



Comprehensive Annual Financial Report

Ten Month period ended June 30, 2019



Garland Independent School District
Garland, Texas



GARLAND INDEPENDENT SCHOOL DISTRICT
GARLAND, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TEN MONTH PERIOD ENDED
JUNE 30, 2019

Prepared by:
The Division of Finance

GARLAND INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE TEN MONTH PERIOD ENDED JUNE 30, 2019
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	xii
	ASBO Certificate of Excellence	xiii
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	14
C-1R	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
C-2	Statement of Revenues, Expenditures, and Changes in Fund Balance	17
C-3	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	19
Proprietary Fund Financial Statements:		
D-1	Statement of Net Position	20
D-2	Statement of Revenues, Expenses, and Changes in Fund Net Position	21
D-3	Statement of Cash Flows	22
Fiduciary Fund Financial Statements:		
E-1	Statement of Fiduciary Assets and Liabilities	23
	Notes to the Basic Financial Statements	24
REQUIRED SUPPLEMENTARY INFORMATION		
G-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	57
G-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - National Breakfast and Lunch Program	58
	Note to Required Supplemental Information	59
G-3	Schedule of The District's Proportionate Share of The Net Pension Liability Teacher Retirement System of Texas	61
G-4	Schedule of The District's Contributions- Last 10 Fiscal Years Teacher Retirement System of Texas	61
G-5	Schedule of The District's Proportionate Share of the Net OPEB Liability	62
G-6	Schedule of The District's Contributions for other Post-Employment Benefits (OPEB) Note to Teacher Retirement System and Post Employment	62 63

GARLAND INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE TEN MONTH PERIOD ENDED JUNE 30, 2019

<u>Exhibit</u>		<u>Page</u>
COMBINING STATEMENTS		
	Internal Service Funds:	64
H-1	Combining Statement of Net Position	65
H-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	67
H-3	Combining Statement of Cash Flows	69
	Agency Funds:	71
H-4	Combining Statement of Changes in Assets and Liabilities	72
REQUIRED TEA SCHEDULES SECTION		
J-1	Schedule of Delinquent Taxes Receivable	73
J-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Debt Service Fund	75
STATISTICAL SECTION (UNAUDITED):		
	Table of Contents - Statistical Section	76
S-1	Net Position by Component	77
S-2	Expenses, Program Revenues, and Net (Expense) Revenue	79
S-3	General Revenues and Total Change in Net Position	81
S-4	Fund Balances, Governmental Funds	83
S-5	Governmental Funds Revenues	85
S-6	Governmental Funds Expenditures and Debt Service Ratio	87
S-7	Other Financing Sources and Uses and Net Change in Fund Balances	89
S-8	Appraised Value and Actual Value of Taxable Property	91
S-9	Direct and Overlapping Property Tax Rates	92
S-10	Principal Property Taxpayers	93
S-11	Property Tax Levies and Collections	94
S-12	Outstanding Debt by Type	95
S-13	Ratios of General Bonded Debt Outstanding	96
S-14	Direct and Overlapping Governmental Activities Debt	97
S-15	Legal Debt Margin Information	98
S-16	Demographic and Economic Statistics	99
S-17	Principal Employers	100
S-18	Full Time Equivalent District Employees by Type	101
S-19	Operating Statistics	103
S-20	Operating Indicators	104
S-21	School Building Information	105

GARLAND INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE TEN MONTH PERIOD ENDED JUNE 30, 2019

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>	106
	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 Uniform Guidance	108
K-1	Schedule of Expenditures of Federal Awards	110
	Notes to Schedule of Expenditures of Federal Awards	111
	Schedule of Findings and Questioned Costs	113
	Summary Schedule of Prior Audit Findings	115

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Introductory Section

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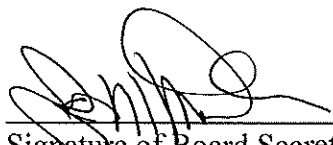
CERTIFICATE OF THE BOARD

Garland Independent School District
Name of School District

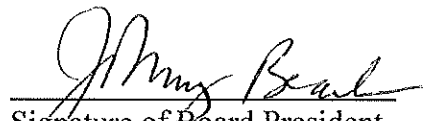
Dallas
County

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

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the ten month period ended June 30, 2019, at a meeting of the Board of Trustees of such school district on the 19 day of November, 2019.



Signature of Board Secretary



Signature of Board President

BOARD OF TRUSTEES

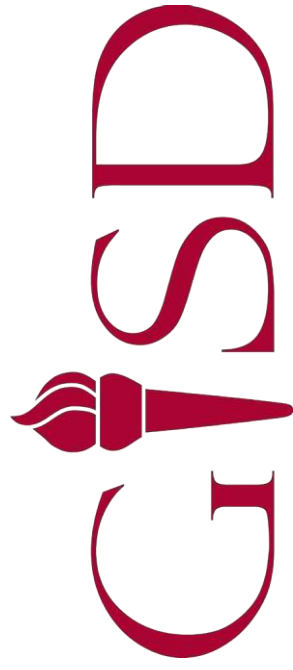
Name	Position	Place	Length of Service	Term Expires	Occupation
Larry Glick	Member	1	12 years	May 2022	Tax Attorney
Johnny Beach	President	2	3 years	May 2022	Retired Educator
Linda Griffin	Assistant Secretary	3	21 years	May 2022	Consultant
Jed N. Reed	Member	4	3 years	May 2020	Retired Educator/Administrator
James Miller	Secretary	5	2 years	May 2020	Executive Vice President / Chief Lending Officer
Robert Selders, Jr.	Vice President	6	4 years	May 2021	Business Owner
Wesley Johnson	Member	7	1 year	May 2021	Attorney

ADMINISTRATIVE OFFICIALS

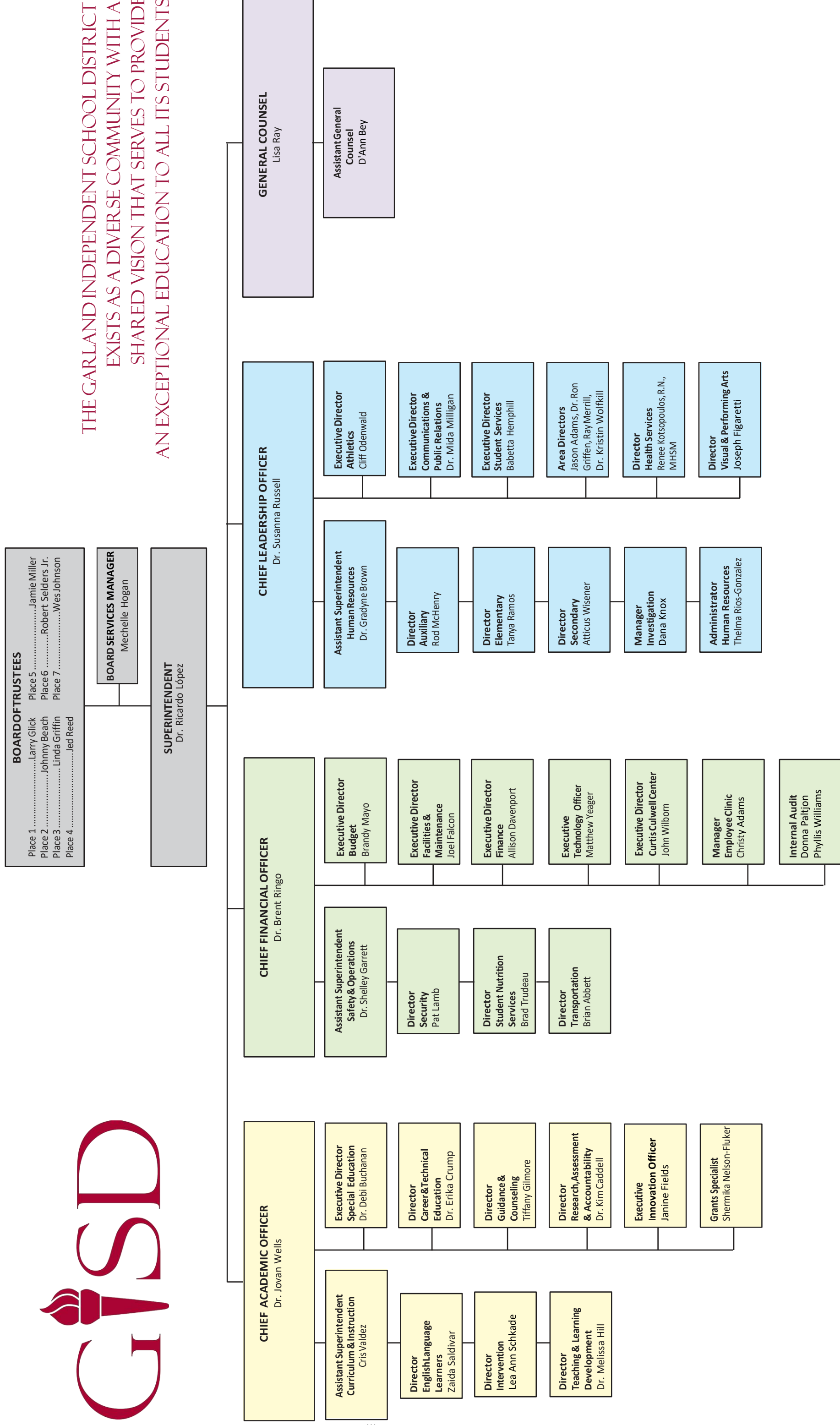
Name	Position	Length of GISD Service
Dr. Ricardo López	Superintendent	2 years
Dr. Jovan Wells	Chief Academic Officer	6 years
Dr. Brent Ringo	Chief Financial Officer	1 year
Dr. Susanna Russell	Chief Leadership Officer	1 year
Lisa Ray	General Counsel	1 year
Cris Valdez	Assistant Superintendent of Curriculum & Instruction	1 year
Dr. Shelley Garrett	Assistant Superintendent of Safety & Operations	0 years
Dr. Gradyne Brown	Assistant Superintendent of Human Resources	18 years

ORGANIZATIONAL CHART

CHART



THE GARLAND INDEPENDENT SCHOOL DISTRICT
 EXISTS AS A DIVERSE COMMUNITY WITH A
 SHARED VISION THAT SERVES TO PROVIDE
 AN EXCEPTIONAL EDUCATION TO ALL ITS STUDENTS.





Garland Independent School District
Division of Business Operations

Street Address

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

Phone

972-487-3100

FAX

972-485-4922

November 15, 2019

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

Ladies and Gentlemen:

The Texas Education Agency requires that all school districts file a complete set of financial statements with the Texas Education Agency (TEA). The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Garland Independent School District (the District) for the ten-month period ended June 30, 2019.

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 ten-month period ended June 30, 2019, 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 ten-month period ended June 30, 2019, 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 Uniform Guidance, 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 fourteenth 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 and a high school offering advanced-level career and technical education classes. The District has twelve middle schools, forty-seven elementary schools, including two Montessori campuses, two Pre-Kindergarten centers, and two special learning centers.

The table below shows the demographic composition of the District during the 2008-09 and 2018-19 school years.

	<u>2008-09</u>	<u>2018-19</u>
Enrollment	56,946	55,987
African-American	18.7%	17.7%
American Indian		0.4%
Asian	8.0%	9.1%
Hispanic	44.1%	53.3%
Native American	0.4%	
Pacific Islander		0.1%
White	28.7%	17.0%
Two or More		2.4%
Economically Disadvantaged	51.5%	64.8%
English Language Learners	22.8%	30.1%
Graduates	3,344	4,058

The District’s total student population decreased over the past 10 years, although there has been a slight decrease in recent years with the expectation that this slight downward trend may continue in subsequent years based on information provided in a recent demographic study. However, need for student academic support continues to increase, as evidenced in increases in student groups based on special program identification. These changes require adjustments in the instructional programs. Educational research suggests economically disadvantaged students come to school with academic needs that should be addressed through early childhood programs, accelerated instruction, and extended learning time. The District is seeking opportunities to expand existing programs to meet identified needs and studying the most effective methods to enhance learning for these children.

Another challenge facing many Texas school districts is the growing number of students who are learning English as a second language and do not currently possess grade-level appropriate English-language proficiency. While the majority of non-English speakers are Hispanic, the District serves students speaking more than 72 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.

There are a number of charter schools that serve the same population as Garland ISD. These charter schools receive their charters from the state and are separate and apart from Garland ISD. The District competes with these charter schools for the same students. Similar to Garland ISD, these charter schools receive state funding based on their Average Daily Attendance and special population counts. However, unlike Garland ISD, they do not have the ability to levy local property taxes. As such, relative to Garland ISD, these charter schools are generally more heavily dependent on state revenues for their Maintenance and Operations funding.

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 2008-2009 and 2018-19 school year.

	<u>2008-09</u>	<u>2018-19</u>
Total Staff	7,392	7,306
Teachers	3,785	3,668
Masters or Doctorate	25.9%	31.7%
Average Years of Experience	10.7	11.1
Student/Teacher Ratio	15	15.3

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>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Certified Market Value	\$21,675,878,050	\$24,263,983,800	\$26,933,022,018
Average Market Value of Residence	\$175,898	\$199,071	\$207,543

Economic growth has continued in Garland. Garland is benefiting from increased growth with development along the President George Bush Turnpike. Near opening at the northwest side of President George Bush Turnpike and Holford Road, is Strike + Reel, which will consist of a movie theatre, dining and bowling lanes. In addition, the pace of new home construction in GISD is expected to rise over the next four to five years due to the sizable amount of residential development, averaging 639 homes per year. New home construction could climb to over 900 units per year by 2023 with a mix of traditional lot sizes, townhomes, and smaller-lot/high-density detached homes. Over 5,000 apartments are in-process/planned in the district. Under construction at the southwest side of Shiloh and Buckingham is a single-family neighborhood named Riverset. It consists of 590 single-family lots, including an array of house types of both single-family detached and townhomes. Commercial tracts designated along Buckingham and Shiloh for future development and walkable convenience for residents are planned.

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 Board of Trustees will determine actual use of bond funds. 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. In October 2016, the District issued \$150,250,000 Unlimited Tax School Building Bonds, Series 2016, utilizing \$170,000,000 of the November 2014 voted authorization. The remaining voted authorization is \$89,445,000 was issued in July 2018.

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	13 years
Elementary Schools	47	42 years
Middle Schools	12	45 years
High Schools	9	42 years
Other Learning Centers	2	34 years

State Funding - The State funding formula continues to affect the District’s financial operations. During the 2018-19 school year, the only significant school finance change affecting the District was funding of an increase in the Austin yield from \$99.41 to \$106.28 per student.

Since the funding formula is linked to property values, any growth in property values not offset by increases in the number of students results in a benefit to the State rather than to the local school districts. This occurs regardless of whether a district is “property wealthy” or “property poor”. For “property wealthy” districts, property value growth results in a higher recapture payment to the State. For “property poor” districts, property value growth results in a reduction in state aid.

	<u>2017-2018</u>	<u>2018-2019</u>
Basic Allotment	\$5,140	\$5,140
Regular Program Adjustment Factor	1.00	1.00
Target Reduction	0.9263	0.9263
Austin Yield	\$99.41	\$106.28
Tier I Equalized Wealth Level	\$514,000	\$514,000

In June 2019 the 86th Texas Legislature passed House Bill (HB3), which impacts funding beginning with the 2019-20 school year. The bill provides more money for Texas classrooms, increases teacher compensation, and cuts local property taxes for Texas taxpayers. The bill is broken down by four major areas: Supports Teachers and Rewards Teacher Excellence, Focuses on Learning and Improving Student Outcomes, Increases Funding and Equity and Reduces and Reforms Property Taxes and Recapture.

This bill supports teachers by increasing the Basic Allotment from \$5,140 to \$6,160. It also required districts to allocate 30% of new funding toward fulltime employee increases when the basic allotment increases, with 75% of this going to teacher, counselors, nurses and librarians.

HB3 Focuses on learning and improving student outcomes include establishing an Early Education Allotment for students in grade K-3 who are educationally disadvantaged or limited English proficiency. It also establishes a new Dyslexia Allotment of 0.1 per ADA and a Dual Language Allotment. It also focused on improving college, career and military readiness (CCMR) by requiring school boards to adopt and monitor CCMR plans. It increased funding for college pre exams, industry certification exams, career and technical education.

HB3 increased funding and equity by increasing compensatory education weight from 0.2 to one of five values from 0.225 – 0.275 based upon the census tier for educationally disadvantaged students.

It also reduces and reforms property taxes by cutting property taxes in the first year by an average of 8 cents per \$100 of assessed value, bringing the maximum allowable tax rate for Maintenance & Operations from \$1.17 to \$1.06835. HB3 also provides for automatic tax rate reductions starting in the second year if property value grows by more than 2.5% per year.

Fund Balance – The unassigned fund balance in the general fund is 52% of general fund expenditures. This represents 6.3 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 10 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 Texas Education Agency recently released its 2019 state accountability ratings, and Garland ISD proudly received the second-highest available. The district earned a B with a score of 88. This marks a seven-point increase from 2018.

GISD's campuses were also rated this year, and 100% either met or exceeded state standards. Forty-six schools earned an A or a B and 48 campuses claimed at least one distinction designation. Six campuses claimed all available distinction designations. A campuses are: Austin Academy for Excellence, Beaver Technology Center for Math and Science, Classical Center at Vial Elementary, Hillside Academy for Excellence, Keeley Elementary, Kimberlin Academy for Excellence, Luna Elementary, Spring Creek Elementary, Walnut Glen Academy for Excellence and Watson Technology Center for Math and Science. B campuses are: Abbett Elementary, Armstrong Elementary, Back Elementary, Bradfield Elementary, Bullock Elementary, Cisneros Prekindergarten, Daugherty Elementary, Davis Elementary, Dorsey Elementary, Ethridge Elementary, Freeman Elementary, Garland High, Giddens-Steadham Elementary, Golden Meadows Elementary, Heather Glen Elementary, Herfurth Elementary, Hickman Elementary, Houston Middle School, Jackson Technology Center for Math and Science, Lakeview Centennial High, Lyles Middle School, North Garland High, Northlake Elementary, Park Crest Elementary, Parsons Elementary, Roach Elementary, Rowlett Elementary, Rowlett High, Sachse High, Sewell Elementary, Shorehaven Elementary, South Garland High and Stephens Elementary. Campuses earning all available distinction designations are: Austin Academy for Excellence, Classical Center at Brandenburg Middle School, Kimberlin Academy for Excellence, North Garland High, Spring Creek Elementary and Walnut Glen Academy for Excellence.

Committed to ensuring that all Garland ISD students graduate with college credit in addition to their high school diplomas, the district's Board of Trustees approved a new College for All focus. It includes steps to help every student earn at least six hours of credit before they leave GISD. Currently, GISD gives students the opportunity to accrue college credit through dual-credit, Advanced Placement and International Baccalaureate courses. Lakeview Centennial High School's Collegiate Academy also allows students to graduate with both an associate degree (up to 60 credit hours) and a high school diploma. The district's new College for All focus creates additional pathways for college, career and military readiness. In 2019-20, Naaman Forest High School will launch a Collegiate Academy and partner with Richland College to offer Associate of Science or Associate of Arts degrees. Rowlett High School will launch a Collegiate Academy for Technology. This program not only offers an Associate of Applied Science degree but also a two-year career certification. The campus will work with local businesses as well, including Microsoft and Game Stop, to provide students training through internships and apprenticeships. Partnering with Eastfield College, the South Garland Early College High School will target first-generation college-goers, as well as students who may not already be on the path to college. This program offers an Associate of Science degree with a focus on automotive and electronics.

Garland ISD announced its state-of-the-art natatorium is officially under construction. A cornerstone of the 2014 Bond Program, breaking ground on the aquatic center marks the final phase of the taxpayer-approved plan. Construction on the project began in February at the intersection of Pleasant Valley Road and Firewheel Parkway. The natatorium will have 1,200 spectator seats and a Myrtha pool shell, which is the same pool construction used at all U.S., international and Olympic championship meets. It will also have a state-of-the-art air filtration system. The 54,000-square-foot building will also boast an extended and separately heated warm-up/teaching pool with a wheelchair lift, wide pool decks, large weight and locker rooms, enhanced storage capabilities, a ticket window and concession stand, and a diving area with one and three-meter boards. GISD's natatorium will also provide new learning and extracurricular opportunities. Students at all district high schools will be able to participate in varsity and junior varsity swimming and diving. The district also plans to teach second-graders and special needs students' water safety. The natatorium will also be available to host district and regional swim meets. Garland ISD's natatorium is slated to open in 2020.

MAJOR INITIATIVES AND ACCOMPLISHMENTS- continued

In April 2018 Garland ISD announced the new Accelerating Campus Excellence (ACE) program. Garland ISD is the fourth district in Texas to implement ACE. Handley Elementary and Lyles Middle School are the two campuses that are implementing the ACE program. Focusing on strategic staffing and student support, the ACE model includes identifying specific staff members who can best meet the individual needs of students at participating campuses in order to ensure their academic, social and emotional success. New features for ACE campuses include an extended school day, which allows for increased instructional time to focus on critical subjects like English and math, tutoring, and homework help. ACE campuses also stay open until 6 p.m., Monday through Friday, offering a variety of enrichment activities. Because a priority of the program is to provide for social and emotional care, many other basic needs are also provided. Some of these include discounted uniforms, breakfast, lunch and dinner, and free evening transportation on Monday through Thursday for students who stay until 6 p.m.

Garland ISD has focused on providing innovative programs and opportunities to prepare all learners for success. The district is leading the way by expanding its dyslexia services for students and families. From additional certified therapists to introducing new events, GISD is setting the framework for an esteemed and dynamic dyslexia program. GISD offers research-based programs such as Take Flight and Esperanza, which provide multisensory instruction and intervention using a differentiated approach. Incorporating a variety of instructional strategies is essential to the program. A strong focus on early literacy programs and secondary support was established to address all ages. Administering a kindergarten through first-grade universal screener helps with early identification and intervention, while accommodations and self-advocacy support secondary students. In addition, the district has teachers who are or will soon become Certified Academic Language Therapists. These experts have the highest level of training and must pass a national exam to receive their certification. GISD's enhanced services also reinforce the creation of powerful family-district partnerships through a parent resource group and special ongoing public events.

Garland ISD introduced its partnership with Anonymous Alerts®, a digital tool student, staff and community members can use to report urgent student concerns to school officials. Although the district has a hotline and an online form available for reporting, this new digital resource allows users to easily submit concerns—including screenshots, photos and videos—via a smartphone, tablet or desktop computer. The Anonymous Alerts® app was loaded on to every district-issued iPad and Chromebook, giving staff, as well as all middle and high school students, direct access to report anything from bullying to vandalism anonymously. Students, parents and community members are also encouraged to download the free resource on their personal smartphone. To expand the tool's reach and effectiveness, Anonymous Alerts® worked with the district's translation services to create a Spanish and Vietnamese version of the app. Reports are monitored by GISD Security 24 hours a day, seven days a week.

The District earned a score of A (Superior) for 2018-2019 Financial Accountability Rating System of Texas (FIRST). The districts could earn scores of A through F, with A being Superior and F being Substandard Achievement. In addition, Garland ISD received the highest bond rating from Moody's Investors Service, a feat just seven other Texas ISDs achieved.

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, 2018. 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 thirty-one 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, 2018, substantially conformed to the recommended principles and standards of financial reporting adopted by that organization. The District has received the Certificate of Excellence for thirty-one 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.

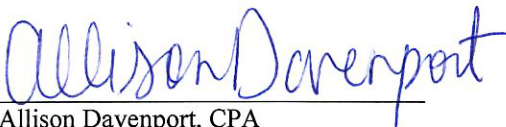
Sincerely,



Ricardo López, Ed.D.
Superintendent



Brent Ringo, Ed.D.
Chief Financial Officer



Allison Davenport, CPA
Executive Director of Finance



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, 2018

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Garland Independent School District

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended August 31, 2018.

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSR
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

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Financial Section

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REPORT OF INDEPENDENT AUDITORS

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, each major fund and the aggregate remaining fund information of Garland Independent School District (the “District”), as of and for the ten months ended June 30, 2019, 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 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the ten months then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 11 and budgetary comparison information, pension information, and other-post employment benefit information on pages 57 through 63, 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 the 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 non-major 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and other information, such as the introductory and statistical section, are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, and required TEA schedules, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, required TEA schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Trustees
Garland Independent School District

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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
November 15, 2019

Garland Independent School District
 Management's Discussion and Analysis
 Ten Month Period Ended June 30, 2019

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 ten-month period ended June 30, 2019.

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 ten-month period by \$261,817,971 (net position). Of this amount \$57,695,155 was restricted for specific purposes (i.e. Federal/State grants, Debt Service and Student Nutrition). Unrestricted net position was (\$135,726,703) due to GASB 75. The remainder represents the net investments in capital assets.
- The review of the District's land and capital projects balances resulted in a \$16,002,262 restatement of prior year's net position.
- As of the close of the current, the District's governmental funds reported combined ending fund balances of \$397,411,181, which breaks down as follows.

Non-Spendable	\$	2,433,497	0.6%
Restricted		138,983,487	35.0%
Committed		11,088,140	2.8%
Assigned		24,634,070	6.2%
Unassigned		220,271,987	55.4%
Total	\$	<u>397,411,181</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.

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 12-13 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 ten-month period. 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 14-19 of this report.
- **Proprietary funds.** *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The District's five proprietary funds are Internal Service Funds. 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 motor pool, print shop, risk management, copier pool and Curtis Culwell Center. The proprietary fund statements offer short and long-term financial information about the activities the District operates like a business. The basic proprietary fund financial statements can be found on pages 20-22 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 23. 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 24-56 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 57-63 of this report.

Combining statements are prepared in connection with internal service funds and are presented immediately following the required supplementary information on pages 64-70 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 June 30, 2019, assets and deferred outflow of resources exceeded liabilities and deferred inflows by \$262,222,515.

The District's Net Position

	Governmental Activities	
	2019	2018
Current and other assets	\$ 498,003,775	\$ 473,934,418
Capital assets	816,930,507	757,893,860
Total assets	<u>1,314,934,282</u>	<u>1,231,828,278</u>
Total deferred outflows	137,571,603	55,941,956
Noncurrent liabilities	1,015,530,083	946,595,659
Other liabilities	93,859,873	85,362,294
Total liabilities	<u>1,109,389,956</u>	<u>1,031,957,953</u>
Total deferred inflows	81,297,958	94,552,892
Net investment in capital assets	339,849,519	291,998,041
Restricted	57,695,155	46,896,034
Unrestricted	(135,726,703)	(177,634,686)
Total net position	<u>\$ 261,817,971</u>	<u>\$ 161,259,389</u>

Net Position. As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's combined net position between fiscal years 2019 and 2018 increased by \$100.6 million. This is due to a change in accounting principal related to GASB Statement No. 75 implemented during 2018. The District's net investment in capital assets is \$339.8 million and includes investments in capital assets (e.g. land, building, equipment, improvements, and construction in progress) less any debt used to acquire those assets that is still outstanding. Of the remaining net position, \$57.7 million are restricted resources subject to external restrictions on how they are used, and (\$135.7) million are unrestricted resources.

The District uses the capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The above table provides a summary of the Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position for governmental activities for years ended June 30, 2019 and August 31, 2018, respectively.

Changes in the District's Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues		
Charges for services	\$ 11,712,941	\$ 13,080,278
Operating grants and contributions	112,798,531	1,262,569
General revenues		
Property taxes	276,215,465	248,766,699
State grants	258,315,850	274,441,570
Other	11,178,273	11,161,764
Total revenues	<u>670,221,060</u>	<u>548,712,880</u>
Expenses		
Instructional and instructional related services	352,357,276	226,123,853
Instructional and school leadership	38,614,640	27,426,013
Support services - student	89,017,009	76,917,801
Administrative support services	13,725,592	11,846,283
Support services – non-student	69,547,361	56,577,688
Community services	3,393,311	2,623,819
Debt service	19,046,156	23,477,062
Facilities repairs and maintenance	131,639	929,320
Payments to fiscal agent of shared services arrangement	117,609	103,090
Payments to JJAEP	10,944	15,996
Intergovernmental charges	925,839	835,727
Total expenses	<u>586,887,376</u>	<u>426,876,652</u>
Excess of revenues over expenses	83,333,684	121,836,228
Special item - gain on disposal of assets	<u>1,222,636</u>	<u>-</u>
Increase/(Decreases) in net position	84,556,320	121,836,228
Beginning net position	161,259,389	356,206,460
Prior Period Adjustment	16,002,262	(316,783,299)
Ending net position	<u>\$ 261,817,971</u>	<u>\$ 161,259,389</u>

Governmental activities. Governmental activities increased the District's net position by \$84,556,320. This increase is due to a decrease in expenses and an increase in property taxes and operating grants and contributions revenue. The total cost of all *governmental activities* this year was \$586,887,376. The amount our taxpayers paid for these activities through property taxes was \$276,215,465 or 47%.

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 ten-month period, the District's governmental funds reported combined ending fund balances of \$397,411,181 an increase of \$20,863,784 from last year.

Non-Spendable - Inventories	\$ 2,433,497	0.6%
Restricted - Grant Funds	13,471,568	3.4%
Restricted - Capital Acquisitions and Contractual Obligations	75,272,373	18.9%
Restricted - Retirement of Long-term Debt	50,239,546	12.6%
Committed - Self-Insurance	8,000,000	2.1%
Committed - Local Special Revenue Funds	3,088,140	0.8%
Assigned - Construction and Capital Expenditures	23,960,584	6.0%
Assigned - Other	673,486	0.2%
Unassigned	220,271,987	55.4%
	<u>\$ 397,411,181</u>	<u>100.0%</u>

The general fund is the primary operating fund of the District. At the end of the current ten-month period, the general fund's unassigned fund balance was \$220,271,987. 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 52% of the total general fund expenditures, while total fund balance represents 55% of that same amount.

The general fund's fund balance increased \$36,484,127 during the current ten-month period. This is due to an increase in property tax revenue, as a result of increased property values, and a decrease in planned expenditures partially due to the change in fiscal year. The district also received additional federal revenue in 2019 due to the receipt of two SHARS Cost Report settlements.

The debt service fund has a total fund balance of \$50,239,546 all of which is restricted for the payment of debt service. The increase in debt services fund balance was \$27,314,462. This increase was due to the change in fiscal year.

The capital projects fund decreased its fund balance by \$33,817,764. This decrease is due to the planned construction and renovation expenditures of school facilities associated with the November 2014 bond authorization. There were unspent funds at the end of the ten-month period that will be spent in the following fiscal year. The District is in the final phase of the 2014 bond program.

The special revenue fund decreased its fund balance by \$9,117,041. This increase is primarily due to a textbook adoption with state textbook allotment funds and capital projects to reduce the fund balance in the Student Nutrition Services Fund.

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 June 30, 2019, amounted to \$7,792,741, an increase of \$630,558. This is due in part to a increase in net position of \$634,168 in the Curtis Culwell Center. This is largely attributed to an increase in the number of events hosted this year.

Budgetary Highlights

In August 2018 the Board of Trustees adopted the 2018-19 budget, which supports the District's strategic goals. The budgeting process involves careful planning to properly align revenues and appropriations. A conservative budget approach is utilized when estimating revenues. Expenditures, on the other hand, are allocated to be fully expended. This methodology, in essence, creates a 'worst case budget scenario' and ensures that expenditures by function are not exceeded. The expected result each year is that revenues will exceed estimated amounts and expenditures will be less than budgeted.

During the course of the year, the District monitors revenues and expenditures and submits monthly amendments to the Board for approval to be more in line with expected final results. 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

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

GENERAL FUND

Revenues

- \$7,077,379 increase in local revenue sources as a result of higher taxable appraised value and collections rate.
- \$3,500,000 increase in state program revenue sources to align with state funding.

Expenditures by function are amended monthly to fulfill requests from campuses and central organizations to appropriately code expenses as required by the state accountability system.

Additionally, the District made and the Board approved the transfers out adjustments:

- \$10,250,000 transfer out to projects to complete the \$50 million supplement for projects not covered by the Bond.
- \$3,200,000 transfer out to fund the district buildings roofing projects.
- \$3,500,000 transfer out to fund additional Band Hall and Fine Arts additions.
- \$9,000,000 transfer out to supplement bond program projects. These funds will be reimbursed to the general fund during 2020 as savings from other construction projects are realized.
- \$6,574,922 transfer out for projects related to the SECO-LoneStar Program. Reimbursement for these projects is expected during 2020.
- \$3,299,664 transfer out to fund bus and white fleet purchases.
- \$980,000 transfer out for a facilities condition assessment.
- \$480,000 transfer out for additional HVAC Repairs.

After appropriations were amended as described above, actual revenues were \$3,939,366 greater than final budgeted amounts due to more revenue in local, state and federal programs than final budgeted estimates. Actual expenditures were \$57,162,377 less than final budget amounts due to savings from change in fiscal year, 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.

NATIONAL BREAKFAST AND LUNCH PROGRAM

There were no changes between the original and final amended budget for the National Breakfast and Lunch Program.

Actual revenues were \$391,492 less than final budgeted amounts due to less revenue in local and state sources than final budgeted estimates. Actual expenditures were \$3,360,121 less than final budget amounts due to the year-end payroll accrual being less than estimated. Year-end expenditures were less than revenue, thus increasing 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 \$816,930,507 and \$757,893,860 as of June 30, 2019 and August 31, 2018, respectively. This investment in capital assets includes land, buildings and improvements, and furniture and equipment.

District’s Capital Assets (net of depreciation)

	<u>2019</u>	<u>2018</u>
Governmental Activities		
Land	\$ 35,835,595	\$ 14,077,107
Land improvements, net	26,725,127	28,345,904
Buildings and improvements, net	501,584,210	420,649,884
Furniture and equipment, net	24,725,026	28,998,650
Construction in progress	228,060,549	265,822,315
Total at historical cost	<u>\$ 816,930,507</u>	<u>\$ 757,893,860</u>

The increase in governmental capital assets is due primarily to an increase in construction in progress from the November 2014 bond authorization. Additional information on the District’s capital assets can be found in Note 4 to the financial statements.

Long-term debt. At June 30, 2019, the District had total bonded debt outstanding of \$552,480,000, a decrease of \$44,209,466 from the prior year. This decrease is due to no new issuances of building bonds for the 2019 year.

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. 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 3.3%. Dallas County has a 3.4% unemployment rate as compared to a statewide rate of 3.7% and a national average of 3.8%.
- Inflationary trends in the region tend to be similar to the national consumer price index (CPI). The region's CPI increased 2.2% while the nation experienced a 1.7% increase.
- The District's student attendance rate has historically been approximately 96%.
- The District has appropriated revenues of \$486,589,637 and expenditures of \$496,079,652 in the 2019-20 budget of the General Fund.
- The Debt Service Fund has budgeted revenues of \$86,163,727 and expenditures of \$69,149,000 in the 2019-20 budget.
- The Student Nutrition Services Fund revenue and expenditure budgets for 2019-20 are \$37,802,809 and \$30,281,000, respectively.
- The 2019-20 budget is based on a total property tax rate of \$1.3900 per hundred dollars of assessed value. The property tax rate for maintenance and operations is \$0.97 per hundred dollars of assessed value. The debt service tax rate is \$0.4200 per hundred dollars of assessed value. The District's taxable value for 2019-20 increased 8.4% due to an increase in commercial and residential property values.
- The District elected to change our fiscal year from August 31st to June 30th for 2019. The 2020 budget will contain twelve-months of activity.
- On October 20, 2019 areas of the District in the Cities of Garland, Rowlett and Sachse were struck by tornados. Homes and businesses in all three cities were damaged or destroyed. Classes resumed as scheduled on October 21st with the exception of four campuses that did not have electricity. Classes resumed on October 22nd for those four campuses. The District expects a minimal impact on the current and future budgets. The District has proposed a resolution to allow DCAD to reappraise all affected properties. The District could see a small decline in taxable value.

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

Exhibit A-1

Data <u>Codes</u>	<u>Governmental Activities</u>
ASSETS	
1110 Cash and Cash Equivalents	\$ 420,163,146
1220 Property Taxes - Receivable - Delinquent	7,964,750
1230 Allowance for Uncollectible Taxes (Credit)	(838,800)
1240 Due From Other Governments	68,067,432
1290 Other Receivables, net	180,310
1291 Due from external parties	46,486
1300 Inventories	2,420,451
Capital Assets:	
1510 Land	35,835,595
1510 Land Improvements, net	26,725,127
1520 Buildings and Building Improvements, net	501,584,210
1530 Furniture and Equipment, net	24,725,026
1580 Construction in Progress	228,060,549
1000 Total Assets	<u>1,314,934,282</u>
DEFERRED OUTFLOWS OF RESOURCES	
1700 Deferred Charge on Refunding	10,744,015
1705 Deferred Outflow of Resources for Pension Activities	99,523,542
1706 Deferred Outflow of Resources for OPEB	27,304,046
Total Deferred Outflows of Resources	<u>137,571,603</u>
LIABILITIES	
2110 Accounts Payable	27,819,447
2140 Interest Payable	8,974,329
2150 Payroll Deductions and Withholdings	3,192,011
2160 Accrued Wages Payable	50,814,969
2180 Due to Other Governments	1,713,908
2200 Accrued Expenses	89,753
2300 Unearned Revenues	1,255,456
Noncurrent Liabilities:	
2501 Due Within One Year	45,341,917
2502 Due in More Than One Year	563,924,298
2531 Long-Term Capital Leases Payable	983,047
2540 Net Pension Liability	186,722,443
2545 Net OPEB Liability	216,200,422
2532 Vested Vacation Benefits Payable	1,079,647
2591 Long-Term Claims Liability	1,278,309
2000 Total Liabilities	<u>1,109,389,956</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow of Resources for Pension Activities	12,930,176
2606 Deferred Inflow of Resources for OPEB	68,367,782
	<u>81,297,958</u>
NET POSITION	
3200 Net Investment in Capital Assets	339,849,519
3850 Restricted for Debt Service	42,716,002
3860 Restricted for Grant Funds	1,728,391
3861 Restricted for Student Nutrition Services	13,250,762
3900 Unrestricted Net Position	(135,726,703)
3000 Total Net Position	<u>\$ 261,817,971</u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE TEN MONTH PERIOD ENDED JUNE 30, 2019

Exhibit B-1

Data Control Codes	1	Program Revenues		6	
		3	4		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Primary Government:					
Governmental Activities:					
11	Instruction	\$ 328,115,753	\$ 1,004,136	\$ 48,180,530	\$ (278,931,087)
12	Instructional Resources And Media Services	8,207,096		667,313	(7,539,783)
13	Curriculum And Staff Development	16,034,427		5,034,362	(11,000,065)
21	Instructional Leadership	8,474,957		1,719,298	(6,755,659)
23	School Leadership	30,139,683		2,855,115	(27,284,568)
31	Guidance, Counseling, And Evaluation Services	23,382,685		2,751,611	(20,631,074)
32	Social Work Services	871,175		146,729	(724,446)
33	Health Services	6,964,692		11,560,671	4,595,979
34	Student Transportation	15,440,622		157,736	(15,282,886)
35	Food Service	29,264,833	5,907,159	23,918,546	560,872
36	Extracurricular Activities	13,093,002	4,656,066	446,516	(7,990,420)
41	General Administration	13,725,592		939,606	(12,785,986)
51	Facilities Maintenance And Operations	42,209,307	145,580	283,765	(41,779,962)
52	Security And Monitoring Services	7,776,293		19,962	(7,756,331)
53	Data Processing Services	19,561,761		6,503,756	(13,058,005)
61	Community Services	3,393,311		895,757	(2,497,554)
72	Interest On Long-Term Debt	18,848,982		6,599,649	(12,249,333)
73	Bond Issuance Costs And Fees	197,174			(197,174)
81	Facilities Planning	131,639			(131,639)
93	Payments To Fiscal Agent Of Shared Services Arrangement	117,609		117,609	-
95	Payments To Juvenile Justice Alternative Education Programs	10,944			(10,944)
99	Intergovernmental Charges	925,839	-	-	(925,839)
TP	TP Total Primary Government	586,887,376	11,712,941	112,798,531	(462,375,904)

Data
Control
Codes

General Revenues:

Taxes:

MT	Property Taxes, Levied For General Purposes	196,893,187
DT	Property Taxes, Levied For Debt Service	79,322,278
SF	State Aid-Formula Grants (Unrestricted)	258,315,850
GC	Grants And Contributions Not Restricted To Specific Programs	1,734,601
IE	Investment Earnings	8,228,220
MI	Miscellaneous	1,215,452
Special Items:		
SI	Special Items - Gain on Disposal of Assets	1,222,636
TR	Total General Revenues	546,932,224
CN	Change in Net Position	84,556,320
NB	Net Position—Beginning	161,259,389
	Prior Period Adjustment (Note 17)	16,002,262
NE	Net Position—Ending	\$ 261,817,971

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

GARLAND INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund
ASSETS		
1110 Cash and Cash Equivalents	\$ 269,072,282	\$ 14,344,318
1220 Property Taxes Receivable - Delinquent	5,982,278	1,982,472
1230 Allowance for Uncollectible Taxes (Credit)	(702,844)	(135,956)
1240 Due From Other Governments	60,285,259	
1260 Due From Other Funds		37,216,405
1290 Other Receivables	24,735	
1300 Inventories	925,912	-
1000 Total Assets	<u>335,587,622</u>	<u>53,407,239</u>
LIABILITIES		
2110 Accounts Payable	5,669,744	2,060
2150 Payroll Deductions and Withholdings	3,192,011	
2160 Accrued Wages Payable	47,909,646	
2170 Due to Other Funds	44,639,773	
2180 Due to Other Governments	8,883	1,718,257
2200 Accrued Expenditures		
2300 Unearned Revenues	17,964	-
2000 Total Liabilities	<u>101,438,021</u>	<u>1,720,317</u>
DEFERRED INFLOWS OF RESOURCES		
2600 Unavailable Revenue - Property Taxes	4,278,216	1,447,376
Total Deferred Inflows of Resources	<u>4,278,216</u>	<u>1,447,376</u>
FUND BALANCES		
3410 Non-Spendable - Inventories	925,912	
3450 Restricted - Grant Funds		
3470 Restricted - Capital Acquisitions and Contractual Obligations		
3480 Restricted - Retirement of Long-term Debt		50,239,546
3540 Committed - Self-Insurance	8,000,000	
3545 Committed - Local Special Revenue Funds		
3550 Assigned - Construction and Capital Expenditures		
3590 Assigned - Other	673,486	
3600 Unassigned	220,271,987	-
3000 Total Fund Balances	<u>229,871,385</u>	<u>50,239,546</u>
4000 Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 335,587,622</u>	<u>\$ 53,407,239</u>

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

60 Capital Projects	Special Revenue Fund	Total Governmental Funds
\$ 115,620,659	\$ 9,468,097	\$ 408,505,356
		7,964,750
		(838,800)
	7,782,173	68,067,432
	8,372,748	45,589,153
		24,735
-	1,507,585	2,433,497
<u>115,620,659</u>	<u>27,130,603</u>	<u>531,746,123</u>
16,333,104	5,586,813	27,591,721
		3,192,011
	3,032,770	50,942,416
54,598		44,694,371
		1,727,140
	102,798	102,798
-	340,929	358,893
<u>16,387,702</u>	<u>9,063,310</u>	<u>128,609,350</u>
-	-	5,725,592
<u>-</u>	<u>-</u>	<u>5,725,592</u>
	1,507,585	2,433,497
	13,471,568	13,471,568
75,272,373		75,272,373
		50,239,546
		8,000,000
	3,088,140	3,088,140
23,960,584		23,960,584
		673,486
	-	220,271,987
<u>99,232,957</u>	<u>18,067,293</u>	<u>397,411,181</u>
<u>\$ 115,620,659</u>	<u>\$ 27,130,603</u>	<u>\$ 531,746,123</u>

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GARLAND INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Exhibit C1-R

Total Fund Balances - Governmental Funds	\$	397,411,181
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 position. The net effect of this consolidation is to increase net position.		7,792,741
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 (\$7,337,298) are included in the net effect of consolidation above.		1,286,445,803
Accumulated depreciation has not been included in the fund financial statements. The accumulated depreciation related to internal service funds (\$5,044,335) is included in the net effect of consolidation above.		(471,808,259)
Bonds payable and related premiums have not been included in the fund financial statements		(606,644,756)
Note payable for SECO loan that has not been included as liability in the fund financial statements		(404,544)
Accrued liabilities for compensated absences due in more than one year have not been reflected in the fund financial statements.		(1,079,647)
Revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.		5,725,592
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		(8,970,920)
Loss on bond refunding has not been included in the fund financial statements.		10,744,015
Net pension liability has not been included in the fund financial statements		(186,722,443)
Net OPEB liability has not been included in the fund financial statements		(216,200,422)
Deferred outflows of resources relating to pension activities have not been included in the fund financial statements		99,523,542
Deferred outflows of resources relating to OPEB activities have not been included in the fund financial statements		27,304,046
Deferred inflows of resources relating to pension activities have not been included in the fund financial statements		(12,930,176)
Deferred inflows of resources relating to OPEB activities have not been included in the fund financial statements		(68,367,782)
Net Position of Governmental Activities	\$	<u>261,817,971</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 TEN MONTH PERIOD ENDED JUNE 30, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES:		
5700 Total local and intermediate sources	\$ 203,610,829	\$ 79,462,180
5800 State program revenues	277,629,313	6,364,903
5900 Federal program revenues	12,545,502	234,746
5020 Total Revenues	<u>493,785,644</u>	<u>86,061,829</u>
EXPENDITURES:		
Current:		
0011 Instruction	255,859,108	
0012 Instructional Resources and Media Services	7,119,672	
0013 Curriculum and Instructional Staff Development	10,609,158	
0021 Instructional Leadership	6,583,644	
0023 School Leadership	26,817,893	
0031 Guidance, Counseling, and Evaluation Services	20,746,281	
0032 Social Work Services	763,685	
0033 Health Services	6,276,604	
0034 Student (Pupil) Transportation	12,736,677	
0035 Food Services	90,267	
0036 Cocurricular/Extracurricular Activities	9,481,203	
0041 General Administration	12,598,234	
0051 Facilities Maintenance and Operations	32,969,613	
0052 Security and Monitoring Services	5,478,669	
0053 Data Processing Services	10,455,948	
0061 Community Services	1,591,919	
Debt Service:		
0071 Debt Service-Principal on Long-Term Debt		41,850,089
0072 Debt Service-Interest on Long-Term Debt		16,118,574
0073 Debt Service-Bond Issuance Cost and Fees		973,543
Capital Outlay:		
0081 Facilities Acquisition and Construction	38,714	
Intergovernmental:		
0093 Payments Related to Shared Services Arrangements		
0095 Payments to Juvenile Justice Alternative Ed Program	10,944	
0099 Other Intergovernmental Charges	925,839	-
6030 Total Expenditures	<u>421,154,072</u>	<u>58,942,206</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	72,631,572	27,119,623
OTHER FINANCING SOURCES (USES):		
7901 Issuance of Refunding Bonds		14,525,000
7912 Sale of Real and Personal Property	1,137,141	
7915 Transfers In		
7916 Premium on Issuance of Bonds		984,675
7949 Other Resources		
8911 Transfers Out	(37,284,586)	
8940 Payment to Retire Debt	-	(15,314,836)
7080 Total Other Financing Sources (Uses)	<u>(36,147,445)</u>	<u>194,839</u>
1200 Net Change in Fund Balances	36,484,127	27,314,462
0100 Fund Balance - September 1 (Beginning)	193,387,258	22,925,084
3000 Fund Balance - June 30 (Ending)	<u>\$ 229,871,385</u>	<u>\$ 50,239,546</u>

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

60 Capital Projects	Special Revenue Fund	Total Governmental Funds
\$ 2,731,938	\$ 10,985,666	\$ 296,790,613
	195,891	284,190,107
<u>5,929,969</u>	<u>48,650,236</u>	<u>67,360,453</u>
<u>8,661,907</u>	<u>59,831,793</u>	<u>648,341,173</u>
143,057	33,496,461	289,498,626
	97,557	7,217,229
	4,047,372	14,656,530
	941,468	7,525,112
	464,728	27,282,621
	554,282	21,300,563
	66,739	830,424
	3,714	6,280,318
	68,011	12,804,688
	26,910,752	27,001,019
	1,327,896	10,809,099
53,834	5,610	12,657,678
	15,470	32,985,083
2,222,320	5,801	7,706,790
7,970,499	527	18,426,974
	827,443	2,419,362
		41,850,089
		16,118,574
		973,543
69,868,628		69,907,342
	117,609	117,609
		10,944
-		925,839
<u>80,258,338</u>	<u>68,951,440</u>	<u>629,306,056</u>
(71,596,431)	(9,119,647)	19,035,117
		14,525,000
89,537	2,606	1,229,284
37,284,586		37,284,586
		984,675
404,544		404,544
		(37,284,586)
-	-	(15,314,836)
<u>37,778,667</u>	<u>2,606</u>	<u>1,828,667</u>
(33,817,764)	(9,117,041)	20,863,784
<u>133,050,721</u>	<u>27,184,334</u>	<u>376,547,397</u>
<u>\$ 99,232,957</u>	<u>\$ 18,067,293</u>	<u>\$ 397,411,181</u>

GARLAND INDEPENDENT SCHOOL DISTRICT Exhibit C-3
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**
FOR THE TEN MONTH PERIOD ENDED JUNE 30, 2019

Total Net Change in Fund Balance - Governmental Funds	\$ 20,863,784
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 income of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.	630,558
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 2019 capital outlays is to increase net position by total governmental activities additions (\$70,366,623) less internal service fund additions (\$37,750).	70,328,873
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. The depreciation related to internal service funds (\$762,019) is included in the net effect of consolidation above.	(26,324,053)
In the statement of activities, only the loss on the asset disposals are reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balances by the cost of the assets disposed.	(246,167)
Current year long-term debt principal payments and payments of accreted interest on capital appreciation bonds are in the fund financial statements but shown as reductions in long-term debt in the government-wide financial statements.	58,828,746
The District entered into a SECO loan during fiscal year 2019; the loan was recognized as a other financial resources and becomes a liability at the government- wide level	(404,544)
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.	(94,279)
Amortization of the premium of current interest bonds is only reported in the government-wide financial statements. Current year amortization is:	7,131,687
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.	(7,587,471)
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.	1,579,095
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.	(3,027,826)
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.	(14,525,000)
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.	(984,675)
Changes in the long-term vested sick leave liability is not shown in the fund financial statements. The net effect of the current year's increase is to decrease net position.	(23,272)
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	60,392,469
Amortization and other changes in deferred outflows related to the District's portion of the TRS net OPEB liability are reported in the government-wide financial statements	24,265,004
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	6,052,993
Amortization and other changes in deferred inflows related to the District's portion of the TRS net OPEB liability are reported in the government-wide financial statements	7,201,941
Changes in the net pension liability are not shown in the fund financial statements. The net effect of the current year's increase is to decrease net position.	(83,959,456)
Changes in the net OPEB liability are not shown in the fund financial statements. The net effect of the current year's increase is to decrease net position.	(35,542,087)
Change in Net Position of Governmental Activities	\$ 84,556,320

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2019

Exhibit D-1

		Governmental <u>Activities</u>
		Internal <u>Service Funds</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$	11,657,791
Due From Other Funds		79,726
Other Receivables		155,575
Total Current Assets		<u>11,893,092</u>
Noncurrent Assets:		
Capital Assets:		
Land Purchase and Improvements		251,316
Building and Building Improvements		265,990
Furniture and Equipment		6,819,992
Accumulated Depreciation-Other Land Improvements		(102,786)
Accumulated Depreciation-Building and Building Improvements		(120,029)
Accumulated Depreciation-Furniture and Equipment		(4,821,520)
Total Noncurrent Assets		<u>2,292,963</u>
Total Assets		<u>14,186,055</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable		214,494
Leases Payable		621,078
Interest Payable		3,409
Accrued Wages Payable		13,516
Due to Other Funds		928,021
Claims Liability		1,454,877
Unearned Revenues		896,563
Total Current Liabilities		<u>4,131,958</u>
Noncurrent liabilities:		
Capital Lease Payable Long-Term		983,047
Claims Liability Long-Term		1,278,309
Total Noncurrent liabilities		<u>2,261,356</u>
Total Liabilities		<u>6,393,314</u>
NET POSITION		
Net Investment in Capital Assets		685,429
Unrestricted Net Position		7,107,312
Total Net Position	\$	<u><u>7,792,741</u></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 TEN MONTH PERIOD ENDED JUNE 30, 2019

Exhibit D-2

		Governmental <u>Activities</u>
		<u>Internal Service Funds</u>
OPERATING REVENUES:		
Local and Intermediate Sources	\$	6,378,819
Total Operating Revenues		<u>6,378,819</u>
OPERATING EXPENSES:		
Payroll Costs		1,394,213
Professional and Contracted Services		2,023,534
Supplies and Materials		325,822
Other Operating Costs		1,212,981
Depreciation		762,018
Total Operating Expenses		<u>5,718,568</u>
Operating Income (Loss)		<u>660,251</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments		10,281
Interest on Capital Lease		(39,974)
Total Nonoperating Revenues (Expenses)		<u>(29,693)</u>
Change in Net Position		630,558
Total Net Position - September 1 (Beginning)		<u>7,162,183</u>
Total Net Position - June 30 (Ending)	\$	<u><u>7,792,741</u></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 TEN MONTH PERIOD ENDED JUNE 30, 2019

Exhibit D-3

	Governmental <u>Activities</u>
	<u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash Received from User Charges	\$ 3,776,828
Cash Received from Assessments - Other Funds	3,950,883
Cash Payments to Employees for Services	(1,401,348)
Cash Payments for Insurance Claims	(1,101,551)
Cash Payments to Suppliers	(388,422)
Cash Payments for Other Operating Expenses	(92,766)
Cash Payments for Prof. and Contracted Services	(1,903,520)
Net Cash Provided by Operating Activities	<u>2,840,104</u>
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	(37,750)
Capital Lease Payments	(617,913)
Capital Lease Interest Expense	(36,565)
Net Cash Used for Capital Financing Activities	<u>(692,228)</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	<u>10,281</u>
Net Decrease in Cash and Cash Equivalents	2,158,157
Cash and Cash Equivalents at Beginning of the Year	9,499,634
Cash and Cash Equivalents at the End of the Year	<u><u>11,657,791</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	660,251
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	762,018
Assets and Liabilities:	
Decrease in Due from Other Funds	(79,726)
Decrease in Other Receivables	(149,104)
Decrease in Accounts Payable	142,151
Decrease in Accrued Wages Payable	(7,135)
Decrease in Due to Other Funds	928,021
Increase in Unearned Revenue	564,964
Decrease in Claims Liability	18,664
Net Cash Provided by Operating Activities	<u>\$ 2,840,104</u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2019

Exhibit E-1

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 584,086
Total Assets	<u>584,086</u>
LIABILITIES	
Accounts Payable	21,278
Wages Payable	10,478
Due to External Parties	46,486
Due to Student/Employee Groups	505,844
Total Liabilities	<u>\$ 584,086</u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

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 funds. In addition, the District committed \$8 million for self-insurance for underground fuel storage tanks and Metropolitan Area Network/Wide Area Network (MAN/WAN) within the City of Garland. See Note 10 for additional information on the self-insurance.

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 Chief Financial Officer. The District has assigned funds for local construction and capital expenditures.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

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 with a specific function. All capital asset depreciation is reported as a direct expense of the functional program that benefits from the use of the capital assets. Program revenues include: 1) charges for services and tuition charged by a given function and 2) grants and contributions that are restricted to meeting operational requirements of a particular function. Taxes, state aid, grants and contributions not restricted to specific programs are properly excluded from program revenues and reported instead 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
TEN MONTH PERIOD ENDED JUNE 30, 2019

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.

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 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.

For Fiduciary Fund types, the District has only Agency Funds. The Agency Funds have no measurement focus.

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 Projects 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

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, print services, motor pool, and Curtis Culwell Center services.

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.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies – continued

Official Budget

The District is required by state law to submit annual budgets for the General Fund, Debt Service Fund, and Student Nutrition Services (included within the Special Revenue Fund) to the Board of Trustees for adoption. The remaining Special Revenue Funds and Capital Projects Fund utilize project-length budgets, established by management. These budgets do not correspond to the District's fiscal year and are not adopted by the Board of Trustees. 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.

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.

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

Cash and Cash Equivalents

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

Investments

Investments consist of balances in privately managed public funds investment pools and investments in United States (U.S.) securities and U.S. Agency securities. The District reports all investments at fair value, except for investment pools. The District's investment pools are valued and reported at amortized cost, which approximates fair value.

The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, Certain Investment Pools and Pool Participants.

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.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies – continued

Property Taxes (Continued)

The tax rates assessed for the ten-month period ended June 30, 2019 to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.0400 and \$0.42 per \$100 valuation, respectively, for a total of \$1.46 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 June 30, 2019, taxes receivable net of estimated uncollectible taxes, aggregated \$5,279,434 and \$1,846,516 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. In the governmental funds, inventories are reported as non-spendable fund balance.

Prepaid items are reported using the purchase method instead of the consumption method. Beginning with fiscal year 2017, the District began using the purchase method where payments for prepaid items are fully recognized as expenditures in the year of payment. The District believes the purchase method is preferable and consistent with the governmental fund concept of reporting only expendable financial resources.

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will 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 (expenditures) until then. The District has three items that qualify for reporting in this category. They are deferred loss on refunding, TRS pension costs, and TRS OPEB costs, which are reported in the Government-wide Statement of Net Position.

In addition to liabilities, the Statement of Net Position will 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 therefore, will not be recognized as an inflow of resources (revenue) until then. The District has three items that qualify for reporting in this category. They are related to TRS pension, TRS OPEB and unavailable revenue. Unavailable revenue is reported only in the Governmental Funds Balance Sheet, TRS pension and OPEB investment earnings are reported only on the Government-wide Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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.

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies – continued

Pensions (Continued)

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.

Other Post-Employment Benefits

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

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, donated works for art and similar items, and capital assets received in a service concession agreement are recorded at acquisition 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. The District did not enter into any service concession agreements.

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

Assets	Years
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 June 30 and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent fiscal year’s budget to provide for the liquidation of the prior commitments. The Board has not authorized any unexpended budgeted projects to carry over into the next fiscal year.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies – continued

Data Control Codes

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The amount of State foundation revenue a school district earns for a year can and does vary until the time at which final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is possible that the foundation revenue estimate as of June 30, 2019 will change.

GASB Statement No. 83: Certain Asset Retirement Obligations. Statement 83 was issued in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This statement requires that recognition occur when the liability is both incurred and reasonably estimable. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. This standard becomes effective for the District in fiscal year 2019. The implementation had no effect on the District's Financial Statements.

GASB Statement No. 84: Fiduciary Activities. Statement 84 was issued in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This standard becomes effective for the District in fiscal year 2020. The District has not yet determined the impact of this statement.

GASB Statement No. 87: Leases. Statement 87 was issued in June 2017. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about government's leasing activities. This standard becomes effective for the District in fiscal year 2021. The District has not yet determined the impact of this statement.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 1. Summary of Significant Accounting Policies – continued

GASB Statement No. 88: Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements. Statement 88 was issued in April 2018. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that the additional essential information related to debt be disclosed in the notes to financial statements:

- Unused lines of credit
- Assets pledged as collateral for the debt
- Terms specified in debt agreements related to significant events (such as default, termination, accelerated clauses)

This statement became effective for the District in fiscal year 2019. The implementation had no significant effect on the District's financial statements.

GASB Statement No. 89: Accounting for Interest Cost Incurred Before the End of a Construction Period. Statement 89 was issued in June 2018. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost are reported in a business-type activity or enterprise fund. This statement becomes effective for the District in fiscal year 2021. The District has not yet determined the impact of this statement.

GASB Statement No. 90: Majority Equity Interests – and Amendment of GASB Statements No.14 and No.61. Statement 90 was issued in August 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statements information for certain component units. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. This statement becomes effective for the District in fiscal year 2020. The District has not yet determined the impact of this statement.

Fiscal Year Change

The District's Board of Trustees, in accordance with Texas Education Code, Section 44.0011, approved changing its fiscal year end from August 31 to June 30 effective with start of new fiscal year July 1, 2019. The year a school changes its fiscal year-end to June 30 is a shorter fiscal cycle of ten months (9/1-6/30).

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 district has a letter of credit with the Federal Home Loan Bank of Chicago as a base line for the districts' funds. Additionally, for amounts needed in excess of the letter of credit. Amounts are pledged from the Federal Reserve Bank of New York. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At June 30, 2019, the carrying amount of the District's deposits was \$12,737,975 and the bank balance was \$22,448,352. In addition, the District had various petty cash balances held at different locations amounting to \$18,632.

The District's entire bank balance on June 30, 2019 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
TEN MONTH PERIOD ENDED JUNE 30, 2019

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 June 30, 2019, the District’s exposure to interest rate risk, as measured by the segmented time distribution by investment type, is summarized below:

	<u>Rating</u>	<u>Carrying Amount/ Fair Value</u>	<u>Investment Maturities in Months</u>		
			<u>Less than 1</u>	<u>1 to 3</u>	<u>4 to 6</u>
TexPool	AAAm	\$ 253,386,013	\$ 253,386,013		
Texas CLASS	AAAm	10,212,929	10,212,929		
Lone Star	AAAm	10,205,838	10,205,838		
Federal Home Loan Discount Note	Aaa, Prime-1	84,591,695	84,591,695		
Freddie Mac Discount Note	Aaa, Prime-1	49,594,150	49,594,150		
Total Investments		<u>\$ 407,990,625</u>	<u>\$ 407,990,625</u>	<u>\$ -</u>	<u>\$ -</u>

Investments’ fair value measurements are as follows at June 30, 2019:

<u>Investments</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Federal Home Loan Discount Note	84,591,695		84,591,695	
Freddie Mac Discount Note	49,594,150		49,594,150	
Total Investments	<u>\$ 134,185,845</u>	<u>\$ -</u>	<u>\$ 134,185,845</u>	<u>\$ -</u>

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

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 2. Cash and Investments – continued

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement. The fair value of the U.S. Government Agency securities on June 30, 2019 are based on quoted market prices using matrix pricing technique by the pricing source that values securities based on their relationship to benchmark quoted prices (Level 2 inputs).

In accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

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.

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 June 30, 2019, the fund had a weighted average maturity of 23 days.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 2. Cash and Investments – continued

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 June 30, 2019, TexPool had a weighted average maturity of 42 days.

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.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 2. Cash and Investments – continued

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.

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 June 30, 2019, Texas CLASS has a weighted average maturity of 47 days.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 2. Cash and Investments – continued

To manage custodial 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 by the Bank of America safekeeping department.

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

Note 3. Due From Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita programs. Amounts due from federal and state governments as of June 30, 2019, are summarized below and are reported on the combined financial statements as Due from Other Governments.

Fund	General Fund	Special Revenue Fund
Due from the State of Texas	\$ 60,285,259	\$ 1,373,772
Due from the Federal Government		6,408,401
Total	\$ 60,285,259	\$ 7,782,173

Note 4. Capital Assets

Capital asset activity of the District for the ten-month period ended June 30, 2019, was as follows:

Governmental Activities:	Beginning Balance 9/1/2018, as restated	Additions	Retirements	Transfers	Ending Balance 6/30/2019
Non-Depreciable Assets					
Land	\$ 35,947,221	38,714	(150,340)	-	35,835,595
Construction In Progress	259,954,463	\$ 62,281,246	\$ (89,180)	\$ (94,085,980)	228,060,549
Total Non-Depreciable Assets	295,901,684	62,319,960	(239,520)	(94,085,980)	263,896,144
Depreciable Assets					
Land Improvements	56,334,188	219,871	-	-	56,554,059
Building & Building Improvements	743,419,110	7,283,567	-	93,710,941	844,413,618
Furniture & Equipment	128,636,715	543,225	(635,699)	375,039	128,919,280
Total Depreciable Assets	928,390,013	8,046,663	(635,699)	94,085,980	1,029,886,957
Less Accumulated Depreciation for:					
Land Improvements	27,988,284	1,840,648	-	-	29,828,932
Building & Building Improvements	322,769,226	20,060,182	-	-	342,829,408
Furniture & Equipment	99,638,065	5,185,241	(629,052)	-	104,194,254
Total Accumulated Depreciation	450,395,575	27,086,071	(629,052)	-	476,852,594
Governmental Activities-Capital Assets, being depreciated, net	477,994,438	(19,039,408)	(6,647)	94,085,980	553,034,363
Governmental Activities-Capital Assets, Net	\$ 773,896,122	\$ 43,280,552	\$ (246,167)	-	\$ 816,930,507

Total Governmental Activities - Capital Assets include cost of assets held in internal service funds and related accumulated depreciation amounting to \$7,337,298 and \$5,044,335 respectively.

Refer to Note 17 for explanation of restated balance.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 4. Capital Assets – continued

Depreciation expense was charged to governmental functions as follows:

11 Instruction	\$	9,645,540
12 Instructional Resources and Media Services		421,395
13 Curriculum Development and Instructional Staff Development		8,828
21 Instructional Leadership		133,121
23 School Leadership		217,925
31 Guidance, Counseling and Evaluation Services		79,598
33 Health Services		85,496
34 Student (Pupil) Transportation		2,202,315
35 Food Services		1,221,553
36 Cocurricular/Extracurricular Activities		1,949,691
41 General Administration		232,638
51 Plant Maintenance and Operations		8,564,621
52 Security and Monitoring Services		76,146
53 Data Processing Services		748,078
61 Community Services		737,108
Internal Service Fund Depreciation		762,018
	<u>\$</u>	<u>27,086,071</u>

As of June 30, 2019, the District had the following major commitments with respect to unfinished major capital projects.

	Project Authorization	Remaining Commitment
HVAC Equipment	\$ 3,367,549	\$ 28,305
District Flooring	4,458,667	2,055,829
District Roofing	12,706,779	1,307,414
Garland HS Renovations	18,874,091	4,310,303
South Garland High School	8,646,873	2,464,700
North Garland High School	7,710,044	2,325,408
Rowlett High School	5,876,900	1,075,971
Sachse High School	5,346,299	1,678,890
Career & Technology HS	34,395,494	597,614
Jackson Middle School	7,809,892	1,897,486
O'Banion Middle School	6,197,780	2,153,178
Brandenburg Add/Renovation	6,680,683	515,763
Webb MS Addition/Renovation	6,977,627	1,262,444
Coyle Middle School	8,046,751	3,284,543
Lyles Middle School	8,028,902	1,092,756
Hudson Middle School	7,279,112	1,493,052
Davis ES Addition/Renovation	2,695,177	131,534
Toler Elementary School	4,964,953	676,647
Luna Elementary School	3,817,719	577,453
Natorium	33,500,000	20,012,048
Total	<u>\$ 197,381,293</u>	<u>\$ 48,941,338</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 5. Unearned Revenue

Governmental funds unearned revenue at June 30, 2019 consisted of the following:

	General Fund	Special Revenue Fund	Total
Food Service Meals		\$ 339,291	\$ 339,291
Other	\$ 17,964	1,638	19,602
	\$ 17,964	\$ 340,929	\$ 358,893

Note 6. Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the ten-month period ended June 30, 2019:

	September 1, 2018 Obligations	New Obligations Incurred	Obligations Retired or Transferred	June 30, 2019 Obligations	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General obligation bonds	\$ 595,540,089	\$ 14,525,000	\$ 57,585,089	\$ 552,480,000	\$ 43,125,000
Accreted interest	1,149,377	94,279	1,243,657	-	-
Premium on bond issuance	60,311,768	984,675	7,131,687	54,164,756	-
Notes Payable	-	404,544	-	404,545	-
Total Bonds and Notes Payable	657,001,234	16,008,498	65,960,433	607,049,301	43,125,000
Other Liabilities:					
Net Pension Liability	102,762,987	95,387,380	11,427,924	\$ 186,722,443	
Net OPEB Liability	180,658,335	38,527,780	2,985,693	\$ 216,200,422	
Workers compensation self-insurance liability	2,714,522	1,120,215	1,101,551	2,733,186	1,454,877
Capital Leases	2,217,326	-	613,201	1,604,125	621,078
Vested sick leave	1,241,254	357,218	377,862	1,220,610	140,963
Total Other Liabilities	289,594,424	135,392,593	16,506,231	408,480,786	2,216,918
Total Governmental Activities					
Long-term Liabilities	\$ 946,595,658	\$ 151,401,091	\$ 82,466,664	\$ 1,015,530,087	\$ 45,341,918

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

During 2019 the District entered has a note payable with the State Energy Conservation Office. The loan will allow the district to complete energy-related cost reductions retrofits. The loan will be repaid over 15 years at a 1% interest rate.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 6. Long-Term Obligations – continued

Bonds payable and contractual obligations at June 30, 2019 are composed of the following individual issues:

Description	Interest Rate	Amounts Original Issue	Amounts Outstanding at September 1, 2018	Issued	Retired/ Refunded	Accumulated Interest Accretion	Amounts Outstanding at June 30, 2019
School Building and Refunding							
Bonds - 2009A							
Matures 2009 - 2029	4.0% to 5.0%	53,210,000	23,945,000		23,945,000		-
Qualified School Construction							
Bonds - 2009B							
Matures 2019 - 2024	0.0%	10,185,000	10,135,000		1,690,000		8,445,000
Unlimited Tax Refunding							
Series - 2010							
Matures 2011 - 2017	2.0% to 4.0%	9,845,000	115,000		40,000		75,000
Unlimited Tax School Building							
Series - 2011							
Matures 2012 - 2031	2.0% to 5.0%	61,615,000	3,650,000		1,550,000		2,100,000
Unlimited Tax Refunding							
Series - 2011A							
Matures 2012 - 2023	0.5% to 2.9%	52,335,609	26,825,089		4,310,089		22,515,000
Unlimited Tax Refunding							
Series - 2012							
Matures 2016 - 2028	2.0% to 5.0%	99,425,000	80,235,000		6,015,000		74,220,000
Unlimited Tax Refunding							
Series - 2012A							
Matures 2013 - 2024	0.35% to 3.0%	25,799,604	14,865,000		1,785,000		13,080,000
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	16,180,000		3,195,000		12,985,000
Unlimited Tax Building and Refunding							
Series - 2015A							
Matures 2016 - 2035	2.0% to 5.0%	185,740,000	162,870,000		4,960,000		157,910,000
Unlimited Tax Refunding							
Bonds - 2016							
Matures 2020 - 2031	2.5% to 5.0%	40,560,000	40,560,000				40,560,000
Unlimited Tax School Building							
Bonds - 2016							
Matures 2017 - 2036	2.0% to 5.0%	150,250,000	125,110,000		4,505,000		120,605,000
Unlimited Tax School Building							
Bonds - 2018							
Matures 2019 - 2038	5.00%	78,565,000	78,565,000		5,590,000	-	72,975,000
Unlimited Tax Refunding							
Bonds - 2019							
Matures 2020 - 2029	3.0% to 5.0%	<u>14,525,000</u>	-	<u>14,525,000</u>	-	-	<u>14,525,000</u>
Total		<u>\$ 821,265,213</u>	<u>\$ 595,540,089</u>	<u>\$ 14,525,000</u>	<u>\$ 57,585,089</u>	<u>\$ -</u>	<u>552,480,000</u>
Accumulated Interest Accretion							
Total Principal Outstanding - June 30, 2019							<u>552,480,000</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

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 2038. At June 30, 2019, \$50,239,546 was available in the Debt Service Fund to service these bonds. Arbitrage rebates are paid from interest earnings of the Capital Projects Fund. Sick leave is paid from the General Fund.

In January 2019, the District issued \$14,525,000 of Unlimited Tax Refunding Bonds, Series 2019. All of the proceeds (\$14,525,000), plus a District contribution of \$776,369, were used to refund \$15,735,000 on Unlimited Tax School Building and Refunding Bonds, Series 2009A. The reacquisition price was more than the net carrying amount of the old debt resulting in a gain on refunding of \$456,944. 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 the same as the new debt. This refunding decreased total debt service payment over the next ten years by \$998,312 and resulted in an economic gain of \$857,901. The issuance cost of \$137,000 was expensed. The premium received of \$984,675 is being amortized over the life of the refunded debt which is the same as the new debt. Series 2016 bears interest at rates between 3% and 5.0% and matures in 2029.

In 2016, the District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all debt service as of the call dates. Of the bonds defeased, \$32,410,000 remains outstanding as of June 30, 2019 and is composed of the following:

<u>Refunding Bond Series</u>	<u>Refunded Bond Series</u>	<u>Redemption Date</u>	<u>Principal in Escrow</u>
Unlimited Tax Refunding Bonds - 2016	Unlimited Tax School Building Bonds - 2011	2/15/2020	\$ 32,410,000
Total Outstanding			<u>\$ 32,410,000</u>

The annual requirements to pay principal and interest on the bond obligations outstanding as of June 30, 2019 are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest (including accreted interest)</u>	<u>Requirements</u>
2020	43,125,000	\$ 24,698,932	\$ 67,823,932
2021	42,715,000	22,649,594	65,364,594
2022	43,450,000	20,633,039	64,083,039
2023	43,070,000	18,687,242	61,757,242
2024	42,860,000	16,735,882	59,595,882
2025 - 2029	143,625,000	59,792,606	203,417,606
2030 - 2034	140,785,000	28,472,810	169,257,810
2035 - 2038	52,850,000	4,294,563	57,144,563
	<u>\$ 552,480,000</u>	<u>\$ 195,964,668</u>	<u>\$ 748,444,668</u>

As of June 30, 2019, the District has issued all general obligation bonds from the November 2014 voted authorization. Accreted interest of \$1,149,377 is included in the interest column.

The District will continue to make the required pension and OPEB contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District's contributions to the net pension and OPEB liabilities on an annual basis. The contributions are paid by the funds that pay the employees' salaries. These funding sources include the General Fund and Special Revenue funds.

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 TEN MONTH PERIOD ENDED JUNE 30, 2019

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 \$1,220,610. Of this amount, \$140,963 is recorded in the General Fund in accrued wages for the amount due to retired employees as of June 30, 2019.

Note 8. Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2019 arose in the normal course of operations and consisted of the following individual fund receivable and payable balances:

	FROM	
TO		
General Fund	Capital Projects Fund	54,598
General Fund	Internal Service Fund	864,905
General Fund	Agency Fund	85,347
Debt Service Fund	General Fund	\$ 37,216,405
Internal Service Fund	Special Revenue Fund	55,570
Agency Fund	Internal Service Fund	38,960
Special Revenue Fund	Agency Fund	100
Special Revenue Fund	General Fund	<u>\$ 8,428,218</u>
Total Due From Other Funds		<u>\$ 46,744,103</u>
	TO	
FROM		
General Fund	Special Revenue Fund	8,428,218
Internal Service Fund	Agency Fund	38,960
Internal Service Fund	General Fund	864,905
Special Revenue Fund	Internal Service Fund	55,570
Capital Project Fund	General Fund	54,598
Agency Fund	Special Revenue Fund	100
Agency Fund	General Fund	85,347
General Fund	Debt Service Fund	<u>\$ 37,216,405</u>
Total Due To Other Funds		<u>\$ 46,744,103</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 ten-month period ended June 30, 2019 were as follows:

	Transfers In	
FROM	Capital Projects	Transfers Out
General Fund	\$ 37,284,586	\$ 37,284,586
	\$ 37,284,586	\$ 37,284,586

In the fund financial statements, \$37,284,586 was transferred out of the General Fund to Capital Projects Fund for construction projects and roof renovations.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

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	\$ 195,767,557	\$ 78,868,812			\$ 274,636,369
Investment earning	4,922,305	593,368	\$ 2,702,266	\$ 676,394	8,894,333
Other intermediate	1,108,346		29,672	4,230,684	5,368,702
Tuition and Fees	953,813			57,745	1,011,558
Rental	145,580				145,580
Insurance Recovery	106,616				106,616
Athletic	606,612				606,612
Food service				5,907,159	5,907,159
Gifts				113,684	113,684
Total	<u>\$ 203,610,829</u>	<u>\$ 79,462,180</u>	<u>\$ 2,731,938</u>	<u>\$ 10,985,666</u>	<u>\$ 296,790,613</u>

Note 10. Risk Management

Workers' Compensation – Self Funded

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

During the ten-month period ended June 30, 2019, 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 worker's compensation claims cost through the purchase of stop-loss coverage. Through Roach Howard Smith and Barton Agency, the District has workers' compensation stop-loss coverage with Star Insurance Company with a \$600,000 retention.

The TASB Fund engages services of an independent auditor to conduct a financial audit after the close of each plan year on June 30. 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 June 30, 2019, 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 except where noted.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

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 June 30, 2019, was \$2,733,186 and is recorded as an accrued expenditure in the Risk Management Internal Service Fund.

In fiscal years 2019 and 2018, 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>
2018 - Risk Management	3,277,013	916,424	1,478,915	2,714,522
2019- Risk Management	2,714,522	1,120,215	1,101,551	2,733,186

At June 30, 2019, the District held \$7,786,312 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 except from wind/hail which is insured for actual cash value. The deductible is \$100,000 per occurrence for property claims except for 1% of total insured value per location for wind and hail claims. A crime insurance policy has a \$1,000,000 limit with a \$10,000 deductible. Liability coverage is provided through TASB Risk Management Fund, a self-insured risk pool (TASBRMF). Vehicles are covered 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 and liability is subject to a \$1,000 deductible.

The District maintains Educator Leaders liability coverage with a \$2,000,000 limit and per occurrence deductible of \$10,000. The District has general liability coverage with a \$2,000,000 limit, no deductible, and an annual aggregate of \$2,000,000. The liability risk pool used by the District through August 31, 2017 has filed bankruptcy leaving a minimal potential exposure to the District of uninsured and unreported claims going forward. The Risk Management Internal Service Fund has adequate fund balance to cover potential claims that occurred August 31, 2017 or prior that will not be covered due to the bankruptcy.

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
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 10. Risk Management - continued

Medical Malpractice Insurance

The District carries a medical malpractice insurance policy to provide protection for the employee clinic and school nurses from malpractice claims. The policy has a \$1 million per occurrence limit with a \$3 million aggregate, subject to a \$2,500 per claim deductible.

Student Accident Insurance

The District provides accident insurance for athletics, band, cheerleading and other UIL sponsored activities. The accident policy is an excess insurance policy covering accidental injuries with a \$25,000 limit. There is also a catastrophic umbrella policy for these UIL sponsored activities with a limit of \$7.5 million above the underlying \$25,000 policy.

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.texas.gov/TRS%20Documents/cafr_2018.pdf; 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 above.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 11. Retirement Plan - continued

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 2019.

The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

	Contribution Rates	
	Plan Fiscal Year	
	2018	2019
Member	7.7%	7.7%
Employer	6.8%	6.8%
District	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 (2018)		For the Ten Months Ended June 30, 2019
	Contributions	Pension Expense	Contributions
Member (Employee)	\$ 27,577,144	\$ -	\$ 23,398,618
Non-employer contributing agency (State)	16,882,856	27,318,936	14,390,650
District	11,427,924	27,058,414	9,843,028

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 11. Retirement Plan - continued

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

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

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

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

Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term Expected Investment Rate of Return	7.25%
Municipal Bond Rate	3.69
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%, including Inflation
Ad Hoc Post- Employment Benefit Changes	None

* Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

The actuarial methods and assumptions are primarily based on a study of actual experience for the three-year period ending August 31, 2017 and adopted in July 2018.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 11. Retirement Plan - continued

Discount Rate

The discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. 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 these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

Asset Class	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	5.70%	1.04%
Non-U.S. Developed	13.00%	6.90%	0.90%
Emerging Markets	9.00%	8.95%	0.80%
Directional Hedge Funds	4.00%	3.53%	0.14%
Private Equity	13.00%	10.20%	1.30%
Stable Value			
U.S. Treasuries	11.00%	1.11%	0.12%
Absolute Return	0.00%	0.00%	0.00%
Stable Value Hedge Funds	4.00%	3.09%	0.12%
Cash	1.00%	-0.30%	0.00%
Real Return			
Global Inflation Linked Bonds	3.00%	0.70%	0.02%
Real Assets	14.00%	5.21%	0.73%
Energy and Natural Resources	5.00%	7.48%	0.37%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	3.70%	0.18%
Inflation Expectations			2.30%
Volatility Drag ³			-0.79%
Total	100.00%		7.23%

¹ Target allocations are based on the FY2016 policy model.

² Capital market assumptions come from Aon Hewitt (2017 Q4)

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 11. Retirement Plan - continued

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 (6.907%) in measuring the Net Pension Liability.

	Discount Rate		
	1% Decrease	Current	1% Increase
	(5.907%)	Rate (6.907%)	(7.907%)
District's Proportional share of the net pension liability	\$ 281,808,941	\$ 186,722,443	\$ 109,744,284

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

At June 30, 2019, the District reported a liability of \$186,722,443 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 186,722,443
State's proportionate share that is associated with the District	276,023,160
Total	\$ 462,745,603

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 and rolled forward to August 31, 2018. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018 the District's proportion of the collective net pension liability was 0.3392% which was an increase of 0.3214% from its proportion measured as of August 31, 2017.

Changes since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

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

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 11. Retirement Plan - continued

For the ten-month period ended June 30, 2019, the District recognized pension expense of \$27,058,414. The District also recognized revenue of \$27,318,936 representing pension expense incurred by the State on behalf of the District.

At June 30, 2019, 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	\$ 1,163,874	\$ (4,581,431)
Changes of assumptions	67,322,435	(2,103,828)
Net difference between projected and actual earnings on pension plan investments	-	(3,542,925)
Changes in proportion and differences between District contributions and proportionate share of contributions	21,052,307	(2,701,992)
District contributions subsequent to the measurement date	9,984,926	-
Total	\$ 99,523,542	\$ (12,930,176)

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$9,984,926 will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amount
2020	\$ 20,536,824
2021	13,080,993
2022	10,981,457
2023	12,347,751
2024	11,668,498
Thereafter	7,992,917
	\$ 76,608,440

Note 12. Retiree Health Plan

Plan Description

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

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/TRS%20Documents/cafr_2018.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 12. Retiree Health Plan - continued

Benefits Provided

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

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

TRS-Care Monthly for Retirees			
Effective January 1, 2018 - Dec 31, 2018			
	<u>Medicare</u>	<u>Non-Medicare</u>	
Retiree or surviving spouse	\$ 135	\$ 200	
Retiree and Spouse	529	689	
Retiree or surviving spouse and Children	468	408	
Retiree and Family	1,020	999	

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	<u>2019</u>	<u>2018</u>
Active Employees	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

	<u>Measurement Year (2018)</u>		<u>Fiscal Year</u>
	<u>Contributions</u>	<u>OPEB Expense</u>	<u>(2019)</u>
Member (Employee)	\$ 2,327,942	\$ -	\$ 1,975,207
Non-Employer Contributing Agency (State)	4,190,742	11,048,713	3,536,148
District	2,987,075	6,610,025	2,546,976

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 12. Retiree Health Plan - continued

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to. When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018. The 85th Texas Legislature, House Bill 30 provided an additional \$212 million in one-time, supplemental funding for the FY2018-19 biennium to continue to support the program. This was also received in FY2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation, salary increases, and general payroll growth, used in this OPEB valuation were identical to those used in the respective TRS pension valuation. Since the assumptions were based upon a recent actuarial experience study performed and they were reasonable for this OPEB valuation, they were employed in this report.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The Post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability	

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.3%
Discount Rate*	3.69%
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of healthcare benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.5%
Salary increases	3.05% to 9.05%**
Healthcare Trend Rates	6.75% to 107.74%***
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Ad Hoc Post- Employment Benefit Changes	None

* Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2018.

** Includes inflation at 2.30%

*** Initial medical trend rates of 107.74 percent and 9.00 percent for Medicare retirees and an initial medical trend rate of 6.75 percent for non-Medicare retirees.

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 12. Retiree Health Plan - continued

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was a change of 0.27% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis

Discount Rate – The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease (2.69%)	Current Rate (3.69%)	1% Increase (4.69%)
District's Proportional share of the Net OPEB Liability:	\$ 257,352,784	\$ 216,200,422	\$ 183,646,251

Healthcare Cost Trend Rates – The following presents the District’s proportional share of the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease	Current	1% Increase
District's proportionate share of the Net OPEB Liability:	\$ 179,557,971	\$ 216,200,422	\$ 264,459,321

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 12. Retiree Health Plan - continued

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

At June 30, 2019, the District reported a liability of \$216,200,422 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportional share of the collective Net OPEB Liability	\$	216,200,422
State's Proportional share this is associated with the District		<u>303,753,062</u>
Total	\$	<u><u>519,953,484</u></u>

The Net OPEB Liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018 the District's proportion of the collective Net OPEB Liability was 0.4330% which was an increase of 0.0176% from its proportion measured as of August 31, 2017.

Changes Since the Prior Actuarial Valuation

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- Effective The total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the TOL.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the TOL.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the TOL.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

For the ten-month period ended June 30, 2019, the District recognized OPEB expense of \$6,610,024 and revenue of \$11,048,713 for support provided by the State.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 12. Retiree Health Plan - continued

At June 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,472,953	\$ (3,411,960)
Changes in actuarial assumptions	3,607,799	(64,955,822)
Net difference between projected and actual investment earnings	37,811	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	9,625,529	-
Contributions paid to TRS subsequent to the measurement date	2,559,954	-
Total	\$ 27,304,046	\$ (68,367,782)

The \$2,559,954 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 ending June 30, 2020.

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year End June 30	Amount
2020	\$ (7,311,723)
2021	(7,311,723)
2022	(7,311,723)
2023	(7,318,874)
2024	(7,322,964)
Thereafter	(7,046,683)
	\$ (43,623,690)

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the ten months ended June 30, 2019 and fiscal years 2018 and 2017 the subsidy payments received by TRS-Care on-behalf of the District are as follows:

Fiscal Year	Medicare Part D
2019	\$ 1,386,665
2018	1,092,563
2017	1,038,018

The information for the ten-month period ended June 30, 2019 is an estimate provided by the Teacher Retirement System. 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
TEN MONTH PERIOD ENDED JUNE 30, 2019

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 June 30, 2019 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. 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 \$108,075 and \$78,821, respectively, for the ten-month period ended June 30, 2019.

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

<u>Year Ending June 30,</u>	<u>Warehouse</u>	<u>Clinic</u>
2020	108,075	92,176
2021	108,075	95,496
2022	-	71,622
Total	<u>\$ 216,151</u>	<u>\$ 259,294</u>

Note 15. Capital Leases

In August 2016, the District entered into capital lease agreements for copier equipment. The initial agreement expired in August 2019 and the district exercised the bargain renewal option of three additional years. Amortization of the capital lease assets is included in depreciation expense within the Copier Pool Internal Service fund.

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

Equipment	\$ 3,636,975
Less: accumulated depreciation	<u>(2,071,055)</u>
Net book value	<u>\$ 1,565,920</u>

Future minimum commitments under the capital leases are as follows:

Fiscal Year	Total	Interest	Principal
2020	\$ 654,476	\$ 33,401	\$ 621,075
2021	523,583	18,974	\$ 504,609
2022	418,866	7,233	\$ 411,633
2023	67,021	213	\$ 66,808
Total	<u>\$ 1,663,946</u>	<u>\$ 59,821</u>	<u>\$ 1,604,125</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 16. Deferred Outflows of Resources

For governmental activities, the net investment in capital assets of \$339,849,519 includes the effect of deferring the recognition of losses on bond refunding's. The \$10,744,015 balance of the deferred outflow of resources at June 30, 2019 will be recognized as an expense and will decrease unrestricted net position over the next 13 years.

	September 1, 2018 Balance	New Obligations Incurred	Obligations Retired or Transferred	June 30, 2019 Balance
Deferred Outflows of Resources:				
Deferred charge on refunding	\$ 13,771,841	\$ (653,670)	\$ 2,374,156	\$ 10,744,015
Total Deferred Outflows of Resources	<u>\$ 13,771,841</u>	<u>\$ (653,670)</u>	<u>\$ 2,374,156</u>	<u>\$ 10,744,015</u>

Note 17. Prior Period Restatement

During the 2019 ten-month period, the District recorded a prior period adjustment of previously acquired land. As a result, the beginning net position of the District's governmental activities has been restated on the Statement of Activities for the additional value of the land owned. In addition the District determined that items in construction in progress (CIP) from the prior year should be expensed and therefore that value has been restated.

Net Position as originally presented		\$ 161,259,389
Prior Period Restatement		
Land Adjustment	\$ 21,870,114	
Prior Year CIP to be expensed	(5,867,852)	
Net Prior Period Restatement		<u>16,002,262</u>
Net Position as restated		<u>\$ 177,261,651</u>

Note 18. Subsequent Events

In October 2019, the District issued \$28,845,000 of Unlimited Tax Refunding Bonds, Series 2019A to refund the Unlimited Tax Refunding Bonds, Series 2010, Unlimited Tax Refunding Bonds, Series 2011A and Unlimited Tax Refunding Bonds, Series 2012A.

The District evaluated all subsequent events through November 15, 2019, the date these financial statements were issued, and determined there to be no additional subsequent events requiring recognition or disclosure.

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Required Supplementary Information

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE TEN MONTH PERIOD ENDED JUNE 30, 2019

Exhibit G-1

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(Negative)</u>
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 196,033,150	\$ 203,110,529	\$ 203,610,829	\$ 500,300
5800 State Program Revenues	275,535,749	279,035,749	277,629,313	(1,406,436)
5900 Federal Program Revenues	7,700,000	7,700,000	12,545,502	4,845,502
5020 Total Revenues	<u>479,268,899</u>	<u>489,846,278</u>	<u>493,785,644</u>	<u>3,939,366</u>
EXPENDITURES:				
Current:				
0011 Instruction	279,810,660	279,710,755	255,859,108	23,851,647
0012 Instructional Resources and Media Services	7,574,837	7,624,986	7,119,672	505,314
0013 Curriculum and Instructional Staff Development	12,740,401	12,858,809	10,609,158	2,249,651
0021 Instructional Leadership	8,793,216	8,645,900	6,583,644	2,062,256
0023 School Leadership	31,360,290	31,564,058	26,817,893	4,746,165
0031 Guidance, Counseling, and Evaluation Services	22,890,770	22,707,644	20,746,281	1,961,363
0032 Social Work Services	796,953	913,384	763,685	149,699
0033 Health Services	6,885,439	6,900,790	6,276,604	624,186
0034 Student (Pupil) Transportation	15,039,629	17,694,956	12,736,677	4,958,279
0035 Food Services	300,000	300,000	90,267	209,733
0036 Cocurricular/Extracurricular Activities	9,567,720	9,712,980	9,481,203	231,777
0041 General Administration	17,108,260	17,082,184	12,598,234	4,483,950
0051 Facilities Maintenance and Operations	39,793,041	40,422,597	32,969,613	7,452,984
0052 Security and Monitoring Services	6,251,091	6,313,308	5,478,669	834,639
0053 Data Processing Services	12,710,067	12,727,719	10,455,948	2,271,771
0061 Community Services	2,084,604	2,110,616	1,591,919	518,697
0081 Facilities Acquisition and Construction	-	75,000	38,714	36,286
0095 Payments to Juvenile Justice Alternative Ed Program	24,924	24,924	10,944	13,980
0099 Other Intergovernmental Charges	925,839	925,839	925,839	-
6030 Total Expenditures	<u>474,657,741</u>	<u>478,316,449</u>	<u>421,154,072</u>	<u>57,162,377</u>
1100 Excess of Revenues Over Expenditures	4,611,158	11,529,829	72,631,572	61,101,743
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property		540,105	1,137,141	597,036
8911 Transfers Out	(16,950,000)	(37,284,586)	(37,284,586)	-
7080 Total Other Financing Uses	<u>(16,950,000)</u>	<u>(36,744,481)</u>	<u>(36,147,445)</u>	<u>597,036</u>
1200 Net Change in Fund Balances	(12,338,842)	(25,214,652)	36,484,127	61,698,779
0100 Fund Balance - September 1 (Beginning)	193,387,258	193,387,258	193,387,258	-
3000 Fund Balance - June 30 (Ending)	<u>\$ 181,048,416</u>	<u>\$ 168,172,606</u>	<u>\$ 229,871,385</u>	<u>\$ 61,698,779</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 TEN MONTH PERIOD ENDED JUNE 30, 2019

Exhibit G-2

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(Negative)</u>
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 7,258,000	\$ 7,258,000	\$ 6,584,533	\$ (673,467)
5800 State Program Revenues	170,000	170,000	167,811	(2,189)
5900 Federal Program Revenues	22,853,000	22,853,000	23,137,164	284,164
5020 Total Revenues	<u>30,281,000</u>	<u>30,281,000</u>	<u>29,889,508</u>	<u>(391,492)</u>
EXPENDITURES:				
Current:				
0035 Food Services	30,206,000	30,206,000	26,910,752	3,295,248
0051 Facilities Maintenance and Operations	75,000	75,000	10,127	64,873
6030 Total Expenditures	<u>30,281,000</u>	<u>30,281,000</u>	<u>26,920,879</u>	<u>3,360,121</u>
1100 Excess of Revenues Over Expenditures	-	-	2,968,629	2,968,629
OTHER FINANCING SOURCES:				
7912 Sale of Real and Personal Property	-	-	2,606	2,606
7080 Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>2,606</u>	<u>2,606</u>
1200 Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>2,971,235</u>	<u>2,971,235</u>
0100 Fund Balance - September 1 (Beginning)	<u>10,279,527</u>	<u>10,279,527</u>	<u>10,279,527</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 10,279,527</u>	<u>\$ 10,279,527</u>	<u>\$ 13,250,762</u>	<u>\$ 2,971,235</u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTE TO TEACHER RETIREMENT SYSTEM OF TEXAS
TEN MONTH PERIOD ENDED JUNE 30, 2019

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 Executive Director of Budget 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.

During the course of the year, the District monitors revenues and expenditures and submits monthly amendments to the Board for approval to be more in line with expected final results. Over the course of the year, the District recommended and the Board approved, several revisions to budgeted revenue and appropriations. These amendments fall into the following categories:

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

GARLAND INDEPENDENT SCHOOL DISTRICT
TEACHER RETIREMENT SYSTEM OF TEXAS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Note 1. Stewardship, Compliance, and Accountability – continued

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

GENERAL FUND

Revenues

- \$7,077,379 increase in local revenue sources as a result of higher taxable appraised value and collections rate.
- \$3,500,000 increase in state program revenue sources to align with state funding.

Expenditures by function are amended monthly to fulfill requests from campuses and central organizations to appropriately code expenses as required by the state accountability system.

Additionally, the District made and the Board approved the following transfers out adjustments:

- \$10,250,000 transfer out to projects to complete the \$50 million supplement for projects not covered by the Bond.
- \$3,200,000 transfer out to fund the district buildings roofing projects.
- \$3,500,000 transfer out to fund additional Band Hall and Fine Arts additions.
- \$9,000,000 transfer out to supplement bond program projects. These funds will be reimbursed to the general fund during 2020 as savings from other construction projects are realized.
- \$6,574,922 transfer out for projects related to the SECO-LoneStar Program. Reimbursement for these projects is expected during 2020.
- \$3,299,664 transfer out to fund bus and white fleet purchases.
- \$980,000 transfer out for a facilities condition assessment.
- \$480,000 transfer out for additional HVAC Repairs.

After appropriations were amended as described above, actual revenues were \$3,939,366 greater than final budgeted amounts due to more revenue in local, state and federal programs than final budgeted estimates. Actual expenditures were \$57,162,377 less than final budget amounts due to savings from change in fiscal year, 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.

NATIONAL BREAKFAST AND LUNCH PROGRAM

There were no changes between the original and final amended budget for the National Breakfast and Lunch Program.

Actual revenues were \$391,492 less than final budgeted amounts due to less revenue in local and state sources than final budgeted estimates. Actual expenditures were \$3,360,121 less than final budget amounts due to the year-end payroll accrual being less than estimated. Year-end expenditures were less than revenue, thus increasing existing fund balance.

DEBT SERVICE FUND

Expenditures

- \$870,000 increase in debt service bond issuance costs as a result of the issuance of the 2019 refunding bond.

After appropriations were amended as described above, actual revenues were \$486,787 greater than final budgeted amounts due to more revenue in local and intermediate sources than final budgeted estimates. Actual expenditures were \$435,019 less than final budget amounts. The bond issuance costs, fees and interest were less than budgeted.

**GARLAND INDEPENDENT SCHOOL DISTRICT
TEACHER RETIREMENT SYSTEM OF TEXAS
TEN MONTH PERIOD ENDED JUNE 30, 2019**

**Schedule of The District's Proportionate Share of the Net Pension Liability
Last Five Measurement Years**

Exhibit G-3

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.3392%	0.3214%	0.3313%	0.3352%	0.2153%
District's proportionate share of the net pension liability	\$ 186,722,443	\$ 102,762,987	\$ 125,179,074	\$ 118,501,570	\$ 57,527,611
State's proportionate share of the net pension liability associated with the District	276,023,160	171,872,468	204,940,921	203,123,426	179,684,773
Total	<u>\$ 462,745,603</u>	<u>\$ 274,635,455</u>	<u>\$ 330,119,995</u>	<u>\$ 321,624,996</u>	<u>\$ 237,212,384</u>
District's covered payroll (for Measurement Year)	\$ 358,144,722	\$ 349,184,036	\$ 344,899,599	\$ 335,610,114	\$ 322,119,883
District's proportionate share of the net pension liability as a percentage of its covered payroll	52.14%	29.43%	36.29%	35.31%	17.86%
Plan fiduciary net position as a percentage of the total pension liability *	73.74%	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll *	52.14%	75.93%	92.75%	91.94%	72.89%

The amounts presented for each Plan year which ends the preceding June 30 of the District's fiscal year.

Net pension liability is presented prospectively in accordance with GASB 68.

* Per Teacher Retirement System of Texas' comprehensive annual financial report.

Schedule of The District's Contributions- Last 9 Fiscal Years

Exhibit G-4

	<u>2019*</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 9,843,028	\$ 11,569,823	\$ 10,831,873	\$ 10,403,722	\$ 9,926,491	\$ 5,460,162	\$ 4,522,663	\$ 5,390,517	\$ 6,098,888
Contributions in relation to the contractual required contributions	<u>9,843,028</u>	<u>11,569,823</u>	<u>10,831,873</u>	<u>10,403,722</u>	<u>9,926,491</u>	<u>5,460,162</u>	<u>4,522,663</u>	<u>5,390,517</u>	<u>6,098,888</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 303,878,167	\$ 358,144,722	\$ 349,184,036	\$ 344,899,599	\$ 335,610,114	\$ 322,119,883	\$ 309,585,629	\$ 305,756,789	\$ 315,564,945
Contributions as a percentage of covered payroll	3.24%	3.23%	3.10%	3.01%	2.95%	1.70%	1.46%	1.76%	1.93%

Changes of Assumptions

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

Changes of Benefit Terms

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

GARLAND INDEPENDENT SCHOOL DISTRICT
TEACHER RETIREMENT SYSTEM OF TEXAS
TEN MONTH PERIOD ENDED JUNE 30, 2019

Other Information

Effective September 1, 2014, employers who did not contribute to Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

Schedule of The District's Proportionate Share of the Net OPEB Liability
Last Two Measurement Years

Exhibit G-5

	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.43300%	0.41543%
District's proportionate share of the net OPEB liability	\$ 216,200,422	\$ 180,658,335
State's proportionate share of the net OPEB liability associated with the District	<u>303,753,062</u>	<u>272,038,822</u>
Total	<u>\$ 519,953,484</u>	<u>\$ 452,697,157</u>
District's covered payroll (for Measurement Year)	\$ 358,144,722	\$ 349,184,036
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	60.37%	51.74%
Plan fiduciary net position as a percentage of the total OPEB liability *	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll *	146.64%	51.74%

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

Net OPEB liability is presented prospectively in accordance with GASB 75.

* Per Teacher Retirement System of Texas' comprehensive annual financial report.

Schedule of The District's Contributions for Other Post-Employment Benefits (OPEB)

Exhibit G-6

	<u>2019*</u>	<u>2018</u>
Contractually required contributions	\$ 2,546,976	\$ 2,999,519
Contributions in relation to the contractual required contributions	<u>2,546,976</u>	<u>2,999,519</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 303,878,167	\$ 358,144,722
Contributions as a percentage of covered payroll	0.84%	0.84%

During the fiscal year 2018, the District adopted GASB Statement No. 75.

*for the ten months ended June 30, 2019

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTE TO TEACHER RETIREMENT SYSTEM AND POST EMPLOYMENT
BENEFITS SCHEDULES REQUIRED SUPPLEMENTARY INFORMATION
TEN MONTH PERIOD ENDED JUNE 30, 2019

Changes of Assumptions

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the TOL.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the TOL.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the TOL.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

Changes in Benefit Terms

Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates. This change in plan benefits significantly lowered the OPEB liability and had an immediate effect on the OPEB expenses recognized by participating entities.

The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

Combining Statements

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

GARLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2019

	751 Motor Pool	752 Print Shop	753 Risk Management
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 78,707	\$ 1,057,893	\$ 7,786,312
Due From Other Funds	3,700	67,288	-
Other Receivables	-	88,938	45,494
Total Current Assets	<u>82,407</u>	<u>1,214,119</u>	<u>7,831,806</u>
Noncurrent Assets:			
Capital Assets:			
Land Purchase and Improvements			
Building and Building Improvements			7,720
Furniture and Equipment	418,237	1,784,945	113,184
Accumulated Depreciation - Other Land Improvements			
Accumulated Depreciation - Building and Building Improvements			(5,661)
Accumulated Depreciation - Furniture and Equipment	(337,883)	(1,648,826)	(112,263)
Total Noncurrent Assets	<u>80,354</u>	<u>136,119</u>	<u>2,980</u>
Total Assets	<u><u>162,761</u></u>	<u><u>1,350,238</u></u>	<u><u>7,834,786</u></u>
LIABILITIES			
Current Liabilities:			
Accounts Payable		2,110	22,170
Leases Payable			
Interest Payable			
Accrued Wages Payable			
Due to Other Funds			2,325
Claims Liability			1,454,877
Unearned Revenues	-	-	-
Total Current Liabilities	<u>-</u>	<u>2,110</u>	<u>1,479,372</u>
Noncurrent Liabilities:			
Capital Lease Payable Long-Term			
Claims Liability Long-Term	-	-	1,278,309
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>1,278,309</u>
Total Liabilities	<u>-</u>	<u>2,110</u>	<u>2,757,681</u>
NET POSITION			
Net Investment in Capital Assets	80,354	136,119	2,980
Unrestricted Net Position	82,407	1,212,009	5,074,125
Total Net Position	<u>\$ 162,761</u>	<u>\$ 1,348,128</u>	<u>\$ 5,077,105</u>

756 Copier Pool	757 Curtis Culwell Center	Total Internal Service Funds
\$ 486,506	\$ 2,248,373	\$ 11,657,791
8,738	-	79,726
-	21,143	155,575
<u>495,244</u>	<u>2,269,516</u>	<u>11,893,092</u>
	251,316	251,316
	258,270	265,990
3,636,975	866,651	6,819,992
	(102,786)	(102,786)
	(114,368)	(120,029)
(2,020,542)	(702,006)	(4,821,520)
<u>1,616,433</u>	<u>457,077</u>	<u>2,292,963</u>
<u>2,111,677</u>	<u>2,726,593</u>	<u>14,186,055</u>
122,434	67,780	214,494
621,078		621,078
3,409		3,409
	13,516	13,516
	925,696	928,021
		1,454,877
-	896,563	896,563
<u>746,921</u>	<u>1,903,555</u>	<u>4,131,958</u>
983,047		983,047
-	-	1,278,309
<u>983,047</u>	<u>-</u>	<u>2,261,356</u>
<u>1,729,968</u>	<u>1,903,555</u>	<u>6,393,314</u>
8,899	457,077	685,429
372,810	365,961	7,107,312
<u>\$ 381,709</u>	<u>\$ 823,038</u>	<u>\$ 7,792,741</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE TEN MONTH PERIOD ENDED JUNE 30, 2019

	751 Motor Pool	752 Print Shop	753 Risk Management
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 36,600	\$ 803,612	\$ 1,332,032
Total Operating Revenues	<u>36,600</u>	<u>803,612</u>	<u>1,332,032</u>
OPERATING EXPENSES:			
Payroll Costs		170,281	358,921
Professional and Contracted Services		143,485	63,485
Supplies and Materials	7,384	120,676	35,284
Other Operating Costs	-	445	1,130,590
Depreciation	42,964	90,318	3,589
Total Operating Expenses	<u>50,348</u>	<u>525,205</u>	<u>1,591,869</u>
Operating Income (Loss)	<u>(13,748)</u>	<u>278,407</u>	<u>(259,837)</u>
NONOPERATING REVENUES (EXPENSES):			
Earnings from Temporary Deposits & Investments			
Interest on Capital Lease			
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(13,748)	278,407	(259,837)
Total Net Position - September 1 (Beginning)	176,509	1,069,721	5,336,942
Total Net Position - June 30 (Ending)	<u>162,761</u>	<u>\$ 1,348,128</u>	<u>\$ 5,077,105</u>

756 Copier Pool	757 Curtis Culwell Center	Total Internal Service Funds
\$ 1,194,245	\$ 3,012,330	\$ 6,378,819
<u>1,194,245</u>	<u>3,012,330</u>	<u>6,378,819</u>
	865,011	1,394,213
657,568	1,158,996	2,023,534
	162,478	325,822
-	81,946	1,212,981
505,135	120,012	762,018
<u>1,162,703</u>	<u>2,388,443</u>	<u>5,718,568</u>
<u>31,542</u>	<u>623,887</u>	<u>660,251</u>
	10,281	10,281
(39,974)		(39,974)
<u>(39,974)</u>	<u>10,281</u>	<u>(29,693)</u>
(8,432)	634,168	630,558
390,141	188,870	7,162,183
<u>\$ 381,709</u>	<u>\$ 823,038</u>	<u>\$ 7,792,741</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE TEN MONTH PERIOD ENDED JUNE 30, 2019

	751 Motor Pool	752 Print Shop	753 Risk Management
Cash Flows from Operating Activities:			
Cash Received from User Charges	\$ 32,900	\$ -	\$ -
Cash Received from Assessments - Other Funds		736,324	1,288,863
Cash Payments to Employees for Services		(172,579)	(363,863)
Cash Payments for Insurance Claims			(1,101,551)
Cash Payments for Suppliers	(7,384)	(203,303)	(41,135)
Cash Payments for Other Operating Expenses		(445)	(10,375)
Cash Payments for Prof. and Contracted Services	-	(143,485)	(63,485)
Net Cash Provided by (Used for) Operating Activities	<u>25,516</u>	<u>216,512</u>	<u>(291,546)</u>
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets		-	
Capital Lease Payments			
Capital Lease Interest Expense	-		-
Net Cash Provided by Capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
Interest and Dividends on Investments	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	<u>25,516</u>	<u>216,512</u>	<u>(291,546)</u>
Cash and Cash Equivalents at Beginning of the Year:	53,191	841,381	8,077,858
Cash and Cash Equivalents at the End of the Year:	<u>\$ 78,707</u>	<u>\$ 1,057,893</u>	<u>\$ 7,786,312</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss):	\$ (13,748)	\$ 278,407	\$ (259,837)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	42,964	90,318	3,589
Effect of Increases and Decreases in Current Assets and Liabilities:			
(Increase) Decrease in Due from Other Funds	(3,700)	(67,288)	-
(Increase) Decrease in Other Receivables		(84,737)	(45,494)
Increase (Decrease) in Accounts Payable		2,110	(5,851)
Increase (Decrease) in Accrued Wages Payable		(2,298)	(4,942)
Increase (Decrease) in Due to Other Funds			2,325
Increase (Decrease) in Unearned Revenue			
Increase in Claims Liability	-		18,664
Net Cash Provided by (Used for) Operating Activities	<u>\$ 25,516</u>	<u>\$ 216,512</u>	<u>\$ (291,546)</u>

756 Copier Pool	757 Curtis Culwell Center	Total Internal Service Funds
\$ 1,185,507	\$ 2,558,421	\$ 3,776,828
	1,925,696	3,950,883
	(864,906)	(1,401,348)
		(1,101,551)
	(136,600)	(388,422)
	(81,946)	(92,766)
(537,554)	(1,158,996)	(1,903,520)
<u>647,953</u>	<u>2,241,669</u>	<u>2,840,104</u>
	(37,750)	(37,750)
(617,913)		(617,913)
(36,565)	-	(36,565)
<u>(654,478)</u>	<u>(37,750)</u>	<u>(692,228)</u>
-	10,281	10,281
(6,525)	2,214,200	2,158,157
493,031	34,173	9,499,634
<u>\$ 486,506</u>	<u>\$ 2,248,373</u>	<u>\$ 11,657,791</u>
\$ 31,542	\$ 623,887	\$ 660,251
505,135	120,012	762,018
(8,738)		(79,726)
	(18,873)	(149,104)
120,014	25,878	142,151
	105	(7,135)
	925,696	928,021
	564,964	564,964
		18,664
<u>\$ 647,953</u>	<u>\$ 2,241,669</u>	<u>\$ 2,840,104</u>

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 TEN MONTH PERIOD ENDED JUNE 30, 2019

Exhibit H-4

	Balance September 1, 2018	Additions	Deductions	Balance June 30, 2019
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 363,922	\$ 2,512,133	\$ 2,385,706	\$ 490,349
Total Assets	<u>363,922</u>	<u>2,512,133</u>	<u>2,385,706</u>	<u>490,349</u>
Liabilities:				
Accounts Payable	16,912	984,695	991,735	9,872
Due to External Parties	-	181,262	34,952	146,310
Due to Student Groups	347,010	986,045	998,888	334,167
Total Liabilities	<u>363,922</u>	<u>2,152,002</u>	<u>2,025,575</u>	<u>490,349</u>
OTHER ACTIVITY FUND				
Assets:				
Cash and Temporary Investments	185,672	1,039,276	1,131,211	93,737
Due from External Parties	-	528,963	429,139	99,824
Total Assets	<u>185,672</u>	<u>1,568,239</u>	<u>1,560,350</u>	<u>193,561</u>
Liabilities:				
Accounts Payable	12,803	281,448	282,845	11,406
Wages Payable	-	10,478	-	10,478
Due to Employee Groups	172,869	407,680	408,872	171,677
Total Liabilities	<u>185,672</u>	<u>699,606</u>	<u>691,717</u>	<u>193,561</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	549,594	3,551,409	3,516,917	584,086
Total Assets	<u>549,594</u>	<u>3,551,409</u>	<u>3,516,917</u>	<u>584,086</u>
Liabilities:				
Accounts Payable	29,715	1,266,143	1,274,580	21,278
Wages Payable	-	10,478	-	10,478
Due to External Parties	-	610,401	563,915	46,486
Due to Student/Employee Groups	519,879	1,393,725	1,407,760	505,844
Total Liabilities	<u>\$ 549,594</u>	<u>\$ 3,280,747</u>	<u>\$ 3,246,255</u>	<u>\$ 584,086</u>

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Required TEA Schedules Section

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
TEN MONTH PERIOD ENDED JUNE 30, 2019

Last Ten Years Ended August 31	1		2	3	10
	Tax Rates		Debt Service	Net Assessed/Appraised Value For School Tax Purposes **	Beginning Balance 9/1/2018
	Maintenance				
2010 and prior years	various		various	various	\$ 1,042,855
2011	1.0400		0.2133	13,366,036,304	149,204
2012	1.0400		0.2133	13,085,564,669	159,542
2013	1.0400		0.2133	12,971,711,641	174,945
2014	1.0400		0.2133	13,064,995,612	197,294
2015	1.0400		0.2133	13,678,153,355	379,317
2016	1.0400		0.3133	14,001,530,407	437,778
2017	1.0400		0.4200	15,362,186,673	668,854
2018	1.0400		0.4200	17,823,103,077	2,101,251
* 2019	1.0400		0.4200	19,701,949,552	-
					\$ 5,311,040

20 Current Year's Total Levy ***	31 Maintenance Total Collections	32 Debt Service Total Collections	40 Entire Year's Adjustments ****	50 Ending Balance 6/30/2019
\$ -	\$ 71,790	\$ 14,529	\$ (25,779)	\$ 930,757
	11,914	2,444	(2,335)	132,511
	15,510	3,181	(399)	140,452
	17,402	3,569	(1,019)	152,955
	32,900	4,072	6,084	166,406
	24,400	5,005	6,298	356,210
	28,194	8,493	5,916	407,007
	53,760	21,711	(84,528)	508,855
	391,132	154,957	(688,825)	866,337
<u>275,024,718</u>	<u>193,393,146</u>	<u>77,909,497</u>	<u>581,185</u>	<u>4,303,260</u>
<u>\$ 275,024,718</u>	<u>\$ 194,040,148</u>	<u>\$ 78,127,458</u>	<u>\$ (203,402)</u>	<u>\$ 7,964,750</u>
*****	<u>924,388</u>	<u>373,310</u>	<u>(46,863)</u>	<u>2,958,699</u>
	<u>\$ 194,964,536</u>	<u>\$ 78,500,768</u>	<u>\$ (250,265)</u>	<u>\$ 6,620,189</u>

* District changed the fiscal year end from August 31st to June 30th for fiscal year 2019.

** Net Assessed Values takes the DCAD July supplement value and adjusts for district calculated frozen ceilings and prorations.

*** Levy is net of all DCAD supplements for the year since values were certified by the Tax Office.

**** Adjustments include district calculated Ag rollbacks.

***** July 1, 2019 to August 31, 2019 activity after new fiscal year end pertaining to Tax Year 2018

GARLAND INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – DEBT SERVICE FUND
 FOR THE TEN MONTH PERIOD ENDED JUNE 30, 2019

Exhibit J-2

Data Control Codes	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 77,935,214	\$ 77,935,214	\$ 79,462,180	\$ 1,526,966
5800 State Program Revenues	7,405,082	7,405,082	6,364,903	(1,040,179)
5900 Federal Program Revenues	234,746	234,746	234,746	-
5020 Total Revenues	<u>85,575,042</u>	<u>85,575,042</u>	<u>86,061,829</u>	<u>486,787</u>
EXPENDITURES:				
Current:				
Debt Service:				
0071 Debt Service-Principal on Long Term Debt	41,850,090	41,850,090	41,850,090	-
0072 Debt Service-Interest on Long Term Debt	16,507,135	16,507,135	16,118,574	388,561
0073 Debt Service-Bond Issuance Cost and Fees	150,000	1,020,000	973,542	46,458
6030 Total Expenditures	<u>58,507,225</u>	<u>59,377,225</u>	<u>58,942,206</u>	<u>435,019</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	27,067,817	26,197,817	27,119,623	921,806
OTHER FINANCING SOURCES (USES):				
7901 Issuance of Refunding Bonds			14,525,000	
7916 Premium on Issuance of Bonds			984,675	
8940 Payment to Refunded Bond Escrow Agent			(15,314,836)	
7080 Total Other Financing Sources (Uses)			<u>194,839</u>	
1200 Net Change in Fund Balances			27,314,462	
0100 Fund Balance - September 1 (Beginning)	<u>22,925,084</u>	<u>22,925,084</u>	<u>22,925,084</u>	-
3000 Fund Balance - June 30 (Ending)	<u>\$ 49,992,901</u>	<u>\$ 49,122,901</u>	<u>\$ 50,239,546</u>	<u>\$ 921,806</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (UNAUDITED)
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	77-90
These schedules contain trend information to help the reader understand how the government's financial performance and wellbeing have changed over time.	
Revenue Capacity	91-94
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	95-97
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	98-100
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	101-111
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			
	2010	2011	2012	2013
Governmental net position				
Net investment in capital assets	\$ 119,473,529	\$ 135,714,399	\$ 150,416,165	\$ 157,656,333
Restricted				
Food Service	2,237,555	3,572,158	5,647,011	
Debt Service	4,692,604	5,944,130	5,852,827	5,689,844
Grant Funds			4,480,338	7,594,789
Construction				
Unrestricted	99,789,458	118,941,802	140,509,657	157,811,060
Total governmental net position	<u>226,193,146</u>	<u>264,172,489</u>	<u>306,905,998</u>	<u>328,752,026</u>
Business-type net position				
Net investment in capital assets	21,673	17,536	14,180	11,601
Unrestricted	<u>(138,885)</u>	<u>(129,759)</u>	<u>(127,504)</u>	<u>(126,232)</u>
Total Business-type net position	<u>(117,212)</u>	<u>(112,223)</u>	<u>(113,324)</u>	<u>(114,631)</u>
Total net position				
Net investment in capital assets	119,495,202	135,731,935	150,430,345	157,667,934
Restricted				
Food Service	2,237,555	3,572,158	5,647,011	
Debt Service	4,692,604	5,944,130	5,852,827	5,689,844
Grant Funds			4,480,338	10,133,840
Construction				
Unrestricted	99,650,573	118,812,043	140,382,153	155,145,777
Total net position	<u>\$ 226,075,934</u>	<u>\$ 264,060,266</u>	<u>\$ 306,792,674</u>	<u>\$ 328,637,395</u>

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

Notes:

*District changed the fiscal year end from August 31st to June 30th for fiscal year 2019.

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 162,891,590	\$ 173,975,555	\$ 186,102,148	\$ 230,598,662	\$ 291,998,041	\$ 339,849,519	
	2,753,549	4,543,133	6,624,529	10,265,688	13,250,762	
5,841,400	9,556,908	8,043,823	13,172,040	22,490,186	42,716,002	
9,155,138	3,926,659	11,563,497	17,492,426	14,140,160	1,728,391	
6,614,366						
163,033,042	104,414,137	90,509,434	88,318,803	(177,634,686)	(135,726,703)	
<u>347,535,536</u>	<u>294,626,808</u>	<u>300,762,035</u>	<u>356,206,460</u>	<u>161,259,389</u>	<u>261,817,971</u>	
9,023	6,445	-	-	-	-	
(130,792)	(6,661)	-	-	-	-	
<u>(121,769)</u>	<u>(216)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
162,900,613	173,982,000	186,102,148	230,598,662	291,998,041	339,849,519	
	2,753,549	4,543,133	6,624,529	10,265,688	13,250,762	
5,841,400	9,556,908	8,043,823	13,172,040	22,490,186	42,716,002	
9,155,138	3,926,659	11,563,497	17,492,426	14,140,160	1,728,391	
6,614,366						
162,902,250	104,407,476	90,509,434	88,318,803	(177,634,686)	(135,726,703)	
<u>\$ 347,413,767</u>	<u>\$ 294,626,592</u>	<u>\$ 300,762,035</u>	<u>\$ 356,206,460</u>	<u>\$ 161,259,389</u>	<u>\$ 261,817,971</u>	

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

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities				
Instruction	\$ 289,725,326	\$ 294,208,920	\$ 272,825,108	\$ 277,499,490
Instructional resource and media services	8,118,770	8,193,015	7,368,582	7,672,838
Curriculum and staff development services	7,146,831	8,581,755	8,514,256	10,248,468
Instructional leadership	10,062,924	9,757,848	8,365,560	8,659,257
School leadership	27,380,902	27,930,380	26,527,981	27,137,920
Guidance, counseling, and evaluation services	18,728,727	18,429,805	16,939,997	17,824,829
Social work services	929,902	929,097	894,164	942,133
Health services	5,619,695	5,654,397	5,329,439	5,446,268
Student transportation	10,499,734	10,811,955	10,643,267	11,379,383
Food Service	27,071,935	27,407,886	26,033,888	27,886,434
Cocurricular/Extracurricular activities	6,704,026	7,290,111	7,686,728	8,228,081
General administration	10,668,993	11,255,328	10,252,916	11,631,845
Facilities maintenance and operations	38,327,826	37,876,948	35,728,649	36,004,303
Security and monitoring services	3,847,937	3,803,372	3,667,174	3,812,056
Data processing services	16,879,163	13,777,228	21,287,235	14,343,551
Community services	5,614,407	5,289,947	3,086,571	2,540,248
Interest on long-term debt	16,555,683	15,378,492	691,607	14,113,757
Bond issuance cost and fees	419,457	437,694	229,464	23,786
Facilities repairs and maintenance	1,570,426	2,297,277	1,511,554	4,540,264
Payments to Fiscal Agent of Shared Services Arrangement		31,422	69,224	64,011
Payments to Juvenile Justice Alternative Education Programs	52,360	66,234	45,714	5,742
Intergovernmental Charges	698,644	700,543	658,438	664,700
Total governmental activities expenses	<u>506,623,668</u>	<u>510,109,654</u>	<u>468,357,516</u>	<u>490,669,364</u>
Business-type activities				
Concessions	287,235	258,978	247,054	261,762
Total business-type activities expenses	<u>287,235</u>	<u>258,978</u>	<u>247,054</u>	<u>261,762</u>
Total expenses	<u>\$ 506,910,903</u>	<u>\$ 510,368,632</u>	<u>\$ 468,604,570</u>	<u>\$ 490,931,126</u>
Program Revenues				
Governmental activities				
Charges for services				
Instruction	\$ 265,338	\$ 169,918	\$ 244,414	\$ 159,781
Curriculum and staff development			375	
Food service	9,803,316	9,220,579	9,011,473	8,939,886
Cocurricular/Extracurricular activities	4,667,101	4,900,323	5,096,626	5,410,308
Plant maintenance and operations	193,833	176,730	268,172	177,533
Security and monitoring services				
Community services				
Operating grants and contributions	105,829,524	132,960,615	91,587,206	80,546,373
Total governmental entities program revenue	<u>120,759,112</u>	<u>147,428,165</u>	<u>106,208,266</u>	<u>95,233,881</u>
Business-type activities				
Charges for services				
Concessions	222,740	263,967	245,953	260,455
Total governmental entities business-type revenue	<u>222,740</u>	<u>263,967</u>	<u>245,953</u>	<u>260,455</u>
Total program revenues	<u>\$ 120,981,852</u>	<u>\$ 147,692,132</u>	<u>\$ 106,454,219</u>	<u>\$ 95,494,336</u>
Net Expense				
Governmental activities	\$ (385,864,556)	\$ (362,681,489)	\$ (362,149,250)	\$ (395,435,483)
Business-type activities	(64,495)	4,989	(1,101)	(1,307)
Total net expenses	<u>\$ (385,929,051)</u>	<u>\$ (362,676,500)</u>	<u>\$ (362,150,351)</u>	<u>\$ (395,436,790)</u>

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

Notes:

*District changed the fiscal year end from August 31st to June 30th for fiscal year 2019.

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 293,173,717	\$ 302,936,954	\$ 326,193,632	\$ 319,232,860	\$ 207,916,878	\$ 328,115,753	
7,897,014	8,240,779	8,476,668	8,397,550	6,073,555	8,207,096	
11,848,699	13,966,276	15,289,822	15,833,458	12,133,420	16,034,427	
9,444,098	9,476,390	9,404,380	9,239,512	6,132,427	8,474,957	
28,022,164	29,359,186	31,430,176	31,663,652	21,293,586	30,139,683	
19,318,654	21,727,176	23,134,956	23,589,312	16,606,572	23,382,685	
1,339,419	1,253,128	1,057,374	800,029	595,506	871,175	
6,228,989	6,545,294	6,867,464	6,893,327	4,573,637	6,964,692	
12,966,006	13,717,097	15,154,555	15,456,729	14,983,937	15,440,622	
31,285,050	32,701,421	31,575,592	31,390,062	27,716,685	29,264,833	
8,556,794	9,077,240	10,327,317	9,046,761	12,441,464	13,093,002	
15,141,046	15,338,293	15,353,186	16,081,858	11,846,283	13,725,592	
38,454,227	39,578,630	40,912,661	38,997,523	37,334,029	42,209,307	
4,100,656	4,348,891	6,318,189	5,970,986	5,961,321	7,776,293	
15,490,524	24,346,683	40,659,486	21,610,633	13,282,338	19,561,761	
3,198,004	3,462,272	4,063,974	3,939,824	2,623,819	3,393,311	
11,926,352	13,571,186	18,083,049	22,221,597	22,796,188	18,848,982	
176,140	1,486,831	434,984	1,050,341	680,874	197,174	
5,364,055	1,605,080	1,984,797	19,131	929,320	131,639	
74,889	81,790	78,603	82,925	103,090	117,609	
4,824	10,716	30,168	25,536	15,996	10,944	
662,918	667,640	692,137	745,631	835,727	925,839	
<u>524,674,239</u>	<u>553,498,953</u>	<u>607,523,170</u>	<u>582,289,237</u>	<u>426,876,652</u>	<u>586,887,376</u>	
259,754	282,724	213	-	-	-	
<u>259,754</u>	<u>282,724</u>	<u>213</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>\$ 524,933,993</u>	<u>\$ 553,781,677</u>	<u>\$ 607,523,383</u>	<u>\$ 582,289,237</u>	<u>\$ 426,876,652</u>	<u>\$ 586,887,376</u>	
\$ 428,438	\$ 419,763	\$ 477,147	\$ 797,456	\$ 1,078,595	\$ 1,004,136	
9,276,095	9,272,764	7,729,332	7,194,211	7,105,515	5,907,159	
5,261,990	4,292,064	4,974,632	4,752,685	4,744,058	4,656,066	
151,719	184,070	209,727	329,971	152,110	145,580	
90,430,370	98,476,190	114,478,252	111,116,480	1,262,569		
<u>105,548,612</u>	<u>112,644,851</u>	<u>127,869,090</u>	<u>124,190,803</u>	<u>14,342,847</u>	<u>11,712,941</u>	
252,564	271,241	-	-	-	-	
<u>252,564</u>	<u>271,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>\$ 105,801,176</u>	<u>\$ 112,916,092</u>	<u>\$ 127,869,090</u>	<u>\$ 124,190,803</u>	<u>\$ 14,342,847</u>	<u>\$ 11,712,941</u>	
\$ (419,125,627)	\$ (440,854,102)	\$ (479,654,080)	\$ (458,098,434)	\$ (412,533,805)	\$ (575,174,435)	
(7,190)	(11,483)	(213)	-	-	-	
<u>\$ (419,132,817)</u>	<u>\$ (440,865,585)</u>	<u>\$ (479,654,293)</u>	<u>\$ (458,098,434)</u>	<u>\$ (412,533,805)</u>	<u>\$ (575,174,435)</u>	

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

	Fiscal Year			
	2010	2011	2012	2013
Net Expense				
Governmental activities	\$ (385,864,556)	\$ (362,681,489)	\$ (362,149,250)	\$ (395,435,483)
Business-type activities	(64,495)	4,989	(1,101)	(1,307)
Total net expenses	<u>\$ (385,929,051)</u>	<u>\$ (362,676,500)</u>	<u>\$ (362,150,351)</u>	<u>\$ (395,436,790)</u>
General Revenues				
Governmental activities				
Taxes				
Property taxes levied for general purposes	\$ 142,764,547	\$ 138,879,794	\$ 136,593,849	\$ 136,374,770
Property taxes levied for debt service	29,284,421	28,513,656	27,998,477	27,925,169
State Aid Formula Grants	220,388,265	224,600,836	233,715,404	254,240,046
Grants and contributions not restricted	3,365,788	5,192,762	4,482,295	268,714
Investment earnings	692,016	250,405	286,150	278,338
Miscellaneous	492,039	947,721	1,362,616	1,247,836
Transfers in (out) from business-type activities				
Special Items:				
Gain (Loss) on disposal of assets			(877,204)	272,557
Liquidation of Claims Liability (Note 10)			703,742	
Extraordinary Items:				
Insurance recoveries	-	2,275,658	617,430	78,284
Total governmental general revenues	<u>396,987,076</u>	<u>400,660,832</u>	<u>404,882,759</u>	<u>420,685,714</u>
Business-type activities				
Investment earnings				
Transfers in/(out) to governmental activities	-	-	-	-
Total business-type general revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government general revenues	<u>\$ 396,987,076</u>	<u>\$ 400,660,832</u>	<u>\$ 404,882,759</u>	<u>\$ 420,685,714</u>
Change in Net Position				
Governmental activities	\$ 11,122,520	\$ 37,979,343	\$ 42,733,509	\$ 25,250,231
Business-type activities	(64,495)	4,989	(1,101)	(1,307)
Total primary government	<u>\$ 11,058,025</u>	<u>\$ 37,984,332</u>	<u>\$ 42,732,408</u>	<u>\$ 25,248,924</u>

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

Notes:

*District changed the fiscal year end from August 31st to June 30th for fiscal year 2019.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ (419,125,627)	\$ (440,854,102)	\$ (479,654,080)	\$ (458,098,434)	\$ (412,533,805)	\$ (462,375,904)
(7,190)	(11,483)	(213)	-		
<u>\$ (419,132,817)</u>	<u>\$ (440,865,585)</u>	<u>\$ (479,654,293)</u>	<u>\$ (458,098,434)</u>	<u>\$ (412,533,805)</u>	<u>\$ (462,375,904)</u>
\$ 137,162,011	\$ 143,261,249	\$ 147,147,310	\$ 160,752,789	177,189,925	196,893,187
28,090,094	29,406,886	44,156,322	64,727,260	71,576,774	79,322,278
270,830,210	278,214,031	290,555,354	280,753,101	274,441,570	258,315,850
504,719	457,688	1,614,381	1,697,891	2,054,402	1,734,601
96,855	155,049	1,152,599	2,981,631	6,653,988	8,228,220
896,992	1,496,153	917,065	2,252,773	1,899,433	1,215,452
	(132,561)	(429)	-		
256,242	265,904	246,705	377,414	553,941	1,222,636
72,014					
<u>437,909,137</u>	<u>453,124,399</u>	<u>485,789,307</u>	<u>513,542,859</u>	<u>534,370,033</u>	<u>546,932,224</u>
52	475				
-	132,561	429	-		
52	133,036	429	-	-	-
<u>\$ 437,909,189</u>	<u>\$ 453,257,435</u>	<u>\$ 485,789,736</u>	<u>\$ 513,542,859</u>	<u>\$ 534,370,033</u>	<u>\$ 546,932,224</u>
\$ 18,783,510	\$ 12,270,297	\$ 6,135,227	\$ 55,444,425	\$ 121,836,228	\$ 84,556,320
(7,138)	121,553	216	-	-	-
<u>\$ 18,776,372</u>	<u>\$ 12,391,850</u>	<u>\$ 6,135,443</u>	<u>\$ 55,444,425</u>	<u>\$ 121,836,228</u>	<u>\$ 84,556,320</u>

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

	Fiscal Year
	2010
General Fund	
Reserved	\$ 2,096,956
Designated	9,963,746
Unreserved	79,992,042
Total general fund	\$ 92,052,744
All Other Governmental Funds	
Reserved	
Capital Projects fund	\$ 23,485,325
Other governmental funds	1,925,909
Debt Service Fund	4,730,024
Food Service	311,646
Unreserved	
Reported in Federal Special Revenue Fund	338,061
Reported in State Special Revenue Fund	253,868
Reported in Local Special Revenue Fund	9,923,244
Total all other governmental funds	\$ 40,968,077

Fund Balance Categories as Required by GASB Statement No. 54

	2011
General Fund	
Non-Spendable - Inventories	\$ 1,463,630
Non-Spendable - Prepaid Items	828,738
Committed - Capital Expenditures for Equipment	1,963,746
Committed - Self-Insurance	8,000,000
Assigned - Other	-
Unassigned	94,109,829
	\$ 106,365,943
All Other Governmental Funds	
Non-Spendable - Inventories	1,929,290
Non-Spendable - Prepaid Items	
Restricted - Grant Funds	7,652,679
Restricted - Capital Acquisitions and Contractual Obligations	79,399,452
Restricted - Retirement of Long-term Debt	4,532,676
Committed - Local Special Revenue Fund	2,308,830
Assigned - Construction and Capital Expenditures	10,085,494
	\$ 105,908,421

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

Notes:

- *Beginning with 2011, Fund Balance Categories are reported as required by GASB Statement No. 54.
- *District changed the fiscal year end from August 31st to June 30th for fiscal year 2019.

Fiscal Year

2012	2013	2014	2015	2016	2017	2018	2019
\$ 1,108,597	\$ 922,154	\$ 841,310	\$ 898,601	\$ 985,030	\$ 890,698	\$ 907,053	\$ 925,912
882,579	1,742,306	1,947,959	1,453,566	1,044,039	-	-	-
2,022,659							
8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
-	-	-	-	-	-	-	673,486
114,372,129	132,544,119	143,786,285	150,065,060	162,004,045	178,872,613	184,480,205	220,271,987
<u>\$ 126,385,964</u>	<u>\$ 143,208,579</u>	<u>\$ 154,575,554</u>	<u>\$ 160,417,227</u>	<u>\$ 172,033,114</u>	<u>\$ 187,763,311</u>	<u>\$ 193,387,258</u>	<u>\$ 229,871,385</u>
1,990,416	2,462,498	2,022,565	1,665,298	2,049,499	1,906,372	2,069,511	1,507,585
	76,553	877,145	1,775,222	1,655,335	-	-	
8,136,933	7,594,789	6,840,334	3,487,530	12,437,623	22,210,583	22,336,337	13,471,568
67,919,393	18,796,258	6,614,366	183,774,730	97,915,261	158,771,545	126,954,526	75,272,373
5,985,877	5,825,655	6,008,006	9,961,155	8,345,668	13,716,951	22,925,084	50,239,546
2,219,884	2,490,321	3,096,524	2,321,589	2,330,898	2,493,805	2,778,486	3,088,140
17,569,447	20,117,625	23,176,096	22,091,992	21,289,184	15,501,859	6,096,195	23,960,584
<u>\$ 103,821,950</u>	<u>\$ 57,363,699</u>	<u>\$ 48,635,036</u>	<u>\$ 225,077,516</u>	<u>\$ 146,023,468</u>	<u>\$ 214,601,115</u>	<u>\$ 183,160,139</u>	<u>\$ 167,539,796</u>

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

	Fiscal Year			
	2010	2011	2012	2013
Local sources:				
Property taxes	\$ 172,139,992	\$ 167,273,269	\$ 165,275,525	\$ 164,584,996
Earnings on Investments	707,159	258,505	286,945	281,502
Other local sources	15,980,072	15,987,134	17,196,383	16,155,364
Total local sources	<u>188,827,223</u>	<u>183,518,908</u>	<u>182,758,853</u>	<u>181,021,862</u>
State sources:				
Per Capita	5,823,420	17,945,835	\$ 13,688,849	\$ 25,588,455
Foundation School Program	214,724,391	206,655,001	220,026,555	228,651,591
On-behalf Payments	19,652,675	19,836,443	18,391,316	17,673,118
Other State Sources	15,958,239	22,808,914	16,285,452	11,739,565
Total state sources	<u>256,158,725</u>	<u>267,246,193</u>	<u>268,392,172</u>	<u>283,652,729</u>
Federal sources:	72,967,099	95,044,989	60,791,256	51,107,017
Total revenues	<u>\$ 517,953,047</u>	<u>\$ 545,810,090</u>	<u>\$ 511,942,281</u>	<u>\$ 515,781,608</u>

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

Notes:

*District changed the fiscal year end from August 31st to June 30th for fiscal year 2019.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 165,665,203	\$ 172,925,921	\$ 191,213,265	\$ 225,136,669	\$ 248,652,345	\$ 274,636,369
99,336	151,757	1,185,673	3,097,611	7,062,195	8,894,333
17,532,397	16,158,382	15,031,358	15,651,100	15,063,980	13,259,911
<u>183,296,936</u>	<u>189,236,060</u>	<u>207,430,296</u>	<u>243,885,380</u>	<u>270,778,520</u>	<u>296,790,613</u>
\$ 14,229,508	\$ 14,300,164	\$ 9,745,185	\$ 21,076,581	\$ 11,062,727	\$ 25,704,088
256,600,702	263,762,268	280,665,610	259,534,696	263,378,843	232,611,762
20,763,720	21,863,803	21,873,710	21,332,244	23,208,664	19,313,463
17,349,345	20,619,462	25,246,920	26,644,134	12,131,942	6,560,794
<u>308,943,275</u>	<u>320,545,697</u>	<u>337,531,425</u>	<u>328,587,655</u>	<u>309,782,176</u>	<u>284,190,107</u>
51,334,853	56,740,087	56,398,403	60,268,133	67,513,974	67,360,453
<u>\$ 543,575,064</u>	<u>\$ 566,521,844</u>	<u>\$ 601,360,124</u>	<u>\$ 632,741,168</u>	<u>\$ 648,074,670</u>	<u>\$ 648,341,173</u>

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

	Fiscal Year			
	2010	2011	2012	2013
Expenditures				
Governmental funds				
11 Instruction	\$ 277,736,342	\$ 286,385,667	\$ 265,783,902	\$ 264,641,540
12 Instructional resources and media services	7,550,087	7,606,662	6,907,353	7,200,650
13 Curriculum and staff development services	7,085,074	8,436,124	8,546,167	10,218,104
Total function 10	<u>292,371,503</u>	<u>302,428,453</u>	<u>281,237,422</u>	<u>282,060,294</u>
21 Instructional leadership	10,051,751	9,757,128	8,087,798	8,548,600
23 School leadership	26,802,850	27,214,873	26,327,408	26,963,180
Total function 20	<u>36,854,601</u>	<u>36,972,001</u>	<u>34,415,206</u>	<u>35,511,780</u>
31 Guidance, counseling, and evaluation services	18,443,795	18,188,436	16,815,753	17,725,446
32 Social work services	919,581	916,259	894,034	939,051
33 Health services	5,469,179	5,481,977	5,240,443	5,346,833
34 Student transportation	8,330,801	8,958,596	12,375,738	12,992,842
35 Food service	25,457,357	25,590,165	24,873,220	27,046,189
36 Extracurricular activities	5,722,934	6,194,537	6,643,953	7,128,827
Total function 30	<u>64,343,647</u>	<u>65,329,970</u>	<u>66,843,141</u>	<u>71,179,188</u>
41 General administration	10,088,727	10,143,293	9,994,137	10,799,316
Total function 40	<u>10,088,727</u>	<u>10,143,293</u>	<u>9,994,137</u>	<u>10,799,316</u>
51 Facilities maintenance and operations	36,352,005	35,809,238	34,621,542	34,104,435
52 Security and monitoring services	3,557,014	3,551,656	3,459,277	3,571,740
53 Data processing services	16,369,064	18,896,247	21,004,438	11,129,867
Total function 50	<u>56,278,083</u>	<u>58,257,141</u>	<u>59,085,257</u>	<u>48,806,042</u>
61 Community service	4,680,266	4,366,739	2,229,787	1,663,945
Total function 60	<u>4,680,266</u>	<u>4,366,739</u>	<u>2,229,787</u>	<u>1,663,945</u>
71 Debt service				
Principal on long-term debt	20,565,000	21,745,000	22,555,971	26,329,896
Interest on long-term debt	16,383,178	15,536,957	15,008,901	16,053,653
Bond issuance costs and fees	419,457	1,164,685	2,098,437	23,786
Total function 70	<u>37,367,635</u>	<u>38,446,642</u>	<u>39,663,309</u>	<u>42,407,335</u>
81 Facilities acquisition/construction	11,013,287	8,513,304	14,061,387	52,662,091
Total function 80	<u>11,013,287</u>	<u>8,513,304</u>	<u>14,061,387</u>	<u>52,662,091</u>
93 Payments related to Shared Services Arrangements		31,423	69,224	64,011
95 Payments to Juvenile Justice Alternative	52,360	66,234	45,714	5,742
99 Other Intergovernmental Charges	698,644	700,543	658,438	664,700
Total function 90	<u>751,004</u>	<u>798,200</u>	<u>773,376</u>	<u>734,453</u>
Total expenditures	<u>\$ 513,748,753</u>	<u>\$ 525,255,743</u>	<u>\$ 508,303,022</u>	<u>\$ 545,824,444</u>
Debt service as a percentage of noncapital expenditures	7.4%	7.4%	7.8%	8.6%

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

Notes:

*District changed the fiscal year end from August 31st to June 30th for fiscal year 2019.

		Fiscal Year									
		2014	2015	2016	2017	2018	2019				
\$	278,396,221	\$	292,682,387	\$	295,875,044	\$	296,735,311	\$	311,197,039	\$	289,498,629
	7,414,899		7,635,828		7,976,025		7,715,713		7,823,749		7,217,229
	11,821,331		14,150,661		14,955,504		15,302,908		17,104,803		14,656,530
	297,632,451		314,468,876		318,806,573		319,753,932		336,125,591		311,372,388
	9,136,533		9,267,235		8,909,833		8,745,559		9,233,263		7,525,112
	27,735,396		29,106,054		30,227,932		30,381,505		31,796,289		27,282,621
	36,871,929		38,373,289		39,137,765		39,127,064		41,029,552		34,807,733
	19,203,404		21,512,159		22,461,110		22,844,915		24,485,165		21,300,563
	1,346,199		1,338,547		1,045,330		791,786		745,589		830,424
	6,132,616		6,389,549		6,618,661		6,603,999		6,981,160		6,280,318
	14,052,926		15,163,237		16,638,683		16,363,472		17,567,596		12,804,688
	30,293,793		31,790,346		29,920,357		29,606,960		29,549,801		27,001,019
	8,007,892		7,795,306		9,052,990		8,518,724		11,429,637		10,809,099
	79,036,830		83,989,144		85,737,131		84,729,856		90,758,948		79,026,111
	14,962,000		15,054,618		14,799,780		15,414,043		15,222,824		12,657,677
	14,962,000		15,054,618		14,799,780		15,414,043		15,222,824		12,657,677
	37,405,228		37,643,590		38,407,218		38,255,742		40,824,190		32,985,083
	3,821,316		4,072,994		6,123,148		5,720,961		9,668,579		7,706,790
	12,235,673		21,405,047		48,340,584		19,626,462		24,237,927		18,426,974
	53,462,217		63,121,631		92,870,950		63,603,165		74,730,696		59,118,847
	2,302,771		2,695,992		3,059,647		2,923,205		2,653,384		2,419,362
	2,302,771		2,695,992		3,059,647		2,923,205		2,653,384		2,419,362
	25,368,218		25,765,010		38,298,252		48,531,442		47,726,335		41,850,089
	14,637,796		15,807,117		20,492,629		25,536,628		26,651,612		16,118,574
	176,140		1,486,831		434,984		1,050,341		680,874		973,543
	40,182,154		43,058,958		59,225,865		75,118,411		75,058,821		58,942,206
	15,407,928		20,168,396		54,519,046		118,361,627		127,989,717		69,907,342
	15,407,928		20,168,396		54,519,046		118,361,627		127,989,717		69,907,342
	74,889		81,790		78,603		82,925		103,090		117,609
	4,824		10,716		30,168		25,536		15,996		10,944
	662,918		667,640		692,137		745,631		835,727		925,839
	742,631		760,146		800,908		854,092		954,813		1,054,392
\$	540,600,911	\$	581,691,050	\$	668,957,665	\$	719,885,395	\$	764,524,346	\$	629,306,059
	7.6%		7.4%		8.9%		12.5%		12.1%		10.4%

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

	Fiscal Year			
	2010	2011	2012	2013
Excess of revenues over (under) expenditures	\$ 4,204,294	\$ 20,554,347	\$ 3,639,259	\$ (30,042,836)
Other Financing Sources (Uses)				
Capital related debt issued (Bonds)		71,460,000	12,485,000	
Refunding Bonds Issued			177,560,213	
Sale of real or personal property	52,200	71,984	186,936	271,558
Non-Current Loan Proceeds				
Transfers in	3,887,810	1,767	10,939,244	9,990,338
Premium or Discount on Issuance of Bonds		7,289,674	31,307,398	
Prepaid Interest		238,982		
Other Resources			41,262	103,005
Insurance Recovery			7,956	42,299
Transfers out	(6,887,810)	(10,001,767)	(10,009,462)	(10,000,000)
Payments to refunded bond escrow agents	-	(12,637,102)	(208,224,256)	-
Total other financing sources (uses)	<u>(2,947,800)</u>	<u>56,423,538</u>	<u>14,294,291</u>	<u>407,200</u>
Extraordinary Item - Insurance Recovery		2,275,658		
Net change in fund balances	<u>\$ 1,256,494</u>	<u>\$ 79,253,543</u>	<u>\$ 17,933,550</u>	<u>\$ (29,635,636)</u>

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

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 2,974,153	\$ (15,169,206)	\$ (67,597,541)	\$ (87,144,227)	\$ (116,449,676)	\$ 19,035,117	
	193,320,000	40,560,000	150,250,000	78,565,000	14,525,000	
26,725,000						
247,181	265,904	371,262	377,414	551,166	1,229,284	
12,000,000	12,880,477	9,305,830	10,978,893	13,600,000	37,284,586	
1,574,982	16,754,162	6,405,364	20,810,175	11,539,604	984,675	
-		21,799	14,483	-	404,544	
37,855						
(12,000,000)	(13,000,000)	(9,243,249)	(10,978,894)	(13,623,123)	(37,284,586)	
(28,920,859)	(12,767,184)	(47,261,626)	-	-	(15,314,836)	
(335,841)	197,453,359	159,380	171,452,071	90,632,647	1,828,667	
\$ 2,638,312	\$ 182,284,153	\$ (67,438,161)	\$ 84,307,844	\$ (25,817,029)	\$ 20,863,784	

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		
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
2016	4,912,097,630	10,770,670,000	1,973,566,770	3,654,803,993	14,001,530,407	1.3533
2017	5,237,181,850	12,432,249,640	2,241,206,040	4,548,450,857	15,362,186,673	1.4600
2018	5,555,397,220	13,884,449,680	2,402,031,290	4,018,775,113	17,823,103,077	1.4600
2019	6,099,742,420	15,822,057,720	2,434,599,740	4,654,450,328	19,701,949,552	1.4600

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 \$100 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
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
2016	1.0400	0.3133	1.3533	0.7046	0.6628	0.7872	0.7573	0.7970	0.6400
2017	1.0400	0.4200	1.4600	0.7046	0.6547	0.7872	0.7573	0.7825	0.6870
2018	1.0400	0.4200	1.4600	0.7046	0.6567	0.7772	0.7473	0.7804	0.6870
2019	1.0400	0.4200	1.4600	0.7046	0.6565	0.7572	0.7200	0.7767	0.7340

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	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Kraft Foods/ U S Foods	\$ 165,688,416	1	0.84%	\$ 71,609,557	5	0.52%
Ragingwire	130,827,590	2	0.66%			
Walmart/Sams	112,427,450	3	0.57%	133,314,080	1	0.98%
Simon Property Group	108,290,070	4	0.55%	122,621,170	2	0.90%
Landmark at Lakeways	89,250,590	5	0.45%			
Western Rim Investors	89,136,030	6	0.45%			
HC Harmony Hill	75,877,480	7	0.39%			
Oncor	75,821,640	8	0.38%	64,120,730	7	0.47%
WRIA	75,293,890	9	0.38%			
WRPV XII Firewheel	71,485,000	10	0.36%			
Verizon/G.T.E.				81,096,620	3	0.59%
Atlas Copco Drilling				80,921,790	4	0.59%
Plastipak Packaging				69,702,298	6	0.51%
Westdale Properties				52,906,510	8	0.39%
Engineered Polymer				41,703,010	9	0.31%
Sears Roebuck Co.				39,967,715	10	0.29%
Interceramic						
Total	<u>\$ 994,098,156</u>		<u>4.67%</u>	<u>\$ 757,963,480</u>		<u>5.55%</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)
2010	171,104,820	168,743,825	98.62%	1,288,719	170,032,544	99.37%
2011	167,516,533	164,067,348	97.94%	1,571,869	165,639,217	98.88%
2012	164,001,382	162,314,401	98.97%	1,402,139	163,716,540	99.83%
2013	162,574,462	161,649,499	99.43%	1,075,710	162,725,209	100.09%
2014	163,743,590	163,150,757	99.64%	901,447	164,052,204	100.19%
2015	171,428,296	170,432,734	99.42%	1,061,641	171,494,375	100.04%
2016	189,482,711	188,970,074	99.73%	1,095,823	190,065,897	100.31%
2017	224,287,930	222,388,900	99.15%	1,050,254	223,439,154	99.62%
2018	247,692,044	245,609,092	99.16%	546,089	246,155,181	99.38%
2019	275,024,718	271,302,643	98.65%	-	271,302,643	98.65%

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 are 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 Capita
	General Obligation Bonds (2)	Notes Payable	Capital Lease			
2010	399,969,726	3,070,000		\$ 403,039,726	2.95%	1,457
2011	443,730,948	2,600,000		\$ 446,330,948	3.34%	1,606
2012	439,956,861	2,115,000	988,183	\$ 443,060,044	3.39%	1,589
2013	409,444,042		1,712,643	\$ 411,156,685	3.17%	1,455
2014	379,927,635		1,432,602	\$ 381,360,237	2.92%	1,329
2015	545,521,903		1,055,034	\$ 546,576,937	4.00%	1,898
2016	504,535,143		3,636,975	\$ 508,172,118	3.63%	1,741
2017	620,993,611		2,936,191	\$ 623,929,802	4.06%	2,077
2018	657,001,234		2,217,326	\$ 659,218,560	3.70%	2,179
2019	606,644,756		1,604,125	\$ 608,248,881	3.09%	1,982

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
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
AS OF JUNE 30, 2019 (UNAUDITED)

Exhibit S-13

Fiscal Year Ended	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2010	399,969,726	4,692,604	395,277,122	2.90%	1,429
2011	443,730,948	5,944,130	437,786,818	3.28%	1,576
2012	439,956,861	5,852,827	434,104,034	3.32%	1,557
2013	409,444,042	5,689,844	403,754,198	3.11%	1,429
2014	379,927,635	5,841,400	374,086,235	2.86%	1,303
2015	545,521,903	9,556,908	535,964,995	3.92%	1,861
2016	504,535,143	8,043,823	496,491,320	3.55%	1,701
2017	620,993,611	13,172,040	607,821,571	3.96%	2,024
2018	657,001,234	22,490,186	634,511,048	3.56%	2,097
2019	606,644,756	50,239,546	556,405,210	2.82%	1,813

Source:

- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums
- (2) This is the amount restricted for debt service principal payments
- (3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on page 93 for property value data
- (4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 100

Notes:

*District changed the fiscal year end from August 31st to June 30th for fiscal year 2019.

GARLAND INDEPENDENT SCHOOL DISTRICT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 LAST TEN FISCAL YEARS (UNAUDITED)

Exhibit S-14

<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	\$ 606,644,756	100.00%	\$ 606,644,756
Capital Leases	<u>1,604,125</u>	100.00%	<u>1,604,125</u>
Total Direct Debt	608,248,881		608,248,881
Overlapping:			
City of Garland	422,910,000	90.01%	380,661,291
City of Rowlett	100,555,000	84.72%	85,190,196
City of Sachse	53,415,000	58.47%	31,231,751
City of Dallas	2,060,812,115	0.29%	5,976,355
City of Mesquite	181,125,000	0.08%	144,900
City of Richardson	324,065,000	0.05%	162,033
City of Wylie	83,575,000	1.03%	860,823
Dallas County	151,495,000	7.63%	11,559,069
Dallas County Community College District	182,800,000	7.63%	13,947,640
Dallas County Hospital District	671,290,000	7.63%	51,219,427
Dallas County Schools	<u>36,801,240</u>	7.63%	<u>2,807,935</u>
Total Overlapping Debt	<u>4,268,843,355</u>		<u>583,761,420</u>
Total Direct and Overlapping Debt	<u>\$ 4,877,092,236</u>		<u>\$ 1,192,010,301</u>
Taxable Assessed Valuation			19,701,949,552
Ratio of Direct and Overlapping Debt to taxable assessed valuation			6.05%
Direct and Overlapping Debt per Capita			\$ 4,357.27

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-15

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 2019 is \$0.4200 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-16

Period Ending	Estimated Population	Personal Income (hundreds of dollars)	Per Capita Personal Income (dollars)	Unemployment Rate
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%
2016	291,956	(1)	(1)	3.9%
2017	300,347	(1)	(1)	3.1%
2018	302,602	(1)	(1)	3.2%
2019	306,932	(1)	(1)	3.3%

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 NINE YEARS AGO (UNAUDITED)

Exhibit S-17

Employer	2019			2010		
	Employees	Rank	Percentage of Employment	Employees	Rank	Percentage of Employment
Garland ISD	8,872	1	56.69%	7,200	1	38.46%
City of Garland	2,000	2	12.78%	2,500	3	13.36%
Kraft Foods	796	3	5.09%			
Baylor Scott & White Medical Center	784	4	5.01%			
Sherwin Williams / Valspar	530	5	3.39%	500	9	2.67%
US Food Service	520	6	3.32%			
Walmart	787	7	5.03%			
City of Rowlett	475	8	3.04%			
Epiroc Drilling Solutions	460	9	2.94%			
Anderson Windows	425	10	2.72%			
Raytheon				3,500	2	18.70%
Wal-Mart Super Centers				1,250	4	6.68%
Baylor Medical Center Garland				1,200	5	6.41%
International/SST Truck				800	6	4.27%
Lake Pointe Medical Center				800	7	4.27%
Kingsley Tools				550	8	2.94%
Atlas Copco				420	10	2.24%
Total	<u>15,649</u>		<u>100.00%</u>	<u>18,720</u>		<u>100.00%</u>

Source: Garland Chamber of Commerce

Notes:

- * Data not available prior to 2008
- * Total employment for all employers within the District is not available

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

	Full Time Equivalent Employees			
	2010	2011	2012	2013
Teachers	3,720.4	3,710.9	3,651.1	3,636.9
Professional Support				
Athletic Trainer	8.6	2.0	3.8	5.1
Audiologist	3.0	3.0	3.0	2.0
Campus Professional Personnel	25.4	32.0	29.5	26.9
Corrective Therapist	-	-	-	-
Counselor	133.0	136.0	129.3	130.8
Department Head	-	-	-	-
Educational Diagnostician	61.5	54.7	57.6	58.2
Librarian	80.0	79.0	76.0	76.0
LSSP/Psychologist	8.0	8.0	8.0	8.0
Musical Therapist	-	-	-	-
Non-Campus Professional Personnel	149.3	156.1	158.5	148.4
Occupational Therapist	12.6	11.4	9.0	10.0
Orientation/Mobility Instructor	2.0	2.0	-	2.0
Physical Therapist	7.0	6.0	4.9	5.8
Psychological Associate	-	-	-	-
School Nurse	79.4	79.0	76.4	75.0
Social Worker	19.3	20.8	12.8	8.0
Speech Therapist/Speech-Language Pathologist	56.9	54.2	50.3	50.4
Teacher Facilitator	90.0	110.4	131.7	120.6
Visiting Teacher	5.0	5.0	4.0	4.0
Work-Based Learning Site Coordinator	10.1	6.0	7.3	8.4
Total Professional Support	<u>751.1</u>	<u>765.6</u>	<u>762.1</u>	<u>739.6</u>
Campus Administration				
Assistant Principal	114.0	113.0	107.0	106.0
Principal	72.0	73.0	72.0	71.0
Teacher Supervisor	4.1	-	-	-
Registrar	8.0	8.0	10.0	10.0
Total Campus Administration	<u>198.1</u>	<u>194.0</u>	<u>189.0</u>	<u>187.0</u>
Central Administration				
Assistant/Assoc/Deputy Superintendent	4.5	4.5	4.5	4.5
Instructional Officer	-	-	-	-
District Instructional Program Director	17.0	17.0	15.0	16.0
Superintendent	1.0	1.0	1.0	1.0
Teacher Supervisor	41.3	29.5	28.5	28.4
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	1.0
Director of Personnel/HR	4.0	4.0	4.0	-
Total Central Administration	<u>71.8</u>	<u>60.0</u>	<u>57.0</u>	<u>53.9</u>
Educational Aides	455.5	432.1	461.8	454.8
Auxiliary Staff	2,197.4	2,182.5	2,116.8	2,099.8
Total All Full Time Equivalent Employees	<u><u>7,394.3</u></u>	<u><u>7,345.1</u></u>	<u><u>7,237.8</u></u>	<u><u>7,172.0</u></u>

Source: District records for the fall PEIMS submission

Full Time Equivalent Employees					
2014	2015	2016	2017	2018	2019
3,646.8	3,679.1	3,664.0	3,648.3	3,643.9	3,668.2
4.8	6.7	8.2	7.2	9.1	7.5
2.0	2.0	2.0	2.0	2.0	2.0
31.3	27.2	26.0	24.6	28.7	32.0
-	-	-	-	-	-
134.6	140.2	139.3	140.6	144.5	144.5
12.7	-	-	-	1.0	-
56.6	57.8	56.8	54.2	56.8	56.8
75.0	72.9	74.8	69.0	74.9	76.0
8.0	9.0	9.0	9.0	8.9	9.0
1.0	0.7	1.0	1.0	1.0	1.0
173.3	183.5	197.5	207.1	209.2	212.0
10.0	10.0	10.0	10.0	10.0	11.0
2.0	0.9	2.0	2.0	2.0	2.4
6.0	6.0	6.0	6.0	6.0	6.0
-	-	-	-	-	-
82.0	82.0	85.0	84.0	84.2	85.0
7.0	6.0	7.0	7.0	7.0	7.0
52.5	54.6	56.1	56.1	55.2	56.0
107.2	107.4	117.3	127.1	136.1	141.7
4.0	4.0	3.0	2.0	1.0	1.0
4.3	-	-	-	-	-
<u>774.3</u>	<u>770.9</u>	<u>801.0</u>	<u>808.9</u>	<u>837.7</u>	<u>850.9</u>
108.9	106.8	116.0	112.9	117.3	117.6
71.0	71.0	70.1	71.2	73.0	72.8
0.1	-	-	-	-	-
2.0	2.0	2.0	2.0	-	-
<u>182.0</u>	<u>179.8</u>	<u>188.1</u>	<u>186.1</u>	<u>190.3</u>	<u>190.4</u>
5.5	5.5	5.0	3.0	2.0	3.0
-	-	-	-	-	-
19.0	16.0	16.0	13.0	16.0	14.0
1.0	1.0	1.0	3.0	2.0	3.0
27.5	27.5	26.8	22.5	22.0	22.0
2.0	2.0	2.0	1.0	1.0	-
1.0	1.0	1.0	-	0.5	1.0
1.0	1.0	1.0	1.0	1.0	1.0
4.0	4.0	4.0	2.9	4.0	3.0
<u>61.0</u>	<u>58.0</u>	<u>56.8</u>	<u>46.4</u>	<u>48.5</u>	<u>47.0</u>
516.7	547.2	538.1	552.4	554.4	571.8
2,126.8	2,183.4	2,044.7	1,997.7	1,935.8	1,977.9
<u>7,307.6</u>	<u>7,418.4</u>	<u>7,292.7</u>	<u>7,239.8</u>	<u>7,210.6</u>	<u>7,306.2</u>

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

Exhibit S-19

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil- Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
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%
2016	57,517	448,433,858	7,797	3.63%	3,664	15.7	65.6%
2017	57,029	448,968,306	7,873	0.12%	3,648	15.6	63.8%
2018	56,471	473,451,617	8,384	5.45%	3,644	15.5	60.6%
2019	55,987	421,055,162	7,521	-11.07%	3,668	15.3	64.8%

Source: District records

Notes:

*District changed the fiscal year end from August 31st to June 30th for fiscal year 2019.

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

Exhibit S-20

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Teachers By Highest Degree Held										
No Degree	1.0%	0.2%	0.2%	0.2%	0.5%	0.4%	0.4%	0.4%	0.6%	0.8%
Bachelors	72.7%	72.1%	71.4%	70.8%	69.8%	69.4%	69.5%	69.2%	68.9%	67.6%
Masters	26.1%	26.7%	27.5%	28.1%	28.8%	29.3%	29.3%	29.4%	29.4%	30.6%
Doctorate	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.8%	1.1%	1.1%	1.1%
Teachers By Years of Experience										
Beginning Teachers	3.1%	3.8%	3.4%	4.9%	5.3%	4.5%	5.3%	4.9%	5.1%	4.5%
1 - 5 Years of Experience	33.6%	30.2%	27.5%	23.8%	22.9%	25.0%	27.2%	28.3%	29.6%	29.2%
6 - 10 Years of Experience	23.3%	24.8%	26.7%	27.7%	27.9%	25.9%	23.1%	21.4%	20.1%	19.9%
11 - 20 Years of Experience	23.1%	24.7%	26.9%	28.2%	28.8%	29.8%	30.2%	30.7%	31.4%	32.3%
Over 20 Years of Experience	16.9%	16.4%	15.4%	15.4%	15.0%	14.8%	14.2%	14.7%	13.8%	14.2%
Average Salaries by Experience										
Beginning Teachers	\$47,308	\$46,839	\$46,605	\$46,462	\$48,899	\$50,150	\$50,862	\$52,334	\$52,304	\$54,248
1 - 5 Years of Experience	47,319	47,493	47,313	\$48,038	\$49,232	\$50,565	\$52,115	\$53,263	\$54,149	\$54,851
6 - 10 Years of Experience	48,585	48,801	48,607	\$49,331	\$50,572	\$51,730	\$53,299	\$54,415	\$55,548	\$56,337
11 - 20 Years of Experience	50,858	50,914	50,562	\$51,190	\$52,332	\$53,729	\$55,083	\$56,124	\$57,223	\$58,241
Over 20 Years of Experience	59,806	59,899	59,237	\$59,546	\$59,925	\$61,323	\$61,984	\$62,358	\$63,055	\$63,806
Student Teacher Ratio	15.6	15.6	15.9	16.0	15.8	15.6	15.7	15.6	15.5	15.3

Source: District records for the fall PEIMS submission

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

Exhibit S-21

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Schools:										
Elementary										
Buildings	47	47	47	47	47	47	47	47	47	47
Enrollment	26,395	26,330	26,471	26,364	26,351	26,135	25,971	25,579	24,246	23,606
Middle										
Buildings	12	12	12	12	12	12	12	12	12	12
Enrollment	12,742	12,842	12,789	12,871	12,715	12,754	12,595	12,757	12,663	12,830
High										
Buildings	7	7	7	7	7	7	7	9	9	9
Enrollment	16,441	17,123	16,863	17,198	16,993	17,091	17,470	17,474	17,439	17,324
Pre-K										
Buildings	2	2	2	2	2	2	2	2	2	2
Enrollment	1,427	1,395	1,453	1,467	1,217	1,098	1,132	1,086	1,924	1,950
Other										
Buildings	3	3	3	3	3	3	3	2	2	2
Enrollment	637	143	575	449	340	358	349	133	199	277
Student Services										
Buildings:										
Enrollment Center	1	1	1	1	1	1	1	1	1	1
Transportation	1	1	1	1	1	1	1	1	1	1
Infant Center	1	1	1	1	1	1	1	1	1	1
Other										
Buildings:										
Administration	1	1	1	1	1	1	1	1	1	1
Tax Office	1	1	1	1	1	1	1	1	1	1
Technology	1	1	1	1	1	1	1	1	1	1
Professional Development Center	1	1	1	1	1	1	1	1	1	1
Curtis Culwell Center	1	1	1	1	1	1	1	1	1	1
Facility Services	1	1	1	1	1	1	1	1	1	1
Agriculture Training Center	1	1	1	1	1	1	1	1	1	1
Athletics										
Stadiums (includes Athletic Office)	2	2	2	2	2	2	2	2	2	2
Running Tracks	7	7	7	7	7	7	7	7	7	7
Tennis Courts	7	7	7	7	7	7	7	7	7	7
Softball Fields	7	7	7	7	7	7	7	7	7	7
Baseball Fields	7	7	7	7	7	7	7	7	7	7

Source: District records

Federal Awards Section

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REPORT OF INDEPENDENT AUDITORS 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, each major fund, and the aggregate remaining fund information of Garland Independent School District's (the "District") as of and for the ten months ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2019.

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.

To the Board of Trustees
Garland Independent School District

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 that is 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
November 15, 2019

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE *UNIFORM GUIDANCE***

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 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the ten months ended June 30, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

To the Board of Trustees
Garland Independent School District

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the ten months ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Whitley Penn LLP

Dallas, Texas
November 15, 2019

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TEN MONTH PERIOD ENDED JUNE 30, 2019

Exhibit K-1

(1)	(2)	(3)	TOTAL
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OF CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
US Department of Education			
Passed Through Education Service Center Region 20			
Evaluation Capacity Grant *	84.027A	2265431910039	40,000
Total Passed Through Education Service Center Region 20			<u>40,000</u>
Passed Through State Department of Education			
Texas Education for Homeless Children & Youth			
Total CFDA Number 84.196A	84.196A	194600057110032	78,034
			<u>78,034</u>
ESEA Title I Part A - Improving Basic Programs	84.010A	18610101057909	(4,452)
ESEA Title I Part A - Improving Basic Programs	84.010A	19610101057909	11,622,584
ESEA Title I - School Improvement	84.010A	19610141057909	115,698
School Transformation Fund - Implementation	84.377A	176107337110012	44
Total Title I Part A			<u>11,733,874</u>
IDEA - Part B, Formula *	84.027A	186600010579096600	616,323
IDEA - Part B, Formula *	84.027A	196600010579096600	9,052,749
IDEA - Part B, Preschool *	84.173A	186610010579096610	8,192
IDEA - Part B, Preschool *	84.173A	196610010579096610	146,482
Total IDEA			<u>9,823,746</u>
Vocation Education - Basic Grant	84.048A	19420006057909	682,155
Total CFDA Number 84.048A			<u>682,155</u>
ESEA Title III, Part A, ELA	84.365A	18671001057909	14,312
ESEA Title III, Part A, ELA	84.365A	19671001057909	1,213,091
ESEA Title III, Part A, Immigrant	84.365A	19671003057909	72,377
Total CFDA Number 84.365A			<u>1,299,780</u>
ESEA Title II, Part A, Supporting Effective Instruction	84.367A	18694501057909	8,590
ESEA Title II, Part A, Supporting Effective Instruction	84.367A	19694501057909	1,176,155
Total CFDA Number 84.367A			<u>1,184,745</u>
ESEA Title IV, Part A, Subpart 1 **	84.424A	19680101057909	972,122
Total CFDA Number 84.424A			<u>972,122</u>
Summer School LEP	84.369A	69551802	58,826
Total Passed Through State Department of Education			<u>25,833,282</u>
			<u>25,873,282</u>
Total US Department of Education			
US Department of Health & Human Services			
Passed Through State Dept of Health and Human Services Commission			
Medical Assistance Program	93.778	529-07-0157-00128	251,920
Total Passed Through State Dept of Health and Human Services Commission			<u>251,920</u>
Total US Department of Health and Human Services			<u>251,920</u>
US Department of Agriculture			
Child Nutrition Cluster			
Passed Through State Department of Education			
School Breakfast Program - Cash Assistance	10.553	71401901	5,297,522
National School Lunch Program - Cash Assistance	10.555	71301901	16,643,590
Total Passed Through State Department of Education			<u>21,941,112</u>
Passed Through State Department of Agriculture			
USDA Donated Commodities - Non-Cash Assistance	10.555	00279	1,776,915
Summer Food Service Program - Cash Assistance	10.559	00279	203,360
Total Passed Through State Department of Agriculture			<u>1,980,275</u>
Total Child Nutrition Cluster			<u>23,921,387</u>
Child and Adult Care Food Program - Cash Assistance	10.558	00279	338,247
Total US Department of Agriculture			<u>24,259,634</u>
Total Expenditures of Federal Awards			<u>\$ 50,384,836</u>

* Total Special Education Cluster \$9,863,746

** Total Title IV, Part A funds Transferred to Title I Part A

See Notes to Schedule of Expenditures of Federal Awards

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
TEN MONTH PERIOD ENDED JUNE 30,2019

Note 1. Fund Types

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

Special Revenue Fund – 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 Fund, 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. The District has not elected to use the 10 percent de-minimis indirect cost rate.

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 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 June 30, 2019, 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. Title I, Part A Transferability

As described in the U.S. Department of Education Cross-Cutting Section (CFDA 84.000), sections III.A.3 *Activities Allowed or Unallowed - Transferability (SEAs and LEAs)* and IV.3 *Other Information - Transferability* of the 2019 OMB Compliance Supplement, expenditures of funds should be included in the audit universe and total expenditures of the receiving program. For fiscal year 2019, the District transferred Title IV, Part A (CFDA 84.424) expenditures to its Title I, Part A (CFDA 84.010A) program as submitted to the Texas Education Agency in its consolidated application and as denoted on the Schedule of Expenditures of Federal Awards. As such, Title IV, Part A (CFDA 84.424) expenditures were included as part of Title I, Part A (CFDA 84.010).

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
TEN MONTH PERIOD ENDED JUNE 30,2019

Note 6. 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	\$ 50,384,836
School Health and Related Services (SHARS)	10,810,902
E-Rate	5,929,969
Qualified School Construction Bonds Interest Subsidy	234,746
Federal Revenues Reported on Exhibit C-2	<u><u>\$ 67,360,453</u></u>

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Ten Months Ended June 30, 2019

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 2 CFR 200.516(a) of the Uniform Guidance?	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Numbers
<i>ESEA Title I Part A – Improving Basic Programs *</i>	84.010A
<i>ESEA Title III Part A – English Language Acquisition State Grants</i>	84.365A
Special Education Cluster:	
<i>IDEA Part B Formula</i>	84.027A
<i>IDEA Part B Preschool</i>	84.173A
<i>Evaluation Capacity Grant</i>	84.027A
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$1,511,545
Auditee qualified as low-risk auditee?	Yes

**Including funding transferability from Title IV Part A CFDA no. 84.424A to Title I Part A CFDA no. 84.010A*

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Ten Months Ended June 30, 2019

II. Financial Statement Findings

None reported

III. Federal Awards Findings and Questioned Costs

None reported.

GARLAND INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Ten Months Ended June 30, 2019

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, “The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings.” The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit’s schedule of findings and questioned costs and
- All audit findings reported in the prior audit’s summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

No prior year findings reported.

GARLAND INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Ten Months Ended June 30, 2019

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, “At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports.”

I. Corrective Action Plan

Not applicable