	\$ 137,700	\$ (266,108)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	27,952	144,461	6,796
Effect of Increases and Decreases in Current Assets and Liabilities:			
(Increase) Decrease in Due from Other Funds	7,267	72,608	(118,944)
Increase in Other Receivables			
(Increase) Decrease in Prepaid Items		71,758	9,757
Increase (Decrease) in Accounts Payable		(3,443)	(21,541)
Increase (Decrease) in Accrued Wages Payable		2,598	12,096
Increase (Decrease) in Due to Other Funds		(11,933)	(3,511)
Increase in Unearned Revenue			
Decrease in Claims Liability	-	-	(154,140)
Net Cash Provided by (Used for) Operating Activities	\$ 39,905	\$ 413,749	\$ (535,595)
Noncash Investing, Capital, and Financing Activities:			
Borrowing Under Capital Lease			
Transfer of Equipment to another Fund			

756 Copier Pool	757 Curtis Culwell Center	758 Catering Services	Total Internal Service Funds
\$ -	\$ 1,699,190	\$ -	\$ 1,699,190
1,109,002	736,167	182,492	4,596,854
	(957,469)	(80,273)	(1,702,168)
	(215,867)	(45,907)	(1,490,977)
	(85,547)	(9,319)	(578,247)
(356,227)	(1,118,898)		(112,383)
<u>752,775</u>	<u>57,576</u>	<u>46,993</u>	<u>(1,636,866)</u>
(27,095)	(500,570)		(62,738)
(377,567)			(377,567)
(62,738)	-	-	(62,738)
<u>(467,400)</u>	<u>(500,570)</u>	<u>-</u>	<u>(1,022,382)</u>
-	4,600	-	6,940
285,375	(438,394)	46,993	(240,039)
10,807	580,812	-	9,991,060
<u>\$ 296,182</u>	<u>\$ 142,418</u>	<u>\$ 46,993</u>	<u>\$ 9,751,021</u>
\$ 104,286	\$ (361,356)	\$ (13,164)	\$ (393,956)
368,863	128,194	4,626	680,892
202,629	223,251	53,011	439,822
	(1,027)		(1,027)
	(9,700)		71,815
76,997	48,713	(38)	100,688
	4,086	(2,971)	15,809
	12,916	5,529	3,001
	12,499		12,499
-	-	-	(154,140)
<u>\$ 752,775</u>	<u>\$ 57,576</u>	<u>\$ 46,993</u>	<u>\$ 775,403</u>
\$ 29,902		\$ (13,038)	\$ 29,902
			(13,038)

This page intentionally left blank

AGENCY FUNDS

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

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, 2015

Exhibit H-4

	Balance September 1, 2014	Additions	Deductions	Balance August 31, 2015
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 404,981	\$ 77,051,696	\$ 76,532,896	\$ 923,781
Total Assets	<u>404,981</u>	<u>77,051,696</u>	<u>76,532,896</u>	<u>923,781</u>
Liabilities:				
Accounts Payable	10,604	799,252	795,378	14,478
Due to External Parties	57,729	5,121,374	4,670,100	509,003
Due to Student Groups	336,648	1,355,705	1,292,053	400,300
Total Liabilities	<u>404,981</u>	<u>7,276,331</u>	<u>6,757,531</u>	<u>923,781</u>
OTHER ACTIVITY FUND				
Assets:				
Cash and Temporary Investments	290,744	34,311,518	34,110,688	491,574
Due from External Parties	2,017	78,628	62,686	17,959
Total Assets	<u>292,761</u>	<u>34,390,146</u>	<u>34,173,374</u>	<u>509,533</u>
Liabilities:				
Accounts Payable	17,686	404,323	407,976	14,033
Due to External Parties	110,374	2,868,723	2,657,768	321,329
Due to Employee Groups	164,701	1,003,140	993,670	174,171
Total Liabilities	<u>292,761</u>	<u>4,276,186</u>	<u>4,059,414</u>	<u>509,533</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	695,725	111,363,214	110,643,584	1,415,355
Due from External Parties	2,017	78,628	62,686	17,959
Total Assets	<u>697,742</u>	<u>111,441,842</u>	<u>110,706,270</u>	<u>1,433,314</u>
Liabilities:				
Accounts Payable	28,290	1,203,575	1,203,354	28,511
Due to External Parties	168,103	7,990,097	7,327,868	830,332
Due to Student/Employee Groups	501,349	2,358,845	2,285,723	574,471
Total Liabilities	<u>\$ 697,742</u>	<u>\$ 11,552,517</u>	<u>\$ 10,816,945</u>	<u>\$ 1,433,314</u>

Required TEA Schedules Section

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2015

Last Ten Years Ended August 31	1		2	3	10
	Tax Rates		Debt Service	Net Assessed/Appraised Value For School Tax Purposes	Beginning Balance 9/1/2014
	Maintenance				
2006 and prior	various		various		\$ 1,174,142
2007	1.4568		0.2133	13,039,245,056	192,292
2008	1.3316		0.2133	13,594,127,982	182,195
2009	1.0400		0.2133	14,069,484,561	490,899
2010	1.0400		0.2133	13,652,343,413	432,246
2011	1.0400		0.2133	13,366,036,304	443,455
2012	1.0400		0.2133	13,085,564,669	575,440
2013	1.0400		0.2133	12,971,711,641	748,982
2014	1.0400		0.2133	13,064,995,612	1,381,586
2015	1.0400		0.2133	13,678,153,355	-
1000 TOTALS					<u>\$ 5,621,237</u>

20 Current Year's Total Levy	31 Maintenance Total Collections	32 Debt Service Total Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2015
\$ -	\$ 31,911	\$ 5,410	\$ (124,952)	\$ 1,011,869
	13,717	2,197	(6,070)	170,308
	16,874	3,461	(4,821)	157,039
	19,924	4,086	(286,969)	179,920
	46,348	9,506	(160,748)	215,644
	48,047	9,854	(124,839)	260,715
	113,944	23,370	(97,562)	340,564
	209,085	42,883	(91,003)	406,011
	493,312	98,852	(225,644)	563,778
<u>171,428,296</u>	<u>141,432,463</u>	<u>29,000,271</u>	<u>761,462</u>	<u>1,757,024</u>
<u>\$ 171,428,296</u>	<u>\$ 142,425,625</u>	<u>\$ 29,199,890</u>	<u>\$ (361,146)</u>	<u>\$ 5,062,872</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, 2015

Exhibit J-2

Data Control Codes	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget Positive or (Negative)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>(GAAP BASIS)</u>	
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 29,356,079	\$ 29,356,079	\$ 29,467,325	\$ 111,246
5800 State Program Revenues	12,303,836	12,303,836	15,828,819	3,524,983
5900 Federal Program Revenues	464,486	464,486	463,985	(501)
5020 Total Revenues	<u>42,124,401</u>	<u>42,124,401</u>	<u>45,760,129</u>	<u>3,635,728</u>
EXPENDITURES:				
Current:				
Debt Service:				
0071 Debt Service-Principal on Long Term Debt	26,580,637	26,000,000	25,765,010	234,990
0072 Debt Service-Interest on Long Term Debt	14,901,173	15,201,173	15,807,117	(605,944)
0073 Debt Service-Bond Issuance Cost and Fees	300,000	300,000	96,405	203,595
6030 Total Expenditures	<u>41,781,810</u>	<u>41,501,173</u>	<u>41,668,532</u>	<u>(167,359)</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	342,591	623,228	4,091,597	3,468,369
OTHER FINANCING SOURCES:				
7911 Refunding Bonds Issued	-	10,750,000	10,740,000	(10,000)
7916 Premium on Issuance of Bonds		1,900,000	1,888,736	(11,264)
8940 Payment to Refunded bond Escrow Agent		(12,770,000)	(12,767,184)	2,816
7080 Total Other Financing Sources	<u>-</u>	<u>(120,000)</u>	<u>(138,448)</u>	<u>(18,448)</u>
1200 Net Change in Fund Balances	342,591	503,228	3,953,149	3,449,921
0100 Fund Balance - September 1 (Beginning)	<u>6,008,006</u>	<u>6,008,006</u>	<u>6,008,006</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 6,350,597</u>	<u>\$ 6,511,234</u>	<u>\$ 9,961,155</u>	<u>\$ 3,449,921</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	72-85
These schedules contain trend information to help the reader understand how the government's financial performance and wellbeing have changed over time.	
Revenue Capacity	86-89
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	90-92
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	93-94
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	95-106
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			
	2006	2007	2008	2009
Governmental net position				
Net investment in capital assets	\$ 87,505,635	\$ 98,260,626	\$ 111,899,974	\$ 115,842,801
Restricted				
Food Service	3,974,252	2,417,197	1,406,758	1,032,266
Debt Service	5,075,415	2,662,244	1,590,931	2,867,279
Grant Funds				
Construction				
Unrestricted	94,921,136	107,501,931	89,688,303	95,328,280
Total governmental net position	<u>191,476,438</u>	<u>210,841,998</u>	<u>204,585,966</u>	<u>215,070,626</u>
Business-type net position				
Net investment in capital assets		7,014	31,235	25,810
Unrestricted	18,323	14,670	(60,544)	(78,527)
Total Business-type net position	<u>18,323</u>	<u>21,684</u>	<u>(29,309)</u>	<u>(52,717)</u>
Total net position				
Net investment in capital assets	87,505,635	98,267,640	111,931,209	115,868,611
Restricted				
Food Service	3,974,252	2,417,197	1,406,758	1,032,266
Debt Service	5,075,415	2,662,244	1,590,931	2,867,279
Grant Funds				
Construction				
Unrestricted	94,939,459	107,516,601	89,627,759	95,249,753
Total net position	<u>\$ 191,494,761</u>	<u>\$ 210,863,682</u>	<u>\$ 204,556,657</u>	<u>\$ 215,017,909</u>

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

		Fiscal Year									
		2010	2011	2012	2013	2014	2015				
\$	119,473,529	\$	135,714,399	\$	150,416,165	\$	157,656,333	\$	162,891,590	\$	173,975,555
	2,237,555		3,572,158		5,647,011						2,753,549
	4,692,604		5,944,130		5,852,827		5,689,844		5,841,400		9,556,908
					4,480,338		7,594,789		9,155,138		3,926,659
									6,614,366		
	99,789,458		118,941,802		140,509,657		157,811,060		163,033,042		104,414,137
	<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>		<u>294,626,808</u>
	21,673		17,536		14,180		11,601		9,023		6,445
	<u>(138,885)</u>		<u>(129,759)</u>		<u>(127,504)</u>		<u>(126,232)</u>		<u>(130,792)</u>		<u>(6,661)</u>
	<u>(117,212)</u>		<u>(112,223)</u>		<u>(113,324)</u>		<u>(114,631)</u>		<u>(121,769)</u>		<u>(216)</u>
	119,495,202		135,731,935		150,430,345		157,667,934		162,900,613		173,982,000
	2,237,555		3,572,158		5,647,011						2,753,549
	4,692,604		5,944,130		5,852,827		5,689,844		5,841,400		9,556,908
					4,480,338		10,133,840		9,155,138		3,926,659
									6,614,366		
	99,650,573		118,812,043		140,382,153		155,145,777		162,902,250		104,407,476
\$	<u>226,075,934</u>	\$	<u>264,060,266</u>	\$	<u>306,792,674</u>	\$	<u>328,637,395</u>	\$	<u>347,413,767</u>	\$	<u>294,626,592</u>

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

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities				
Instruction	\$ 229,395,773	\$ 249,442,304	\$ 276,616,196	\$ 283,065,227
Instructional resource and media services	6,609,280	6,914,200	7,812,690	8,131,373
Curriculum and staff development services	5,138,526	6,732,763	6,634,975	7,796,851
Instructional leadership	6,108,914	6,845,017	8,182,808	7,439,610
School leadership	23,606,119	24,991,290	27,002,157	26,744,844
Guidance, counseling, and evaluation services	15,380,606	16,640,146	17,823,643	17,956,443
Social work services	726,811	865,761	924,492	969,118
Health services	4,065,689	4,751,649	6,728,800	5,333,060
Student transportation	9,663,621	8,981,233	7,033,092	10,101,240
Food Service	22,132,097	23,011,684	25,506,613	26,573,977
Cocurricular/Extracurricular activities	6,658,308	6,162,935	7,030,615	6,684,383
General administration	9,122,816	10,118,411	11,363,821	9,765,328
Facilities maintenance and operations	35,748,963	36,459,999	38,335,676	37,369,496
Security and monitoring services	2,192,834	2,562,847	7,638,267	3,697,044
Data processing services	13,544,652	16,493,955	9,569,934	12,164,713
Community services	4,570,218	5,022,107	4,701,421	5,546,340
Interest on long-term debt	19,904,601	19,028,178	18,332,357	16,266,467
Bond issuance cost and fees	121,093	78,282	108,891	219,929
Facilities acquisition/construction	5,237,028	3,623,119		541,958
Payments to Fiscal Agent of Shared Services Arrangement				
Payments to Juvenile Justice Alternative Education Programs	144,126	99,014	47,218	56,304
Intergovernmental Charges	-	-	-	677,662
Total governmental activities expenses	<u>420,072,075</u>	<u>448,824,894</u>	<u>481,393,666</u>	<u>487,101,367</u>
Business-type activities				
Concessions	208,343	254,655	259,104	288,814
Total business-type activities expenses	<u>208,343</u>	<u>254,655</u>	<u>259,104</u>	<u>288,814</u>
Total expenses	<u>\$ 420,280,418</u>	<u>\$ 449,079,549</u>	<u>\$ 481,652,770</u>	<u>\$ 487,390,181</u>
Program Revenues				
Governmental activities				
Charges for services				
Instruction	\$ 404,352	\$ 397,819	\$ 406,338	\$ 482,224
Curriculum and staff development				
Food service	9,402,839	9,098,542	9,934,102	10,332,066
Cocurricular/Extracurricular activities	5,017,254	4,966,084	4,896,022	4,782,751
Plant maintenance and operations	47,748	144,015	96,296	219,996
Security and monitoring services				
Community services				
Operating grants and contributions	69,175,005	73,767,745	77,211,854	84,599,937
Total governmental entities program revenue	<u>84,047,198</u>	<u>88,374,205</u>	<u>92,544,612</u>	<u>100,416,974</u>
Business-type activities				
Charges for services				
Concessions	263,923	272,416	208,111	265,406
Total governmental entities business-type revenue	<u>263,923</u>	<u>272,416</u>	<u>208,111</u>	<u>265,406</u>
Total program revenues	<u>\$ 84,311,121</u>	<u>\$ 88,646,621</u>	<u>\$ 92,752,723</u>	<u>\$ 100,682,380</u>
Net Expense				
Governmental activities	\$ (336,024,877)	\$ (360,450,689)	\$ (388,849,054)	\$ (386,684,393)
Business-type activities	55,580	17,761	(50,993)	(23,408)
Total net expenses	<u>\$ (335,969,297)</u>	<u>\$ (360,432,928)</u>	<u>\$ (388,900,047)</u>	<u>\$ (386,707,801)</u>

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

		Fiscal Year									
2010		2011		2012		2013		2014		2015	
\$	289,725,326	\$	294,208,920	\$	272,825,108	\$	277,499,490	\$	293,173,717	\$	302,936,954
	8,118,770		8,193,015		7,368,582		7,672,838		7,897,014		8,240,779
	7,146,831		8,581,755		8,514,256		10,248,468		11,848,699		13,966,276
	10,062,924		9,757,848		8,365,560		8,659,257		9,444,098		9,476,390
	27,380,902		27,930,380		26,527,981		27,137,920		28,022,164		29,359,186
	18,728,727		18,429,805		16,939,997		17,824,829		19,318,654		21,727,176
	929,902		929,097		894,164		942,133		1,339,419		1,253,128
	5,619,695		5,654,397		5,329,439		5,446,268		6,228,989		6,545,294
	10,499,734		10,811,955		10,643,267		11,379,383		12,966,006		13,717,097
	27,071,935		27,407,886		26,033,888		27,886,434		31,285,050		32,701,421
	6,704,026		7,290,111		7,686,728		8,228,081		8,556,794		9,077,240
	10,668,993		11,255,328		10,252,916		11,631,845		15,141,046		15,338,293
	38,327,826		37,876,948		35,728,649		36,004,303		38,454,227		39,578,630
	3,847,937		3,803,372		3,667,174		3,812,056		4,100,656		4,348,891
	16,879,163		13,777,228		21,287,235		14,343,551		15,490,524		24,346,683
	5,614,407		5,289,947		3,086,571		2,540,248		3,198,004		3,462,272
	16,555,683		15,378,492		691,607		14,113,757		11,926,352		13,571,186
	419,457		437,694		229,464		23,786		176,140		1,486,831
	1,570,426		2,297,277		1,511,554		4,540,264		5,364,055		1,605,080
			31,422		69,224		64,011		74,889		81,790
	52,360		66,234		45,714		5,742		4,824		10,716
	698,644		700,543		658,438		664,700		662,918		667,640
	<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>553,498,953</u>
	<u>287,235</u>		<u>258,978</u>		<u>247,054</u>		<u>261,762</u>		<u>259,754</u>		<u>282,724</u>
	<u>287,235</u>		<u>258,978</u>		<u>247,054</u>		<u>261,762</u>		<u>259,754</u>		<u>282,724</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>	\$	<u>553,781,677</u>
\$	265,338	\$	169,918	\$	244,414	\$	159,781	\$	428,438	\$	419,763
					375						
	9,803,316		9,220,579		9,011,473		8,939,886		9,276,095		9,272,764
	4,667,101		4,900,323		5,096,626		5,410,308		5,261,990		4,292,064
	193,833		176,730		268,172		177,533		151,719		184,070
	<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>98,476,190</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>112,644,851</u>
	<u>222,740</u>		<u>263,967</u>		<u>245,953</u>		<u>260,455</u>		<u>252,564</u>		<u>271,241</u>
	<u>222,740</u>		<u>263,967</u>		<u>245,953</u>		<u>260,455</u>		<u>252,564</u>		<u>271,241</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>	\$	<u>112,916,092</u>
\$	(385,864,556)	\$	(362,681,489)	\$	(362,149,250)	\$	(395,435,483)	\$	(419,125,627)	\$	(440,854,102)
	(64,495)		4,989		(1,101)		(1,307)		(7,190)		(11,483)
\$	<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>	\$	<u>(440,865,585)</u>

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

	Fiscal Year			
	2006	2007	2008	2009
Net Expense				
Governmental activities	\$ (336,024,877)	\$ (360,450,689)	\$ (388,849,054)	\$ (386,684,393)
Business-type activities	55,580	17,761	(50,993)	(23,408)
Total net expenses	<u>\$ (335,969,297)</u>	<u>\$ (360,432,928)</u>	<u>\$ (388,900,047)</u>	<u>\$ (386,707,801)</u>
General Revenues				
Governmental activities				
Taxes				
Property taxes levied for general purposes	\$ 178,998,768	\$ 172,127,966	\$ 142,436,130	\$ 146,318,903
Property taxes levied for debt service	26,273,933	27,545,122	29,029,310	29,971,347
State Aid Formula Grants	131,092,684	165,397,418	207,567,446	216,066,364
Grants and contributions not restricted	4,112,521	1,648,225	1,684,092	1,061,717
Investment earnings	11,589,329	12,078,415	6,182,740	1,445,428
Miscellaneous	1,496,162	1,004,703	867,111	2,305,294
Transfers in (out) from business-type activities	40,000	14,400		
Special Items:				
Gain (Loss) on disposal of assets			(5,173,807)	
Liquidation of Claims Liability (Note 10)				
Extraordinary Items:				
Insurance recoveries	-	-	-	-
Total governmental general revenues	<u>353,603,397</u>	<u>379,816,249</u>	<u>382,593,022</u>	<u>397,169,053</u>
Business-type activities				
Investment earnings				
Transfers out to governmental activities	(40,000)	(14,400)	-	-
Total business-type general revenues	<u>(40,000)</u>	<u>(14,400)</u>	<u>-</u>	<u>-</u>
Total primary government general revenues	<u>\$ 353,563,397</u>	<u>\$ 379,801,849</u>	<u>\$ 382,593,022</u>	<u>\$ 397,169,053</u>
Change in Net Position				
Governmental activities	\$ 17,578,520	\$ 19,365,560	\$ (6,256,032)	\$ 10,484,660
Business-type activities	15,580	3,361	(50,993)	(23,408)
Total primary government	<u>\$ 17,594,100</u>	<u>\$ 19,368,921</u>	<u>\$ (6,307,025)</u>	<u>\$ 10,461,252</u>

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ (385,864,556)	\$ (362,681,489)	\$ (362,149,250)	\$ (395,435,483)	\$ (419,125,627)	\$ (440,854,102)
(64,495)	4,989	(1,101)	(1,307)	(7,190)	(11,483)
<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>	<u>\$ (440,865,585)</u>
\$ 142,764,547	\$ 138,879,794	\$ 136,593,849	\$ 136,374,770	\$ 137,162,011	\$ 143,261,249
29,284,421	28,513,656	27,998,477	27,925,169	28,090,094	29,406,886
220,388,265	224,600,836	233,715,404	254,240,046	270,830,210	278,214,031
3,365,788	5,192,762	4,482,295	268,714	504,719	457,688
692,016	250,405	286,150	278,338	96,855	155,049
492,039	947,721	1,362,616	1,247,836	896,992	1,496,153
		(877,204)	272,557	256,242	265,904
		703,742			
-	2,275,658	617,430	78,284	72,014	
<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>	<u>453,124,399</u>
-	-	-	-	52	475
-	-	-	-	-	132,561
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52</u>	<u>133,036</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>	<u>\$ 453,257,435</u>
\$ 11,122,520	\$ 37,979,343	\$ 42,733,509	\$ 25,250,231	\$ 18,783,510	\$ 12,270,297
(64,495)	4,989	(1,101)	(1,307)	(7,138)	121,553
<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>	<u>\$ 12,391,850</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	2015	
\$ 841,310	\$ 898,601	
1,947,959	1,453,566	
8,000,000	8,000,000	
143,786,285	150,065,060	
<u>\$ 154,575,554</u>	<u>\$ 160,417,227</u>	
2,022,565	1,665,298	
877,145	1,775,222	
6,840,334	3,487,530	
6,614,366	183,774,730	
6,008,006	9,961,155	
3,096,524	2,321,589	
23,176,096	22,091,992	
<u>\$ 48,635,036</u>	<u>\$ 225,077,516</u>	

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

	Fiscal Year			
	2006	2007	2008	2009
Local sources:				
Property taxes	\$ 204,522,281	\$ 199,545,024	\$ 172,372,176	\$ 176,569,986
Earnings on Investments	11,543,102	12,397,819	6,433,449	1,525,021
Other local sources	17,614,107	16,168,053	16,901,934	18,385,341
Total local sources	<u>233,679,490</u>	<u>228,110,896</u>	<u>195,707,559</u>	<u>196,480,348</u>
State sources:				
Per Capita	15,954,268	20,818,371	14,874,076	13,743,144
Foundation School Program	115,138,416	144,579,047	197,188,087	206,872,320
On-behalf Payments	14,477,809	16,066,710	15,865,735	16,405,646
Other State Sources	20,635,646	21,435,300	16,848,372	16,615,806
Total state sources	<u>166,206,139</u>	<u>202,899,428</u>	<u>244,776,270</u>	<u>253,636,916</u>
Federal sources:	36,700,563	36,642,349	40,436,333	47,497,219
Total revenues	<u>\$ 436,586,192</u>	<u>\$ 467,652,673</u>	<u>\$ 480,920,162</u>	<u>\$ 497,614,483</u>

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 172,139,992	\$ 167,273,269	\$ 165,275,525	\$ 164,584,996	\$ 165,665,203	\$ 172,925,921
707,159	258,505	286,945	281,502	99,336	151,757
15,980,072	15,987,134	17,196,383	16,155,364	17,532,397	16,158,382
<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>	<u>189,236,060</u>
5,823,420	17,945,835	\$ 13,688,849	\$ 25,588,455	\$ 14,229,508	\$ 14,300,164
214,724,391	206,655,001	220,026,555	228,651,591	256,600,702	263,762,268
19,652,675	19,836,443	18,391,316	17,673,118	20,763,720	21,863,803
15,958,239	22,808,914	16,285,452	11,739,565	17,349,345	20,619,462
<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>	<u>320,545,697</u>
72,967,099	95,044,989	60,791,256	51,107,017	51,334,853	56,740,087
<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>	<u>\$ 566,521,844</u>

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

	Fiscal Year			
	2006	2007	2008	2009
Expenditures				
Governmental funds				
11 Instruction	\$ 219,374,143	\$ 242,950,503	\$ 265,646,555	\$ 274,554,083
12 Instructional resources and media services	6,136,673	6,838,200	7,209,018	7,683,187
13 Curriculum and staff development services	5,174,366	6,734,791	6,678,169	7,829,424
Total function 10	<u>230,685,182</u>	<u>256,523,494</u>	<u>279,533,742</u>	<u>290,066,694</u>
21 Instructional leadership	6,247,112	6,636,002	8,218,111	7,317,361
23 School leadership	23,284,518	24,841,538	26,834,758	26,613,132
Total function 20	<u>29,531,630</u>	<u>31,477,540</u>	<u>35,052,869</u>	<u>33,930,493</u>
31 Guidance, counseling, and evaluation services	15,259,733	16,638,259	17,827,951	17,888,859
32 Social work services	724,197	863,828	928,221	971,385
33 Health services	3,974,639	4,699,752	4,979,712	5,259,870
34 Student transportation	10,124,583	9,550,651	11,708,937	11,657,475
35 Food service	20,779,943	22,176,948	24,533,327	25,601,394
36 Extracurricular activities	6,155,952	5,670,446	6,298,194	5,946,729
Total function 30	<u>57,019,047</u>	<u>59,599,884</u>	<u>66,276,342</u>	<u>67,325,712</u>
41 General administration	8,852,286	9,898,251	9,890,459	9,645,633
Total function 40	<u>8,852,286</u>	<u>9,898,251</u>	<u>9,890,459</u>	<u>9,645,633</u>
51 Facilities maintenance and operations	35,369,801	35,270,590	38,853,474	35,974,175
52 Security and monitoring services	2,179,230	2,540,258	2,966,480	3,431,654
53 Data processing services	22,258,805	16,964,593	11,953,596	11,961,227
Total function 50	<u>59,807,836</u>	<u>54,775,441</u>	<u>53,773,550</u>	<u>51,367,056</u>
61 Community service	3,690,488	3,992,523	4,094,617	4,676,956
Total function 60	<u>3,690,488</u>	<u>3,992,523</u>	<u>4,094,617</u>	<u>4,676,956</u>
71 Debt service				
Principal on long-term debt	18,528,311	21,565,040	24,471,922	21,144,985
Interest on long-term debt	22,798,556	21,871,202	18,579,782	17,752,528
Bond issuance costs and fees	121,093	78,283	108,891	1,004,521
Total function 70	<u>41,447,960</u>	<u>43,514,525</u>	<u>43,160,595</u>	<u>39,902,034</u>
81 Facilities acquisition/construction	50,716,481	52,232,367	17,282,121	4,724,520
Total function 80	<u>50,716,481</u>	<u>52,232,367</u>	<u>17,282,121</u>	<u>4,724,520</u>
93 Payments related to Shared Services Arrangements				
95 Payments to Juvenile Justice Alternative	144,126	99,014	47,218	56,304
99 Other Intergovernmental Charges				677,662
Total function 90	<u>144,126</u>	<u>99,014</u>	<u>47,218</u>	<u>733,966</u>
Total expenditures	<u>\$ 481,895,036</u>	<u>\$ 512,113,039</u>	<u>\$ 509,111,513</u>	<u>\$ 502,373,064</u>
Debt service as a percentage of noncapital expenditures	9.8%	9.5%	9.3%	8.1%

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

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 277,736,342	\$ 286,385,667	\$ 265,783,902	\$ 264,641,540	\$ 278,396,221	\$ 292,682,387	
7,550,087	7,606,662	6,907,353	7,200,650	7,414,899	7,635,828	
7,085,074	8,436,124	8,546,167	10,218,104	11,821,331	14,150,661	
<u>292,371,503</u>	<u>302,428,453</u>	<u>281,237,422</u>	<u>282,060,294</u>	<u>297,632,451</u>	<u>314,468,876</u>	
10,051,751	9,757,128	8,087,798	8,548,600	9,136,533	9,267,235	
26,802,850	27,214,873	26,327,408	26,963,180	27,735,396	29,106,054	
<u>36,854,601</u>	<u>36,972,001</u>	<u>34,415,206</u>	<u>35,511,780</u>	<u>36,871,929</u>	<u>38,373,289</u>	
18,443,795	18,188,436	16,815,753	17,725,446	19,203,404	21,512,159	
919,581	916,259	894,034	939,051	1,346,199	1,338,547	
5,469,179	5,481,977	5,240,443	5,346,833	6,132,616	6,389,549	
8,330,801	8,958,596	12,375,738	12,992,842	14,052,926	15,163,237	
25,457,357	25,590,165	24,873,220	27,046,189	30,293,793	31,790,346	
5,722,934	6,194,537	6,643,953	7,128,827	8,007,892	7,795,306	
<u>64,343,647</u>	<u>65,329,970</u>	<u>66,843,141</u>	<u>71,179,188</u>	<u>79,036,830</u>	<u>83,989,144</u>	
10,088,727	10,143,293	9,994,137	10,799,316	14,962,000	15,054,618	
<u>10,088,727</u>	<u>10,143,293</u>	<u>9,994,137</u>	<u>10,799,316</u>	<u>14,962,000</u>	<u>15,054,618</u>	
36,352,005	35,809,238	34,621,542	34,104,435	37,405,228	37,643,590	
3,557,014	3,551,656	3,459,277	3,571,740	3,821,316	4,072,994	
16,369,064	18,896,247	21,004,438	11,129,867	12,235,673	21,405,047	
<u>56,278,083</u>	<u>58,257,141</u>	<u>59,085,257</u>	<u>48,806,042</u>	<u>53,462,217</u>	<u>63,121,631</u>	
4,680,266	4,366,739	2,229,787	1,663,945	2,302,771	2,695,992	
<u>4,680,266</u>	<u>4,366,739</u>	<u>2,229,787</u>	<u>1,663,945</u>	<u>2,302,771</u>	<u>2,695,992</u>	
20,565,000	21,745,000	22,555,971	26,329,896	25,368,218	25,765,010	
16,383,178	15,536,957	15,008,901	16,053,653	14,637,796	15,807,117	
419,457	1,164,685	2,098,437	23,786	176,140	1,486,831	
<u>37,367,635</u>	<u>38,446,642</u>	<u>39,663,309</u>	<u>42,407,335</u>	<u>40,182,154</u>	<u>43,058,958</u>	
11,013,287	8,513,304	14,061,387	52,662,091	15,407,928	20,168,396	
<u>11,013,287</u>	<u>8,513,304</u>	<u>14,061,387</u>	<u>52,662,091</u>	<u>15,407,928</u>	<u>20,168,396</u>	
	31,423	69,224	64,011	74,889	81,790	
52,360	66,234	45,714	5,742	4,824	10,716	
698,644	700,543	658,438	664,700	662,918	667,640	
751,004	798,200	773,376	734,453	742,631	760,146	
<u>\$ 513,748,753</u>	<u>\$ 525,255,743</u>	<u>\$ 508,303,022</u>	<u>\$ 545,824,444</u>	<u>\$ 540,600,911</u>	<u>\$ 581,691,050</u>	
7.5%	7.7%	8.3%	8.7%	7.7%	7.4%	

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

	Fiscal Year			
	2006	2007	2008	2009
Excess of revenues over (under) expenditures	\$ (45,308,844)	\$ (44,460,366)	\$ (28,191,351)	\$ (4,758,581)
Other Financing Sources (Uses)				
Capital related debt issued (Bonds)				63,395,000
Refunding Bonds Issued				
Sale of real or personal property	92,210	69,039	83,186	232,155
Non-Current Loan Proceeds				3,525,000
Transfers in	8,658,078	10,014,400	2,788	1,292,791
Premium or Discount on Issuance of Bonds				3,666,822
Prepaid Interest				
Other Resources				
Insurance Recovery				
Transfers out	(11,323,253)	(10,000,000)	(2,788)	(1,292,791)
Payments to refunded bond escrow agents	-	-	-	(36,361,203)
Total other financing sources (uses)	<u>(2,572,965)</u>	<u>83,439</u>	<u>83,186</u>	<u>34,457,774</u>
Extraordinary Item - Insurance Recovery				
Net change in fund balances	<u>\$ (47,881,809)</u>	<u>\$ (44,376,927)</u>	<u>\$ (28,108,165)</u>	<u>\$ 29,699,193</u>

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

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 4,204,294	\$ 20,554,347	\$ 3,639,259	\$ (30,042,836)	\$ 2,974,153	\$ (15,169,206)	
	71,460,000	12,485,000			193,320,000	
		177,560,213		26,725,000		
52,200	71,984	186,936	271,558	247,181	265,904	
3,887,810	1,767	10,939,244	9,990,338	12,000,000	12,880,477	
	7,289,674	31,307,398		1,574,982	16,754,162	
	238,982					
		41,262	103,005	-		
		7,956	42,299	37,855		
(6,887,810)	(10,001,767)	(10,009,462)	(10,000,000)	(12,000,000)	(13,000,000)	
-	(12,637,102)	(208,224,256)	-	(28,920,859)	(12,767,184)	
(2,947,800)	56,423,538	14,294,291	407,200	(335,841)	197,453,359	
	2,275,658					
\$ 1,256,494	\$ 79,253,543	\$ 17,933,550	\$ (29,635,636)	\$ 2,638,312	\$ 182,284,153	

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)
	Commercial Real Property	Residential Real Property	Business Personal Property	Less: Exemptions		
2006	3,270,525,780	9,504,191,550	1,558,779,310	1,892,419,813	12,441,076,827	1.6701
2007	3,610,309,650	9,848,443,080	1,570,168,560	1,989,676,234	13,039,245,056	1.5449
2008	4,190,178,440	10,154,721,430	1,777,817,820	2,528,589,708	13,594,127,982	1.2533
2009	4,491,799,740	10,248,877,770	2,002,138,070	2,673,331,019	14,069,484,561	1.2533
2010	4,550,703,240	10,002,025,960	1,981,784,350	2,882,170,137	13,652,343,413	1.2533
2011	4,222,557,840	9,851,742,940	1,874,995,440	2,583,259,916	13,366,036,304	1.2533
2012	4,142,736,980	9,713,208,510	1,921,285,080	2,691,665,901	13,085,564,669	1.2533
2013	4,175,283,820	9,536,561,190	1,966,053,360	2,706,186,729	12,971,711,641	1.2533
2014	4,366,481,800	9,530,491,010	1,901,121,140	2,733,098,338	13,064,995,612	1.2533
2015	4,596,551,430	9,917,340,240	1,953,899,600	2,789,637,915	13,678,153,355	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
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	0.6237	0.7472	0.7708	0.7970	0.6400
2013	1.0400	0.2133	1.2533	0.7046	0.6434	0.7472	0.7708	0.7970	0.6400
2014	1.0400	0.2133	1.2533	0.7046	0.6538	0.7472	0.7708	0.7970	0.6400
2015	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	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Simon Property Group	\$ 155,343,060	1	1.14%			
Walmart	131,385,490	2	0.96%	\$ 102,895,580	1	0.83%
Kraft Foods/ U S Foods	98,346,597	3	0.72%	57,676,350	8	0.46%
Verizon/G.T.E.	72,442,120	4	0.53%	57,864,620	7	0.47%
Oncor	67,326,110	5	0.49%			
Landmark Lakeway	60,359,880	6	0.44%			
Plastipak Packaging	52,098,720	7	0.38%	52,969,930	10	0.43%
Engineered Polymer	47,831,927	8	0.35%	55,440,370	9	0.45%
Sears Roebuck Co.	45,054,194	9	0.33%	98,747,280	2	0.79%
BMEF Stoneleigh LP	43,500,000	10	0.32%			
Texas Utilities Electric				91,943,760	3	0.74%
CVS				72,958,320	4	0.59%
Atlas Copco Drilling				68,519,300	5	0.55%
S S T Truck				67,340,030	6	0.54%
Total	<u>\$ 773,688,098</u>		<u>5.66%</u>	<u>\$ 726,355,540</u>		<u>5.85%</u>

Source: Dallas Central Appraisal District.

GARLAND INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
CURRENT FISCAL YEAR AND NINE YEARS PRIOR (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 (3)
2006	\$ 200,898,664	\$ 199,008,663	99.06%	\$ 2,922,397	\$ 201,931,060	100.51%
2007	195,980,635	194,382,179	99.18%	3,012,577	197,394,756	100.72%
2008	170,375,206	167,691,108	98.42%	1,952,205	169,643,313	99.57%
2009	176,332,850	172,938,357	98.07%	1,602,769	174,541,126	98.98%
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%	1,501,297	165,568,645	98.84%
2012	164,001,382	162,314,401	98.97%	1,301,643	163,616,044	99.77%
2013	162,574,462	161,649,499	99.43%	916,805	162,566,304	99.99%
2014	163,743,590	163,150,757	99.64%	592,164	163,742,921	100.00%
2015	171,428,296	170,432,734	99.42%	-	170,432,734	99.42%

Source: Dallas Central Appraisal District and District records.

Notes:

- (1) The Garland ISD Tax Office is the collecting agent for the District
- (2) Total cash collections is total cash net of interest and penalty collections and other judgments
- (3) Total Collections as a percentage of the levy may exceed 100% as a result of the collection of Ag Rollback taxes which do not result in an adjustment of the levy.

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 (1)	Notes Payable	Capital Lease			
2006	458,542,969	\$ 55,000		\$ 458,597,969	3.19%	7,986
2007	433,838,174			\$ 433,838,174	2.89%	7,617
2008	408,608,749			\$ 408,608,749	2.52%	7,147
2009	421,052,464	3,525,000		\$ 424,577,464	2.54%	7,502
2010	399,969,726	3,070,000		\$ 403,039,726	2.41%	6,966
2011	443,730,948	2,600,000		\$ 446,330,948	2.80%	7,718
2012	439,956,861	2,115,000	988,183	\$ 443,060,044	2.81%	7,619
2013	409,444,042		1,712,643	\$ 411,156,685	2.62%	7,082
2014	379,927,635		1,432,602	\$ 381,360,237	3.34%	6,619
2015	545,521,903		1,055,034	\$ 546,576,937	4.60%	9,516

Source: Dallas Central Appraisal District and District records.

Note:

- (1) The ratio of outstanding debt to personal income has not been included as personal income data is not available.
- (2) Includes accreted interest and premium on bond issuance.

GARLAND INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF AUGUST 31, 2015 (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			
General Obligation Bonds	\$ 545,521,903	100.00%	\$ 545,521,903
Capital Leases	<u>1,055,034</u>	100.00%	<u>1,055,034</u>
Total Direct Debt	546,576,937		546,576,937
Overlapping:			
City of Garland	237,812,902	90.65%	215,577,396
City of Rowlett	53,657,286	83.52%	44,814,565
City of Sachse	35,306,995	62.18%	21,953,889
City of Dallas	1,705,236,063	0.33%	5,627,279
City of Mesquite	121,821,514	0.10%	121,822
City of Richardson	195,156,148	0.05%	97,578
City of Wylie	82,293,916	0.36%	296,258
Dallas County	100,650,000	7.93%	7,981,545
Dallas County Community College District	321,510,000	7.93%	25,495,743
Dallas County Hospital District	715,358,493	7.93%	56,727,928
Dallas County Schools	<u>60,215,000</u>	7.93%	<u>4,775,050</u>
Total Overlapping Debt	<u>3,629,018,317</u>		<u>383,469,053</u>
Total Direct and Overlapping Debt	<u>\$ 4,175,595,254</u>		<u>\$ 930,045,990</u>
Taxable Assessed Valuation			13,678,153,355
Ratio of Direct and Overlapping Debt to taxable assessed valuation			6.80%
Direct and Overlapping Debt per Capita			\$ 3,230.15

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)

Exhibit S-14

Chapter 45 (School District Funds) Subchapter A (Taxes Bonds and Maintenance Taxes) of the Texas Education Code governs the issuance of bonds by independent school districts in the State of Texas. Key points regarding limitations on the issuance of bonds are:

- Sec. 45.001(b) – The bonds must mature serially or otherwise not more than 40 years from their date.
- Sec. 45.0031(a) – Before issuing bonds described by Section 45.001, a school district must demonstrate to the attorney general under Subsection (b) or (c) that, with respect to the proposed issuance, the district has a projected ability to pay the principal of and interest on the proposed bonds and all previously issued bonds other than bonds authorized to be issued at an election held on or before April, 1 1991, and issued before September 1, 1992, from a tax at a rate not to exceed \$0.50 per \$100 of valuation.

The full text of Chapter 45 of the Texas Education Code can be found at www.capitol.state.tx.us.

The District's debt service tax rate for fiscal year 2015 is \$0.2133 per \$100 of valuation.

Source: Texas Education Code and District records.

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

Exhibit S-15

Period Ending	Estimated Population	Personal Income (hundreds of dollars)	Per Capita Personal Income (dollars)	Unemployment Rate
2005	264,342	152,866,381	57,829	5.0%
2006	267,468	(1)	(1)	5.0%
2007	270,963	(1)	(1)	4.0%
2008	272,967	(1)	(1)	5.1%
2009	274,211	(1)	(1)	8.5%
2010	276,552	(1)	(1)	7.9%
2011	277,833	(1)	(1)	8.3%
2012	278,785	(1)	(1)	6.9%
2013	282,501	(1)	(1)	6.4%
2014	287,049	(1)	(1)	5.6%
2015	287,927	(1)	(1)	4.1%

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 SEVEN YEARS AGO (UNAUDITED)

Exhibit S-16

Employer	2015			2008		
	Employees	Rank	Percentage of Employment	Employees	Rank	Percentage of Employment
Garland ISD	7,617	1	47.21%	7,254	1	35.29%
City of Garland	2,000	2	12.40%	2,500	3	12.16%
Raytheon	1,700	3	10.54%	3,500	2	17.03%
Walmart Super Centers	1,670	4	10.35%	1,750	4	8.51%
Baylor Medical Center Garland	1,185	5	7.35%	1,200	6	5.84%
US Food Service	520	6	3.22%			
Atlas Copco	409	7	2.54%	700	8	3.41%
Home Depot	339	8	2.10%			
City of Rowlett	362	9	2.24%			
KARLEE	330	10	2.05%			
Sears Logistic Services				1,300	5	6.32%
Ecolab				1,000	7	4.87%
International/SST Truck				700	9	3.41%
Kingsley Tools				650	10	3.16%
Total	16,132		100.00%	20,554		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

This page intentionally left blank

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

	Full Time Equivalent Employees			
	2006	2007	2008	2009
Teachers	3,692.2	3,773.7	3,806.0	3,785.2
Professional Support				
Psychological Associate	8.0	1.0	1.0	1.0
Audiologist	3.0	3.0	3.0	3.0
Counselor	126.8	127.8	135.6	135.5
Educational Diagnostician	51.6	77.4	71.4	69.8
Librarian	78.5	75.0	77.5	77.5
Musical Therapist	-	-	-	-
Occupational Therapist	13.0	13.0	14.0	13.0
Corrective Therapist	-	0.5	1.0	1.0
Orientation/Mobility Instructor	-	1.0	1.0	2.0
Physical Therapist	7.0	8.0	7.0	5.0
School Nurse	73.6	75.0	77.0	77.4
LSSP/Psychologist	-	8.0	8.0	8.0
Social Worker	13.8	16.8	15.5	18.2
Speech Therapist/Speech-Language Pathologist	52.8	53.7	58.5	59.2
Visiting Teacher	5.0	6.0	5.0	5.0
Work-Based Learning Site Coordinator	2.0	-	-	-
Teacher Facilitator	2.0	48.0	46.0	55.7
Department Head	-	-	-	-
Athletic Trainer	-	-	-	-
Campus Professional Personnel	16.0	8.5	25.5	25.5
Non-Campus Professional Personnel	96.5	116.2	133.7	149.0
Total Professional Support	<u>549.6</u>	<u>638.9</u>	<u>680.7</u>	<u>705.8</u>
Campus Administration				
Assistant Principal	110.5	112.0	115.0	113.9
Principal	70.0	70.0	72.0	72.0
Teacher Supervisor	33.0	0.5	4.0	7.0
Registrar	9.0	-	-	-
Total Campus Administration	<u>222.5</u>	<u>182.5</u>	<u>191.0</u>	<u>192.9</u>
Central Administration				
Assistant/Assoc/Deputy Superintendent	4.5	4.3	4.5	4.5
Instructional Officer	14.0	13.0	12.4	12.4
District Instructional Program Director	-	-	-	-
Superintendent	1.0	0.9	1.0	1.0
Teacher Supervisor	39.0	32.5	43.0	60.8
Athletic Director	2.0	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	-	-	-
Total Central Administration	<u>66.5</u>	<u>58.7</u>	<u>68.9</u>	<u>86.7</u>
Educational Aides	510.8	279.1	373.1	374.3
Auxiliary Staff	1,813.6	2,176.6	2,134.1	2,242.9
Total All Full Time Equivalent Employees	<u><u>6,855.2</u></u>	<u><u>7,109.5</u></u>	<u><u>7,253.8</u></u>	<u><u>7,387.8</u></u>

Source: District records for the fall PEIMS submission

Full Time Equivalent Employees					
2010	2011	2012	2013	2014	2015
3,720.4	3,710.9	3,651.1	3,636.9	3,646.8	3,679.1
-	-	-	-	-	-
3.0	3.0	3.0	2.0	2.0	2.0
133.0	136.0	129.3	130.8	134.6	140.2
61.5	54.7	57.6	58.2	56.6	57.8
80.0	79.0	76.0	76.0	75.0	72.9
-	-	-	-	1.0	0.7
12.6	11.4	9.0	10.0	10.0	10.0
-	-	-	-	-	-
2.0	2.0	-	2.0	2.0	0.9
7.0	6.0	4.9	5.8	6.0	6.0
79.4	79.0	76.4	75.0	82.0	82.0
8.0	8.0	8.0	8.0	8.0	9.0
19.3	20.8	12.8	8.0	7.0	6.0
56.9	54.2	50.3	50.4	52.5	54.6
5.0	5.0	4.0	4.0	4.0	4.0
10.1	6.0	7.3	8.4	4.3	-
90.0	110.4	131.7	120.6	107.2	107.4
-	-	-	-	12.7	-
8.6	2.0	3.8	5.1	4.8	6.7
25.4	32.0	29.5	26.9	31.3	27.2
149.3	156.1	158.5	148.4	173.3	183.5
751.1	765.6	762.1	739.6	774.3	770.9
114.0	113.0	107.0	106.0	108.9	106.8
72.0	73.0	72.0	71.0	71.0	71.0
4.1	-	-	-	0.1	-
8.0	8.0	10.0	10.0	2.0	2.0
198.1	194.0	189.0	187.0	182.0	179.8
4.5	4.5	4.5	4.5	5.5	5.5
-	-	-	-	-	-
17.0	17.0	15.0	16.0	19.0	16.0
1.0	1.0	1.0	1.0	1.0	1.0
41.3	29.5	28.5	28.4	27.5	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
-	-	-	-	-	-
71.8	60.0	57.0	53.9	61.0	58.0
455.5	432.1	461.8	454.8	516.7	547.2
2,197.4	2,182.5	2,116.8	2,099.8	2,126.8	2,183.4
7,394.3	7,345.1	7,237.8	7,172.0	7,307.6	7,418.4

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
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%
2015	57,436	432,733,720	7,534	4.55%	3,679	15.6	60.5%

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	2015
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%	0.4%
Bachelors	74.8%	74.1%	73.9%	73.7%	72.7%	72.1%	71.4%	70.8%	69.8%	69.4%
Masters	23.8%	24.3%	24.6%	24.8%	26.1%	26.7%	27.5%	28.1%	28.8%	29.3%
Doctorate	1.0%	1.0%	0.9%	1.1%	1.0%	1.0%	0.9%	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%	4.5%
1 - 5 Years of Experience	33.6%	29.6%	34.5%	34.3%	33.6%	30.2%	27.5%	23.8%	22.9%	25.0%
6 - 10 Years of Experience	20.2%	20.2%	20.9%	21.7%	23.3%	24.8%	26.7%	27.7%	27.9%	25.9%
11 - 20 Years of Experience	20.1%	20.5%	20.3%	21.2%	23.1%	24.7%	26.9%	28.2%	28.8%	29.8%
Over 20 Years of Experience	17.4%	17.3%	17.5%	16.9%	16.9%	16.4%	15.4%	15.4%	15.0%	14.8%
Average Salaries by Experience										
Beginning Teachers	\$ 38,585	\$ 47,321	\$ 43,836	\$ 45,508	\$ 47,308	\$ 46,839	\$ 46,605	\$46,462	\$48,899	\$50,150
1 - 5 Years of Experience	39,983	44,228	44,673	46,237	47,319	47,493	47,313	\$48,038	\$49,232	\$50,565
6 - 10 Years of Experience	41,016	45,302	46,002	47,563	48,585	48,801	48,607	\$49,331	\$50,572	\$51,730
11 - 20 Years of Experience	44,509	48,417	48,649	49,968	50,858	50,914	50,562	\$51,190	\$52,332	\$53,729
Over 20 Years of Experience	53,810	56,456	57,546	58,875	59,806	59,899	59,237	\$59,546	\$59,925	\$61,323
Student Teacher Ratio	15.6	15.1	15.0	15.2	15.6	15.6	15.9	16.0	15.8	15.6

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Schools:										
Elementary										
Buildings	45	47	47	47	47	47	47	47	47	47
Enrollment	26,382	26,066	25,901	25,938	26,395	26,330	26,471	26,364	26,351	26,135
Middle										
Buildings	12	12	12	12	12	12	12	12	12	12
Enrollment	12,519	12,453	12,473	12,568	12,742	12,842	12,789	12,871	12,715	12,754
High										
Buildings	7	7	7	7	7	7	7	7	7	7
Enrollment	16,351	16,113	16,248	16,269	16,441	17,123	16,863	17,198	16,993	17,091
Pre-K										
Buildings	2	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	1,217	1,098
Other										
Buildings	3	3	3	3	3	3	3	3	3	3
Enrollment	492	503	572	635	637	143	575	449	340	358
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

This page intentionally left blank

**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, 2015, 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 14, 2016.

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

Dallas, Texas
January 14, 2016

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, 2015. 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, 2015.

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

Dallas, Texas
January 14, 2016

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2015

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	14610101057909	113,794	1,333
ESEA Title I Part A - Improving Basic Programs	84.010A	15610101057909	12,956,698	191,161
ESEA Title I Part A - Improving Basic Programs	84.010A	16610101057909	1,288,144	35,445
ESEA Title I - Priority and Focus School Grant	84.010A	15610112057909043	16,900	214
Total Title I Part A			<u>14,375,536</u>	<u>228,153</u>
IDEA - Part B, Formula	84.027A	146600010579096600	19,331	219
IDEA - Part B, Formula	84.027A	156600010579096600	10,984,601	165,430
IDEA - Part B, Formula	84.027A	166600010579096600	429,583	9,594
IDEA - Part B, Preschool	84.173A	146610010579096610	2,152	12
IDEA - Part B, Preschool	84.173A	156610010579096610	165,822	2,079
IDEA - Part B, Preschool	84.173A	166610010579096610	16,481	368
Total Special Education Cluster (IDEA)			<u>11,617,970</u>	<u>177,702</u>
Career and Technical Education - Basic Grant	84.048A	15420006057909	604,907	8,022
Career and Technical Education - Basic Grant	84.048A	16420006057909	37,688	752
Total CFDA Number 84.048A			<u>642,595</u>	<u>8,774</u>
ESEA Title III, Part A, LEP	84.365A	14671001057909	367,919	175
ESEA Title III, Part A, LEP	84.365A	15671001057909	940,792	18,401
ESEA Title III, Part A, LEP	84.365A	16671001057909	60,246	1,189
ESEA Title III, Part A, Immigrant	84.365A	15671003057909	159,045	2,227
Total CFDA Number 84.365A			<u>1,528,002</u>	<u>21,992</u>
ESEA Title II, Part A, Teacher & Principal Training	84.367A	14694501057909	131,721	1,529
ESEA Title II, Part A, Teacher & Principal Training	84.367A	15694501057909	1,356,532	17,497
ESEA Title II, Part A, Teacher & Principal Training	84.367A	16694501057909	48,765	1,542
Total CFDA Number 84.367A			<u>1,537,018</u>	<u>20,568</u>
Summer School LEP	84.369A	69551402	73,033	
Total Passed Through State Department of Education			<u>29,774,154</u>	<u>457,189</u>
Total US Department of Education			<u>29,774,154</u>	<u>457,189</u>
US Department of Health & Human Services				
Passed Through Texas Health and Human Services Commission				
Medicaid Administrative Claiming Program	93.778	057909	175,891	
Total Passed Through Texas Health and Human Services Commission			<u>175,891</u>	
Total US Department of Health and Human Services			<u>175,891</u>	
US Department of Agriculture				
Passed Through State Department of Education				
School Breakfast Program - Cash Assistance	10.553	71401501	4,108,725	
National School Lunch Program - Cash Assistance	10.555	71301501	14,801,753	
Total Passed Through State Department of Education			<u>18,910,478</u>	
Passed Through State Department of Agriculture				
USDA Donated Commodities - Non-Cash Assistance	10.555	057909	1,817,805	
Total Child Nutrition Cluster			<u>20,728,283</u>	
Child and Adult Care Food Program - Cash Assistance	10.558	057909	33,996	
Total US Department of Agriculture			<u>20,762,279</u>	
Total Expenditures of Federal Awards			<u>\$ 50,712,324</u>	<u>\$ 457,189</u>
				<u>\$51,169,513</u>

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, 2015

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, 2015, 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. Reconciliation to the Basic Financial Statements

The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards and federal revenues reported on Exhibit C-2 of the District’s Comprehensive Annual Financial Report:

Total Expenditures of Federal Awards	\$ 51,169,513
School Health and Related Services (SHARS)	4,361,287
Qualified School Construction Bonds Interest Subsidy	463,985
Change in Federal Expenditure Accruals	745,302
Federal Revenues Reported on Exhibit C-3	\$ 56,740,087

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2015

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>Child Nutrition Cluster</i>	
School Breakfast Program	10.553
National School Lunch Program (cash assistance)	10.555
National School Lunch Program (non-cash assistance)	10.555
<i>Medical Assistance Program</i>	93.778
Dollar Threshold Considered Between Type A and Type B Federal Programs:	\$ 1,535,085
Auditee qualified as low-risk auditee?	Yes

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2015

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.