

GARLAND INDEPENDENT SCHOOL DISTRICT
GARLAND, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
AUGUST 31, 2018

Prepared by:
The Department of
Business Operations

GARLAND INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2018
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Introductory Section

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CERTIFICATE OF THE BOARD

Garland Independent School District
Name of School District

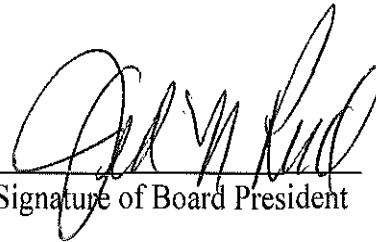
Dallas
County

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

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2018, at a meeting of the Board of Trustees of such school district on the 22 day of January, 2019.



Signature of Board Secretary



Signature of Board President

BOARD OF TRUSTEES

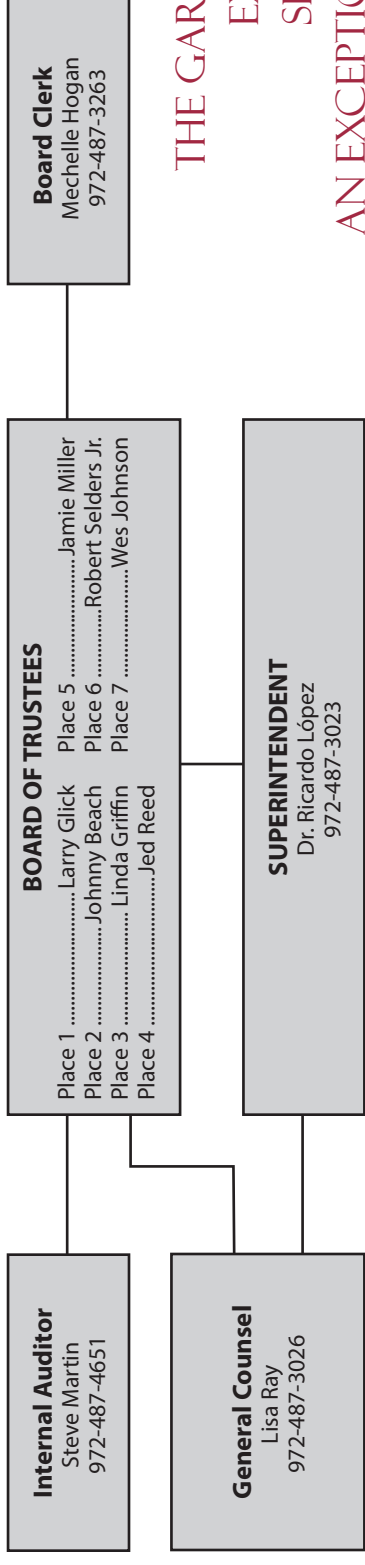
Name	Position	Place	Length of Service	Term Expires	Occupation
Larry Glick	Assistant Secretary	1	11 years	May 2019	Tax Attorney
Johnny Beach	Vice President	2	2 years	May 2019	Retired Educator
Linda Griffin	Member	3	20 years	May 2019	Consultant
Jed N. Reed	President	4	2 years	May 2020	Retired Educator/Administrator
James Miller	Member	5	1 year	May 2020	Executive Vice President / Chief Lending Officer
Robert Selders, Jr.	Secretary	6	3 years	May 2021	Business Owner
Wesley Johnson	Member	7	6 months	May 2021	Attorney

ADMINISTRATIVE OFFICIALS

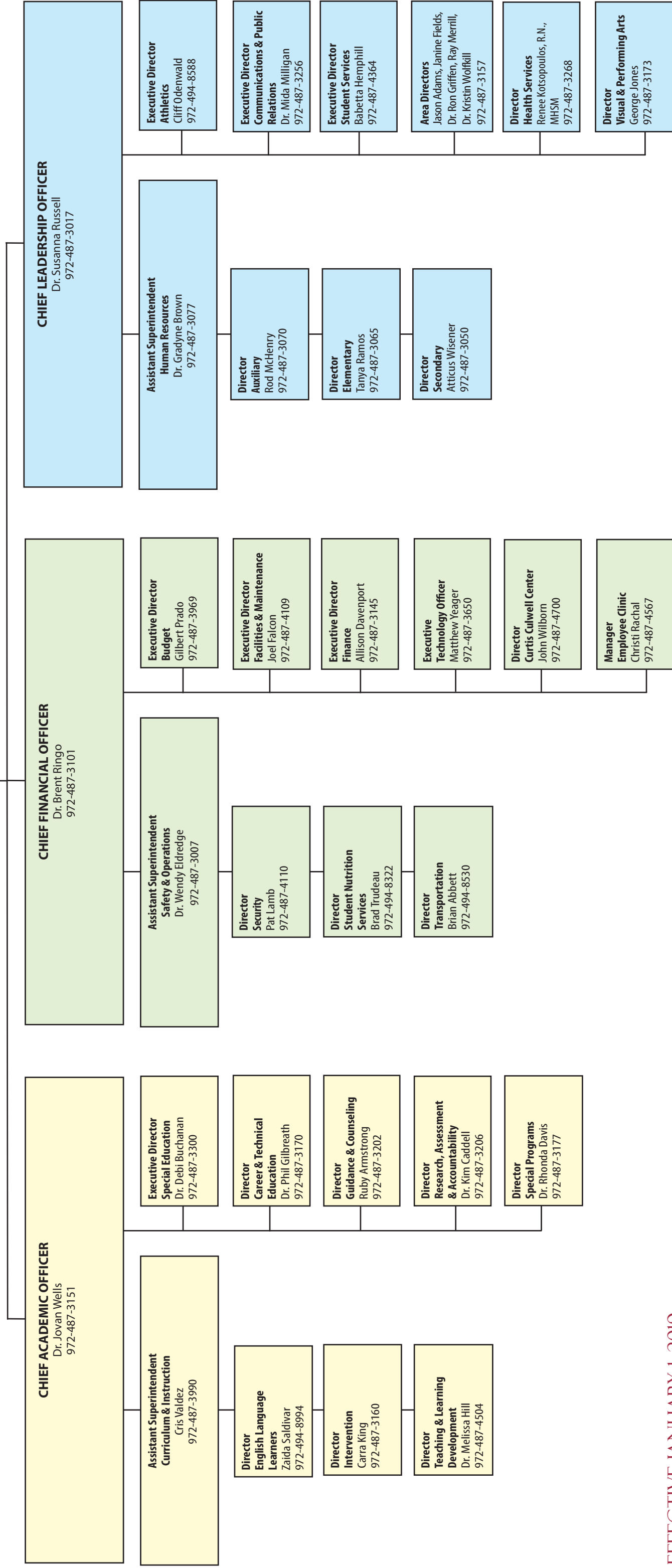
Name	Position	Length of GISD Service
Dr. Ricardo López	Superintendent	1 year
Lisa Ray	General Counsel	0 years
* Dr. Linda Chance	Chief Officer of Human Resources	5 years
Dr. Jovan Wells	Chief Academic Officer	5 years
Dr. Brent Ringo	Chief Financial Officer	0 years
Dr. Susanna Russell	Chief Leadership Officer	0 years
Cris Valdez	Assistant Superintendent Curriculum & Instruction	0 years
Dr. Wendy Eldredge	Assistant Superintendent Safety & Operations	17 years
Dr. Gradyne Brown	Assistant Superintendent Human Resources	17 years

* Retired in December 2018

ORGANIZATIONAL 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

January 15, 2019
Board of Trustees and Citizens of the
Garland Independent School District
501 S. Jupiter
Garland, Texas 75042

Ladies and Gentlemen:

The Texas Education Agency requires that all school districts file a complete set of financial statements with the Texas Education Agency (TEA). The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Garland Independent School District (the District) for the fiscal year ended August 31, 2018.

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

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

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

Whitley Penn, L.L.P., a firm of independent auditors, has audited the financial statements of the District. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended August 31, 2018, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended August 31, 2018, 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-K centers, and two special learning centers.

The table below shows the demographic composition of the District during the 2007-08 and 2017-18 school years.

	<u>2007-08</u>	<u>2017-18</u>
Enrollment	56,593	56,471
African-American	18.5%	17.4%
American Indian		1.6%
Asian	7.8%	9.0%
Hispanic	42.8%	50.8%
Native American	0.5%	
Pacific Islander		0.1%
White	30.4%	18.7%
Two or More		2.4%
Economically Disadvantaged	46.5%	60.6%
English Language Learners	23.1%	28.6%
Graduates	3,288	3,977

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 65 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 2007-2008 and 2017-18 school year.

	<u>2007-08</u>	<u>2017-18</u>
Total Staff	7,254	7,211
Teachers	3,806	3,644
Masters or Doctorate	25.5%	30.5%
Average Years of Experience	10.5	11.2
Student/Teacher Ratio	14.9	15.5

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>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Certified Market Value	\$19,885,607,620	\$21,675,878,050	\$24,263,983,800
Average Market Value of Residence	\$158,284	\$175,898	\$199,071

Economic growth has spurred new energy for development in Garland. Garland is benefiting from continued growth in the data center market with the addition of Digital Realty, a multi-phased data center campus to be located on 47.5 acres northeast of the intersection of West Campbell Road and the President George Bush Turnpike. In April 2018, RagingWire Data Centers opened the first phase of their \$389 million data center campus very near the new Digital Realty project site. Garland has approved a deal that will result in the development of a \$25 million North Garland Medical Center at 7217 Telecom Parkway. This state-of-the-art medical facility will realize 95,000 square feet of health care space in a new three-story building near the intersection of Lookout Drive and Telecom Parkway. The City of Garland has acquired the long-vacant retail site on South Garland Avenue near Interstate 635, where Hypermart was built in the late 1980s. In a proactive move to improve this key gateway to Garland, the City Council approved the purchase in late 2018 to prepare the site for marketing to prospective developers. The City will encourage reinvestment and redevelopment in the area around Baylor Scott & White Medical Center. The City also is actively pursuing development activities in other areas of south Garland, as well as focusing on a study of opportunities along the Interstate 30 corridor.

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	12 years
Elementary Schools	48	41 years
Middle Schools	13	44 years
High Schools	9	41 years

State Funding - The State funding formula continues to impact the District’s financial operations. During the recently concluded legislative session, the only significant school finance change affecting the District was funding of an increase in the Austin yield from \$77.53 to \$99.41 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>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
Basic Allotment	\$5,140	\$5,140	\$5,140
Regular Program Adjustment Factor	1.00	1.00	1.00
Target Reduction	0.9263	0.9263	0.9263
Austin Yield	\$77.53	\$99.41	\$106.28
Tier I Equalized Wealth Level	\$514,000	\$514,000	\$514,000

Fund Balance – The unassigned fund balance in the general fund is 39% of general fund expenditures. This represents 4.7 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 9 consecutive years. The increased fund balance will enable the District to compensate for fluctuations in state funding and meet the challenge of future needs.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

In 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 Accelerating Campus Excellence (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.

Garland ISD continues to have the highest graduation rate in the region and state. Our Class of 2018 graduates were awarded over \$61 million in scholarships last spring. The district currently has ten 2019 National Merit Scholarship Semifinalist. These students rank among the top 1% in the nation of students who took the PSAT.

The TEA released school district ratings measuring academic performance for 2018, and Garland ISD received an overall letter grade of B, or recognized performance. Under the TEA's new state accountability system, districts are no longer rated Met Standard or Improvement Required. GISD's 2018 letter grade was based mainly on data from State of Texas Assessments of Academic Readiness tests administered in the spring, in addition to growth from previous testing. With TEA's new rating system built on an average score, the district is pleased to have performed above state expectations. In addition, Garland ISD had five campuses that earned all available distinction designations: Lakeview Centennial High School, Classical Center at Brandenburg Middle School, Kimberlin and Walnut Glen Academies for Excellence and Spring Creek Elementary School. Two campuses also earned all but one of the possible TEA distinctions: Garland High School and Hillside Academy for Excellence. Six GISD campuses earned all but two available distinction designations: North Garland High School, Austin Academy for Excellence, Jackson and Beaver Technology Centers for Math and Science, Roach Elementary School and Sewell Elementary School. Overall, 31 campuses in the district earned at least one distinction, including each of the district high school campuses, an increase from the previous year.

The district's Gilbreath-Reed Career and Technical Center (GRCTC) continues to enroll juniors and seniors in advanced level Career and Technical Education courses. Many of these students have gotten certifications and experience by simulating real work environments. The campus offers over 90 CTE courses to GISD high school students. The GRCTC also houses a hands-on learning opportunity for middle school students. Garland ISD and Junior Achievement of Dallas have partnered to host North Texas' first BizTown®, allowing all sixth-graders to run a simulated city as citizens, workers and consumers. Featuring 14 real-world storefronts, such as Wells Fargo, AT&T, Toyota and American Airlines, middle school students complete 19 interactive classroom lessons before their daylong JA BizTown® visit. While there, students experience entrepreneurship, civic duty and financial education through working jobs, electing a mayor, obeying laws, opening a bank account and earning a paycheck. Parent, business and community volunteers serve as mentors and resources during the operation of the city.

Garland ISD leads the way with its unique auxiliary cheer program, providing opportunities for special education students to participate in cheer at all middle and high school campuses.

The district has also expanded dyslexia services with added staff and a student identification process to improve the quality and quantity of services delivered at campuses.

The District earned a score of A (Superior) for 2017-2018 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

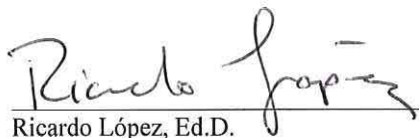
Awards - The Government Finance Officers Associations of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the District published a Comprehensive Annual Financial Report in which contents conformed to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. The District has received a Certificate of Achievement for twenty-nine 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, 2017, 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 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
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, 2017

Christopher P. Morvill

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, 2017.

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.' The signature is written in a cursive style and is positioned above a horizontal line.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

John D. Musso, CAE
Executive Director

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 year ended August 31, 2018, 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.

To the Board of Trustees
Garland Independent School District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 and Note 17 to the financial statements, the District adopted the provisions of Government Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of August 31, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis on pages 4 through 11 and budgetary comparison information, pension information, and other-post employment benefit information on pages 59 through 65, 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,

To the Board of Trustees
Garland Independent School District

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.

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 January 21, 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.

The image shows a handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, professional style.

Dallas, Texas
January 21, 2019

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Garland Independent School District
 Management's Discussion and Analysis
 Year Ended August 31, 2018

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2018.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the District's governmental activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$161,259,389 (net position). Of this amount \$46,896,034 was restricted for specific purposes (i.e. Federal/State grants, Debt Service and Student Nutrition). Unrestricted net position was (\$177,634,686) due to the implementation of GASB 75. The remainder represents the net investments in capital assets.
- The implementation of the new Other Post-Employment Benefits (OPEB) accounting standard promulgated by the Government Accounting Standards Board, related to the Texas Public School Retired Group Insurance Program (TRS-Care) resulted in a (\$316,783,299) restatement of prior year's net position.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$376,547,397, which breaks down as follows.

Non-Spendable	\$	2,976,564	0.8%
Restricted		172,215,947	45.7%
Committed		10,778,486	2.9%
Assigned		6,096,195	1.6%
Unassigned		184,480,205	49.0%
Total	\$	<u>376,547,397</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 fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District maintains four governmental funds all of which are considered to be major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, and special revenue fund. Per the Texas Education Agency, the District adopts an annual appropriated budget for its general fund, debt service fund, and student nutrition services fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 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 24-58 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 59-65 of this report.

Combining statements are prepared in connection with internal service funds and are presented immediately following the required supplementary information on pages 66-72 of this report.

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government’s financial position. As of August 31, 2018, assets and deferred outflow of resources exceeded liabilities and deferred inflows by \$161,259,389.

The District’s Net Position

	Governmental Activities	
	2018	2017
Current and other assets	\$ 473,934,418	\$ 474,898,229
Capital assets	757,893,860	633,010,014
Total assets	<u>1,231,828,278</u>	<u>1,107,908,243</u>
Total deferred outflows	55,941,956	83,105,834
Noncurrent liabilities	946,595,659	753,637,715
Other liabilities	85,362,294	60,430,053
Total liabilities	<u>1,031,957,953</u>	<u>814,067,768</u>
Total deferred inflows	94,552,892	20,739,849
Net investment in capital assets	291,998,041	230,598,662
Restricted	46,896,034	37,288,995
Unrestricted	(177,634,686)	88,318,803
Total net position	<u>\$ 161,259,389</u>	<u>\$ 356,206,460</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 2018 and 2017 decreased by \$194.9 million due to \$316.8 million for the cumulative effect of change in accounting principle related to GASB Statement No. 75. The District’s net investment in capital assets is \$292.0 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, \$46.9 million are restricted resources subject to external restrictions on how they are used, and (\$177.6) million are unrestricted resources, of which (\$253.2) million is related to GASB Statement No. 75 adjustments.

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 August 31, 2018 and 2017, respectively.

Changes in the District's Net Position

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues		
Charges for services	\$ 13,080,278	\$ 13,074,323
Operating grants and contributions	1,262,569	111,116,480
General revenues		
Property taxes	248,766,699	225,480,049
State grants	274,441,570	280,753,101
Other	11,161,764	7,309,709
Total revenues	<u>548,712,880</u>	<u>637,733,662</u>
Expenses		
Instructional and instructional related services	226,123,853	343,463,868
Instructional and school leadership	27,426,013	40,903,164
Support services - student	76,917,801	87,176,220
Administrative support services	11,846,283	16,081,858
Support services – non-student	56,577,688	66,579,142
Community services	2,623,819	3,939,824
Debt service	23,477,062	23,271,938
Facilities repairs and maintenance	929,320	19,131
Payments to fiscal agent of shared services arrangement	103,090	82,925
Payments to JJAEP	15,996	25,536
Intergovernmental charges	835,727	745,631
Total expenses	<u>426,876,652</u>	<u>582,289,237</u>
Increase/(Decreases) in net position	121,836,228	55,444,425
Beginning net position	356,206,460	300,762,035
Prior Period Adjustment	(316,783,299)	
Ending net position	<u>\$ 161,259,389</u>	<u>\$ 356,206,460</u>

Governmental activities. Governmental activities increased the District's net position by \$121,836,228. This increase is due to a decrease in expenses and an increase in property taxes and state revenue. The total cost of all *governmental activities* this year was \$426,876,652. The amount our taxpayers paid for these activities through property taxes was \$248,766,699 or 58%.

Financial Analysis of the District's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$376,547,397 a decrease of \$25,817,029 from last year.

Non-Spendable - Inventories	\$ 2,976,564	0.8%
Restricted - Grant Funds	22,336,337	5.9%
Restricted - Capital Acquisitions and Contractual Obligations	126,954,526	33.7%
Restricted - Retirement of Long-term Debt	22,925,084	6.1%
Committed - Self-Insurance	8,000,000	2.2%
Committed - Local Special Revenue Funds	2,778,486	0.7%
Assigned - Construction and Capital Expenditures	6,096,195	1.6%
Unassigned	184,480,205	49.0%
	<u>\$ 376,547,397</u>	<u>100.0%</u>

The general fund is the primary operating fund of the District. At the end of the current fiscal year, the general fund's unassigned fund balance was \$184,480,205. 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 39% of the total general fund expenditures, while total fund balance represents 41% of that same amount.

The general fund's fund balance increased \$5,623,947 during the current fiscal year. This is due to an increase in property tax revenue, as a result of increased property values, and a decrease in planned expenditures.

The debt service fund has a total fund balance of \$22,925,084 all of which is restricted for the payment of debt service. The increase in debt services fund balance was \$9,208,133. This increase was due to a decrease in expenditures for callable debt that was budgeted for but not called.

The capital projects fund decreased its fund balance by \$41,222,683. 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 fiscal year 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 increased its fund balance by \$573,574. This increase is primarily due to revenues exceeding expenditures in the National School Lunch and Breakfast Program. There are planned 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 August 31, 2018, amounted to \$7,162,183, a increase of \$369,986. This is due in part to a increase in net position of \$315,141 in the Copier Pool. This is largely attributed to a reimbursement from external construction contractors for damaged equipment during construction. The remaining difference was the result of small increases and decreases in the other internal service funds.

Budgetary Highlights

In August 2017 the Board of Trustees adopted the 2017-18 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

- \$7,482,098 increase in local revenue sources as a result of higher taxable appraised value and collections rate.
- \$2,435,258 increase in state program revenue sources as a result of an increase in special student populations yielding higher allocations.
- \$8,809,731 increase mostly as a result of Federal Medicaid program revenue sources that were not budgeted.

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 expenditures and transfers out adjustments:

- \$3,350,000 transfer out to fund roofing projects for district buildings.
- \$650,000 start-up budget allocation to fund the Accelerated Campus Excellence (ACE) initiative.

After appropriations were amended as described above, actual revenues were \$5,834,299 greater than final budgeted amounts due to more revenue in local, state and federal programs than final budgeted estimates. Actual expenditures were \$10,459,830 less than final budget amounts due to year end payroll accrual and non-payroll expenses being less than estimated. Year-end revenues were greater than expenditures, thus adding to existing fund balance.

NATIONAL BREAKFAST AND LUNCH PROGRAM

Significant differences between the original and final amended budget can be briefly summarized as follows for the National Breakfast and Lunch Program:

Revenues

- \$468,918 increase in local revenue sources as a result of local sales.
- \$1,149,925 increase in federal revenue sources as a result of higher reimbursable meals served.

After appropriations were amended as described above, actual revenues were \$821,717 greater than final budgeted amounts due to more revenue in local and federal sources than final budgeted estimates. Actual expenditures were \$2,819,442 less than final budget amounts due to the year-end payroll accrual being less than estimated at the time the final amended budget was submitted to the Board of Trustees for approval. Year-end 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 \$757,893,860 and \$633,010,014 as of August 31, 2018 and 2017, respectively. This investment in capital assets includes land, buildings and improvements, and furniture and equipment.

District’s Capital Assets (net of depreciation)

	<u>2018</u>	<u>2017</u>
Governmental Activities		
Land	\$ 14,077,107	\$ 14,077,107
Land improvements, net	28,345,904	30,533,613
Buildings and improvements, net	420,649,884	384,493,267
Furniture and equipment, net	28,998,650	29,805,477
Construction in progress	<u>265,822,315</u>	<u>174,100,550</u>
Total at historical cost	<u>\$ 757,893,860</u>	<u>\$ 633,010,014</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 August 31, 2018, the District had total bonded debt outstanding of \$596,689,466, an increase of \$29,875,557 from the prior year. This increase is due to the issuance of the \$76,565,000 Series 2018 School Building Bonds.

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 3.2%. Dallas County has a 3.3% unemployment rate as compared to a statewide rate of 3.7% and a national average of 3.5%.
- 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 2.2% increase.
- The District's student attendance rate has historically been approximately 96%.
- The District has appropriated revenues of \$479,268,899 and expenditures of \$474,657,741 in the 2018-19 budget of the General Fund.
- The Debt Service Fund has budgeted revenues of \$85,575,042 and expenditures of \$58,507,225 in the 2018-19 budget.
- The Student Nutrition Services Fund revenue and expenditure budgets for 2018-19 are \$30,281,000 and \$31,305,000, respectively.
- The 2018-19 budget is based on a total property tax rate of \$1.4600 per hundred dollars of assessed value. The property tax rate for maintenance and operations is \$1.04 per hundred dollars of assessed value and has remained unchanged for nine years. The debt service tax rate is \$0.4200 per hundred dollars of assessed value. The tax rate remains unchanged from prior year. The District's taxable value for 2018-19 increased 11.8% due to an increase in commercial and residential property values.
- The District has elected to change our fiscal year for 2019. The 2019 fiscal year will end on June 30, 2019. The 2019 budget is a twelve-month budget but the actual amounts will only reflect 10 months of activity.

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
AUGUST 31, 2018

Exhibit A-1

<u>Data</u> <u>Codes</u>	<u>Governmental</u> <u>Activities</u>
ASSETS	
1110 Cash and Cash Equivalents	\$ 446,861,857
1220 Property Taxes - Receivable - Delinquent	5,311,040
1230 Allowance for Uncollectible Taxes (Credit)	(769,333)
1240 Due From Other Governments	19,539,563
1290 Other Receivables, net	14,728
1300 Inventories	2,976,563
Capital Assets:	
1510 Land and Improvements, net	42,423,011
1520 Buildings and Building Improvements, net	420,649,885
1530 Furniture and Equipment, net	28,998,649
1580 Construction in Progress	<u>265,822,315</u>
1000 Total Assets	<u>1,231,828,278</u>
DEFERRED OUTFLOWS OF RESOURCES	
1700 Deferred Charge on Refunding	13,771,841
1705 Deferred Outflow of Resources for Pension Activities	39,131,073
1706 Deferred Outflow of Resources for OPEB	<u>3,039,042</u>
Total Deferred Outflows of Resources	<u>55,941,956</u>
LIABILITIES	
2110 Accounts Payable	44,949,500
2140 Interest Payable	1,388,163
2150 Payroll Deductions and Withholdings	3,232,474
2160 Accrued Wages Payable	27,174,242
2180 Due to Other Governments	7,755,889
2200 Accrued Expenses	78,717
2300 Unearned Revenues	783,309
Noncurrent Liabilities:	
2501 Due Within One Year	44,834,965
2502 Due in More Than One Year	614,001,768
2531 Long-Term Capital Leases Payable	1,604,125
2540 Net Pension Liability	102,762,987
2545 Net OPEB Liability	180,658,335
2532 Vested Vacation Benefits Payable	1,056,375
2591 Long-Term Claims Liability	<u>1,677,104</u>
2000 Total Liabilities	<u>1,031,957,953</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow of Resources for Pension Activities	18,983,169
2606 Deferred Inflow of Resources for OPEB	<u>75,569,723</u>
	<u>94,552,892</u>
NET POSITION	
3200 Net Investment in Capital Assets	291,998,041
3850 Restricted for Debt Service	22,490,186
3860 Restricted for Grant Funds	14,140,160
3861 Restricted for Student Nutrition Services	10,265,688
3900 Unrestricted Net Position	<u>(177,634,686)</u>
3000 Total Net Position	<u>\$ 161,259,389</u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

Exhibit B-1

Data Control Codes	1	Program Revenues		6	
		3	4		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
				Governmental Activities	
Primary Government:					
Governmental Activities:					
11	Instruction	\$ 207,916,878	\$ 1,078,595	\$ (33,039,912)	\$ (239,878,195)
12	Instructional Resources And Media Services	6,073,555		(1,243,121)	(7,316,676)
13	Curriculum And Staff Development	12,133,420		3,296,018	(8,837,402)
21	Instructional Leadership	6,132,427		(537,539)	(6,669,966)
23	School Leadership	21,293,586		(4,910,032)	(26,203,618)
31	Guidance, Counseling, And Evaluation Services	16,606,572		(3,659,183)	(20,265,755)
32	Social Work Services	595,506		(33,777)	(629,283)
33	Health Services	4,573,637		6,697,764	2,124,127
34	Student Transportation	14,983,937		(98,945)	(15,082,882)
35	Food Service	27,716,685	7,105,515	25,805,087	5,193,917
36	Extracurricular Activities	12,441,464	4,744,058	(428,068)	(8,125,474)
41	General Administration	11,846,283		(1,727,891)	(13,574,174)
51	Facilities Maintenance And Operations	37,334,029	152,110	(534,772)	(37,716,691)
52	Security And Monitoring Services	5,961,321		(38,076)	(5,999,397)
53	Data Processing Services	13,282,338		(1,054,985)	(14,337,323)
61	Community Services	2,623,819		621,947	(2,001,872)
72	Interest On Long-Term Debt	23,477,062		12,044,964	(11,432,098)
81	Facilities Planning	929,320			(929,320)
93	Payments To Fiscal Agent Of Shared Services Arrangement	103,090		103,090	-
95	Payments To Juvenile Justice Alternative Education Programs	15,996			(15,996)
99	Intergovernmental Charges	835,727	-	-	(835,727)
TP	TP Total Primary Government	426,876,652	13,080,278	1,262,569	(412,533,805)

Data
Control
Codes

General Revenues:

Taxes:

MT	Property Taxes, Levied For General Purposes	177,189,925
DT	Property Taxes, Levied For Debt Service	71,576,774
SF	State Aid-Formula Grants (Unrestricted)	274,441,570
GC	Grants And Contributions Not Restricted To Specific Programs	2,054,402
IE	Investment Earnings	6,653,988
MI	Miscellaneous	2,453,374
TR	Total General Revenues	534,370,033
CN	Change in Net Position	121,836,228
NB	Net Position—Beginning	356,206,460
	Prior Period Adjustment (Note 17)	(316,783,299)
NE	Net Position—Ending	\$ 161,259,389

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

GARLAND INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
AUGUST 31, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund
	Fund	Fund
ASSETS		
1110 Cash and Cash Equivalents	\$ 234,084,492	\$ 23,997,396
1220 Property Taxes Receivable - Delinquent	4,132,419	1,178,621
1230 Allowance for Uncollectible Taxes (Credit)	(649,313)	(120,020)
1240 Due From Other Governments	2,303	
1260 Due From Other Funds		
1290 Other Receivables	8,257	
1300 Inventories	907,053	-
1000 Total Assets	238,485,211	25,055,997
LIABILITIES		
2110 Accounts Payable	6,378,149	
2150 Payroll Deductions and Withholdings	3,232,474	
2160 Accrued Wages Payable	25,688,375	
2170 Due to Other Funds	8,402	
2180 Due to Other Governments	6,573,470	1,182,360
2200 Accrued Expenditures	-	
2300 Unearned Revenues	19,140	-
2000 Total Liabilities	41,900,010	1,182,360
DEFERRED INFLOWS OF RESOURCES		
2600 Unavailable Revenue - Property Taxes	3,197,943	948,553
Total Deferred Inflows of Resources	3,197,943	948,553
FUND BALANCES		
3410 Non-Spendable - Inventories	907,053	
3450 Restricted - Grant Funds		
3470 Restricted - Capital Acquisitions and Contractual Obligations		
3480 Restricted - Retirement of Long-term Debt		22,925,084
3540 Committed - Self-Insurance	8,000,000	
3545 Committed - Local Special Revenue Funds		
3550 Assigned - Construction and Capital Expenditures		
3600 Unassigned	184,480,205	-
3000 Total Fund Balances	193,387,258	22,925,084
4000 Total Liabilities, Deferred Inflows, and Fund Balances	\$ 238,485,211	\$ 25,055,997

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

60 Capital Projects	Special Revenue Fund	Total Governmental Funds
\$ 169,217,213	\$ 10,063,124	\$ 437,362,225
		5,311,040
		(769,333)
	19,537,260	19,539,563
	8,402	8,402
		8,257
-	2,069,511	2,976,564
<u>169,217,213</u>	<u>31,678,297</u>	<u>464,436,718</u>
36,165,727	2,333,287	44,877,163
		3,232,474
765	1,649,329	27,338,469
		8,402
	60	7,755,890
	78,717	78,717
-	432,570	451,710
<u>36,166,492</u>	<u>4,493,963</u>	<u>83,742,825</u>
-	-	4,146,496
-	-	4,146,496
	2,069,511	2,976,564
	22,336,337	22,336,337
126,954,526		126,954,526
		22,925,084
		8,000,000
	2,778,486	2,778,486
6,096,195		6,096,195
-	-	184,480,205
<u>133,050,721</u>	<u>27,184,334</u>	<u>376,547,397</u>
<u>\$ 169,217,213</u>	<u>\$ 31,678,297</u>	<u>\$ 464,436,718</u>

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GARLAND INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2018

Exhibit C1-R

Total Fund Balances - Governmental Funds	\$	376,547,397
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.		7,162,183
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 (\$7,299,548) are included in the net effect of consolidation above.		1,200,989,887
Accumulated depreciation has not been included in the fund financial statements. The accumulated depreciation related to internal service funds (\$4,282,316) is included in the net effect of consolidation above.		(446,113,259)
Bonds payable and related premiums have not been included in the fund financial statements		(655,851,857)
Accrued liabilities for compensated absences due in more than one year have not been reflected in the fund financial statements.		(1,056,375)
Accreted interest on capital appreciation bonds has not been included in the fund financial statements.		(1,149,377)
Revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.		4,146,496
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		(1,383,448)
Loss on bond refunding has not been included in the fund financial statements.		13,771,841
Net pension liability has not been included in the fund financial statements		(102,762,987)
Net OPEB liability has not been included in the fund financial statements		(180,658,335)
Deferred outflows of resources relating to pension activities have not been included in the fund financial statements		39,131,073
Deferred outflows of resources relating to OPEB activities have not been included in the fund financial statements		3,039,042
Deferred inflows of resources relating to pension activities have not been included in the fund financial statements		(18,983,169)
Deferred inflows of resources relating to OPEB activities have not been included in the fund financial statements		(75,569,723)
Net Position of Governmental Activities	\$	<u>161,259,389</u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES:		
5700 Total local and intermediate sources	\$ 184,226,362	\$ 71,562,385
5800 State program revenues	297,656,581	11,577,476
5900 Federal program revenues	10,509,731	467,489
5020 Total Revenues	<u>492,392,674</u>	<u>83,607,350</u>
EXPENDITURES:		
Current:		
0011 Instruction	283,613,124	
0012 Instructional Resources and Media Services	7,720,276	
0013 Curriculum and Instructional Staff Development	11,792,277	
0021 Instructional Leadership	8,164,690	
0023 School Leadership	31,391,897	
0031 Guidance, Counseling, and Evaluation Services	23,866,027	
0032 Social Work Services	663,444	
0033 Health Services	6,975,495	
0034 Student (Pupil) Transportation	13,616,263	
0035 Food Services	282,788	
0036 Cocurricular/Extracurricular Activities	10,166,005	
0041 General Administration	15,098,544	
0051 Facilities Maintenance and Operations	39,893,533	
0052 Security and Monitoring Services	5,786,795	
0053 Data Processing Services	11,795,626	
0061 Community Services	1,773,110	
Debt Service:		
0071 Debt Service-Principal on Long-Term Debt		47,726,335
0072 Debt Service-Interest on Long-Term Debt		26,651,612
0073 Debt Service-Bond Issuance Cost and Fees		21,270
Capital Outlay:		
0081 Facilities Acquisition and Construction		
Intergovernmental:		
0093 Payments Related to Shared Services Arrangements		
0095 Payments to Juvenile Justice Alternative Ed Program	15,996	
0099 Other Intergovernmental Charges	835,727	-
6030 Total Expenditures	<u>473,451,617</u>	<u>74,399,217</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	18,941,057	9,208,133
OTHER FINANCING SOURCES (USES):		
7901 Capital-Related Debt Issued (Regular Bonds)		
7912 Sale of Real and Personal Property	306,013	
7915 Transfers In		
7916 Premium on Issuance of Bonds		
8911 Transfers Out	(13,623,123)	
7080 Total Other Financing Sources (Uses)	<u>(13,317,110)</u>	<u>-</u>
1200 Net Change in Fund Balances	5,623,947	9,208,133
0100 Fund Balance - September 1 (Beginning)	187,763,311	13,716,951
3000 Fund Balance - August 31 (Ending)	<u>\$ 193,387,258</u>	<u>\$ 22,925,084</u>

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

60 Capital Projects	Special Revenue Fund	Total Governmental Funds
\$ 3,138,427	\$ 11,851,346	\$ 270,778,520
	548,119	309,782,176
<u>1,763,056</u>	<u>54,773,698</u>	<u>67,513,974</u>
<u>4,901,483</u>	<u>67,173,163</u>	<u>648,074,670</u>
313,185	27,270,730	311,197,039
	103,473	7,823,749
	5,312,526	17,104,803
	1,068,573	9,233,263
	404,392	31,796,289
	619,138	24,485,165
	82,145	745,589
	5,665	6,981,160
3,881,091	70,242	17,567,596
	29,267,013	29,549,801
	1,263,632	11,429,637
123,204	1,076	15,222,824
906,584	24,073	40,824,190
3,877,299	4,485	9,668,579
12,309,400	132,901	24,237,927
	880,274	2,653,384
		47,726,335
		26,651,612
659,604		680,874
127,989,717		127,989,717
	103,090	103,090
		15,996
		835,727
<u>150,060,084</u>	<u>66,613,428</u>	<u>764,524,346</u>
(145,158,601)	559,735	(116,449,676)
78,565,000		78,565,000
231,314	13,839	551,166
13,600,000		13,600,000
11,539,604		11,539,604
		(13,623,123)
<u>103,935,918</u>	<u>13,839</u>	<u>90,632,647</u>
(41,222,683)	573,574	(25,817,029)
<u>174,273,404</u>	<u>26,610,760</u>	<u>402,364,426</u>
<u>\$ 133,050,721</u>	<u>\$ 27,184,334</u>	<u>\$ 376,547,397</u>

GARLAND INDEPENDENT SCHOOL DISTRICT Exhibit C-3
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018

Total Net Change in Fund Balance - Governmental Funds	\$ (25,817,029)
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.	369,986
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 2018 capital outlays is to increase net position by total governmental activities additions (\$150,895,842) less internal service fund additions (\$117,296).	150,778,546
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 (\$993,795) is included in the net effect of consolidation above.	(24,990,621)
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.	(27,580)
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.	48,983,020
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.	(293,577)
Amortization of the premium of current interest bonds is only reported in the government-wide financial statements. Current year amortization is:	5,407,538
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.	(76,087)
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.	114,354
Amortization of loss on refunding of debt is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's amortization is to decrease net position.	(2,374,156)
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.	(78,565,000)
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.	(11,539,604)
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.	(71,848)
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	(27,828,764)
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	879,176
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	1,756,680
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	(75,569,723)
Changes in the net pension liability are not shown in the fund financial statements. The net effect of the current year's decrease is to increase net position.	22,416,087
Changes in the net OPEB liability are not shown in the fund financial statements. The net effect of the current year's decrease is to increase net position.	138,284,830
Change in Net Position of Governmental Activities	\$ 121,836,228

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
AUGUST 31, 2018

Exhibit D-1

		Governmental <u>Activities</u>
		<u>Internal Service Funds</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$	9,499,634
Other Receivables		6,471
Total Current Assets		<u>9,506,105</u>
Noncurrent Assets:		
Capital Assets:		
Land Purchase and Improvements		251,316
Building and Building Improvements		265,990
Furniture and Equipment		6,782,243
Accumulated Depreciation-Other Land Improvements		(91,742)
Accumulated Depreciation-Building and Building Improvements		(102,911)
Accumulated Depreciation-Furniture and Equipment		(4,087,662)
Total Noncurrent Assets		<u>3,017,234</u>
Total Assets		<u>12,523,339</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable		72,344
Leases Payable		613,201
Interest Payable		4,712
Accrued Wages Payable		20,652
Claims Liability		1,037,418
Unearned Revenues		331,600
Total Current Liabilities		<u>2,079,927</u>
Noncurrent liabilities:		
Capital Lease Payable Long-Term		1,604,125
Claims Liability Long-Term		1,677,104
Total Noncurrent liabilities		<u>3,281,229</u>
Total Liabilities		<u>5,361,156</u>
NET POSITION		
Net Investment in Capital Assets		790,103
Unrestricted Net Position		6,372,080
Total Net Position	\$	<u>7,162,183</u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2018

Exhibit D-2

		Governmental <u>Activities</u>
		<u>Internal Service Funds</u>
OPERATING REVENUES:		
Local and Intermediate Sources	\$	7,033,270
Total Operating Revenues		<u>7,033,270</u>
OPERATING EXPENSES:		
Payroll Costs		1,706,889
Professional and Contracted Services		2,295,661
Supplies and Materials		595,956
Other Operating Costs		2,033,384
Total Operating Expenses		<u>6,631,890</u>
Operating Income (Loss)		<u>401,380</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments		7,690
Gain on Disposal of Asset		2,775
Interest on Capital Lease		(64,982)
Total Nonoperating Revenues (Expenses)		<u>(54,517)</u>
Income (Loss) before Transfers		346,863
Transfer In		23,123
Change in Net Position		369,986
Total Net Position - September 1 (Beginning)		6,792,197
Total Net Position - August 31 (Ending)	\$	<u><u>7,162,183</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 YEAR ENDED AUGUST 31, 2018

Exhibit D-3

	<u>Governmental</u>	
	<u>Activities</u>	
	Internal	<u>Service Funds</u>
Cash Flows from Operating Activities:		
Cash Received from User Charges	\$	3,571,670
Cash Received from Assessments - Other Funds		2,784,611
Cash Payments to Employees for Services		(1,713,699)
Cash Payments for Insurance Claims		(1,478,915)
Cash Payments to Suppliers		(576,643)
Cash Payments for Other Operating Expenses		(123,165)
Cash Payments for Prof. and Contracted Services		(2,413,999)
Net Cash Provided by Operating Activities		<u>49,860</u>
Cash Flows from Capital Financing Activities:		
Acquisition of Capital Assets		(117,296)
Proceeds from Sale of Capital Asset		2,775
Capital Lease Payments		(725,104)
Capital Lease Interest Expense		(60,270)
Transfer In		23,123
Net Cash Used for Capital Financing Activities		<u>(876,772)</u>
Cash Flows from Investing Activities:		
Interest and Dividends on Investments		7,690
Net Decrease in Cash and Cash Equivalents		(819,222)
Cash and Cash Equivalents at Beginning of the Year		10,318,856
Cash and Cash Equivalents at the End of the Year		<u><u>9,499,634</u></u>
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)		401,380
Adjustments to Reconcile Operating Income (Loss) to Net		
Cash Provided by Operating Activities:		
Depreciation		993,795
Assets and Liabilities:		
Decrease in Due from Other Funds		16,342
Decrease in Other Receivables		177
Decrease in Accounts Payable		(98,485)
Decrease in Accrued Wages Payable		(6,810)
Decrease in Due to Other Funds		(824,802)
Increase in Unearned Revenue		130,754
Decrease in Claims Liability		(562,491)
Net Cash Provided by Operating Activities	\$	<u>49,860</u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AUGUST 31, 2018

Exhibit E-1

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 549,594
Total Assets	<u>549,594</u>
LIABILITIES	
Accounts Payable	29,715
Due to Student/Employee Groups	<u>519,879</u>
Total Liabilities	<u>\$ 549,594</u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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
YEAR ENDED AUGUST 31, 2018

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. During fiscal year 2018, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other than Pensions.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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

Accrued liabilities include provisions for claims reported and claims incurred but not reported for 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
YEAR ENDED AUGUST 31, 2018

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
YEAR ENDED AUGUST 31, 2018

Note 1. Summary of Significant Accounting Policies – continued

Property Taxes (Continued)

The tax rates assessed for the year ended August 31, 2018 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 August 31, 2018, taxes receivable net of estimated uncollectible taxes, aggregated \$3,483,106 and \$1,058,601 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
 YEAR ENDED AUGUST 31, 2018

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 August 31 and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent fiscal year’s budget to provide for the liquidation of the prior commitments. The Board has not authorized any unexpended budgeted projects to carry over into the next fiscal year.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 1. Summary of Significant Accounting Policies – continued

Data Control Codes

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The amount of State foundation revenue a school district earns for a year can and does vary until the time at which final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is possible that the foundation revenue estimate as of August 31, 2018 will change.

In the current fiscal year, the District had a change in accounting principle:

During fiscal year 2018, the District adopted GASB Statement No. 75 for Accounting and Reporting for Post Employment Benefits Other than pensions (OPEB). Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The District recorded the net OPEB liability at the beginning of the measurement year as a cumulative effect of a change in accounting principle for \$(316,783,299).

GASB Statement No. 75: Accounting and financial Reporting for Postemployment Benefits Other Than Pensions. Statement 75 was issued in June 2015. This statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No 74, Financial reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. This standard became effective for the District in fiscal year 2018 and the prior year has been restated for the effect of this change in accounting principle.

GASB Statement No. 78: Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans was issued in December 2015. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan. This statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This standard became effective for the District in fiscal year 2018. The implementation had no effect on the District's Financial Statements.

GASB Statement No. 80: Blending Requirements for Certain Component Units – on amendment of GASB Statement No. 14 was issued in January 2016. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. This standard became effective for the District in fiscal year 2018. The implementation had no effect on the District's Financial Statements.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 1. Summary of Significant Accounting Policies – continued

GASB Statement No. 81: Irrevocable Split-Interest Agreements. Statement 81 was issued in March 2016. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interest in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This standard became effective for the District in fiscal year 2018. The implementation had no significant effect on the District's financial statements.

GASB Statement No. 82: Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73 was issued in March 2016. This Statement addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This standard became effective for the District in fiscal year 2018. The implementation had no significant effect on the District's Financial Statements.

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 District has not yet determined the impact of this 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 2019. The District has not yet determined the impact of this statement.

GASB Statement No. 85: Omnibus 2017. Statement 85 was issued in March 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics, including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits OPEB).

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 1. Summary of Significant Accounting Policies – continued

Specifically, this statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and “negative” goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB.
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurements method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

This standard became effective for the District in fiscal year 2018. The implementation had no significant effect on the District’s financial statements.

GASB Statement No. 86: Certain Debt Extinguishment Issues. Statement 86 was issued in May 2017. This Statement was issued to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting for debt and financial reporting for prepaid insurance on debt that is extinguished, and notes to financial statements for debt that is defeased in substance. This standard became effective for the District in fiscal year 2018. The implementation had no significant effect on the District’s financial statements.

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 and 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’ leasing 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. 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 becomes effective for the District in fiscal year 2018. The implementation had no significant effect on the District’s financial statements.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 1. Summary of Significant Accounting Policies – continued

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 reported in a business-type activity or enterprise fund. This statement becomes effective for the District n fiscal year 2020. 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 is 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 2019. The District has not yet determined the impact of this statement.

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 pledge 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 August 31, 2018, the carrying amount of the District’s deposits was \$12,988,357 and the bank balance was \$15,340,985. In addition, the District had various petty cash balances held at different locations amounting to \$74,717.

The District’s entire bank balance on August 31, 2018 was covered by federal depository insurance or by collateral held by the District’s agent in the District’s name. During the period, the District’s deposits were fully secured with FDIC coverage and pledged collateral.

The District’s investment policy contains the following objectives:

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

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

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 2. Cash and Investments – continued

At August 31, 2018, the District’s exposure to interest rate risk, as measured by the segmented time distribution by investment type, is summarized below:

	<u>Rating</u>	Carrying Amount/ <u>Fair Value</u>	Investment Maturities in Months		
			<u>Less than 1</u>	<u>1 to 3</u>	<u>4 to 6</u>
TexPool	AAAm	\$ 190,829,876	\$ 190,829,876		
Texas CLASS	AAAm	32,096,418	32,096,418		
Lone Star	AAAm	3,622,386	3,622,386		
Federal Home Loan Discount Note	Aaa, Prime-1	29,809,333	29,809,333		
Federal National Mortgage Discount Note	Aaa, Prime-1	148,256,764	148,256,764		
Treasury Bill	Aaa, Prime-1	29,733,600	29,733,600	\$ -	\$ -
Total Investments		<u>\$ 434,348,377</u>	<u>\$ 434,348,377</u>	<u>\$ -</u>	<u>\$ -</u>

Investments’ fair value measurements are as follows at August 31, 2018:

<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	29,809,333		29,809,333	
Federal National Mortgage Discount Note	148,256,764		148,256,764	
Treasury Bill	29,733,600	\$ -	29,733,600	\$ -
Total Investments	<u>\$ 207,799,697</u>	<u>\$ -</u>	<u>\$ 207,799,697</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.

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 August 31, 2018 was determined based on 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.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 2. Cash and Investments – continued

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

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

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

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

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

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

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

Lone Star's Government Overnight Fund seeks to maintain a dollar-weighted average maturity of 60 days or fewer. As of August 31, 2018, the fund had a weighted average maturity of 23 days.

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

TexPool is authorized for the following investments:

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 2. Cash and Investments – continued

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

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

Securities lending programs that comply various limitations.

The weighted average maturity of TexPool cannot exceed 60 days. As of August 31, 2018, 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.

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 2. Cash and Investments – continued

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 August 31, 2018, Texas CLASS has a weighted average maturity of 47 days.

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.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 3. Due From Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita programs. Amounts due from federal and state governments as of August 31, 2018, are summarized below and are reported on the combined financial statements as Due from Other Governments.

Fund	Federal Grants	State Grants	Total
General Fund	\$ 2,303	-	\$ 2,303
Special Revenue Fund	6,471,315	\$ 13,065,945	19,537,260
Total	<u>\$ 6,473,618</u>	<u>\$ 13,065,945</u>	<u>\$ 19,539,563</u>

Note 4. Capital Assets

Capital asset activity of the District for the year ended August 31, 2018, was as follows:

Governmental Activities:	Beginning Balance				Ending Balance 8/31/2018
	9/1/2017	Additions	Retirements	Transfers	
Non-Depreciable Assets					
Land	\$ 14,077,107				\$ 14,077,107
Construction In Progress	174,100,550	\$ 142,693,328	\$ (27,580)	\$ (50,943,983)	265,822,315
Total Non-Depreciable Assets	188,177,657	142,693,328	(27,580)	(50,943,983)	279,899,422
Depreciable Assets					
Land Improvements	56,291,744	42,444	-	-	56,334,188
Building & Building Improvements	690,547,719	1,927,408	-	50,943,983	743,419,110
Furniture & Equipment	126,786,839	6,232,662	(4,382,786)	-	128,636,715
Total Depreciable Assets	873,626,302	8,202,514	(4,382,786)	50,943,983	928,390,013
Less Accumulated Depreciation for:					
Land Improvements	25,758,131	2,230,153	-	-	27,988,284
Building & Building Improvements	306,054,452	16,714,774	-	-	322,769,226
Furniture & Equipment	96,981,362	7,039,489	(4,382,786)	-	99,638,065
Total Accumulated Depreciation	428,793,945	25,984,416	(4,382,786)	-	450,395,575
Governmental Activities-Capital Assets, being depreciated, net	444,832,357	(17,781,902)	-	50,943,983	477,994,438
Governmental Activities-Capital Assets, Net	<u>\$ 633,010,014</u>	<u>\$ 124,911,426</u>	<u>\$ (27,580)</u>	<u>-</u>	<u>\$ 757,893,860</u>

Total Governmental Activities - Capital Assets include cost of assets held in internal service funds and related accumulated depreciation amounting to \$7,299,548 and \$4,282,316 respectively.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 4. Capital Assets – continued

Depreciation expense was charged to governmental functions as follows:

11 Instruction	\$ 11,903,445
12 Instructional Resources and Media Services	507,877
13 Curriculum Development and Instructional Staff Development	10,594
21 Instructional Leadership	176,558
23 School Leadership	264,223
31 Guidance, Counseling and Evaluation Services	95,846
33 Health Services	103,068
34 Student (Pupil) Transportation	2,697,752
35 Food Services	1,464,719
36 Cocurricular/Extracurricular Activities	2,349,308
41 General Administration	280,415
51 Plant Maintenance and Operations	2,873,248
52 Security and Monitoring Services	199,095
53 Data Processing Services	1,178,746
61 Community Services	885,727
Internal Service Fund Depreciation	<u>993,795</u>
	<u>\$ 25,984,416</u>

As of August 31, 2018, the District had the following major commitments with respect to unfinished major capital projects.

	<u>Project Authorization</u>	<u>Remaining Commitment</u>
Brandenburg MS Addition/Renovation	\$ 6,635,683	\$ 813,155
Bussey MS Addition/Renovation	7,621,755	927,676
Webb MS Addition/Renovation	6,867,195	4,394,877
Coyle MS Renovations	6,152,418	1,686,171
Hudson MS Renovations	7,279,112	4,282,886
Jackson MS Renovations	7,817,864	4,491,493
Lyles MS Renovations	8,039,208	3,735,085
O'Banion MS Renovations	6,085,390	3,574,279
Schrade MS Renovations	5,260,558	867,633
Sellers MS Renovations	7,560,129	1,572,678
Garland HS Renovations	18,622,069	8,735,780
Gilbreath-Reed Career & Technical Center HS	34,585,494	801,701
Lakeview HS Renovations	19,727,890	862,138
North Garland HS Renovations	7,924,280	4,324,766
South Garland HS Renovations	8,646,873	5,998,255
District Flooring	4,508,667	2,429,639
LAN/WiFi	17,848,038	8,106,117
MS Ready 1:1 Deployment	9,460,888	3,884,366
Natatorium	25,936,830	23,643,311
SECO LoanSTAR Program	7,746,056	7,411,390
Total	<u>\$ 224,326,397</u>	<u>\$ 92,543,396</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 5. Unearned Revenue

Governmental funds unearned revenue at August 31, 2018 consisted of the following:

	General Fund	Special Revenue Fund	Total
Athletic and Other Local	\$ 19,140	\$ -	\$ 19,140
Food Service Meals	-	432,570	432,570
	\$ 19,140	\$ 432,570	\$ 451,710

Note 6. Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended August 31, 2018:

	September 1, 2017 Obligations as Restated	New Obligations Incurred	Obligations Retired or Transferred	August 31, 2018 Obligations	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General obligation bonds	\$ 564,701,424	\$ 78,565,000	\$ 47,726,335	\$ 595,540,089	\$ 41,850,090
Accreted interest	2,112,485	293,577	1,256,685	1,149,377	1,149,377
Premium on bond issuance	54,179,702	11,539,604	5,407,538	60,311,768	-
Total Bonds and Notes Payable	620,993,611	90,398,181	54,390,558	657,001,234	42,999,467
Other Liabilities:					
Net Pension Liability	125,179,074		22,416,087	102,762,987	
Net OPEB Liability	318,943,165		138,284,830	180,658,335	
Workers compensation self-insurance liability	3,277,013	916,424	1,478,915	2,714,522	1,037,418
Capital Leases	2,936,191	-	718,865	2,217,326	613,201
Vested sick leave	1,251,826	508,411	518,983	1,241,254	184,879
Total Other Liabilities	451,587,269	1,424,835	163,417,680	289,594,424	1,835,498
Total Governmental Activities Long-term Liabilities	\$ 1,072,580,880	\$ 91,823,016	\$ 217,808,238	\$ 946,595,658	\$ 44,834,965

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 6. Long-Term Obligations – continued

Bonds payable and contractual obligations at August 31, 2018 are composed of the following individual issues:

Description	Interest Rate	Amounts Original Issue	Amounts Outstanding at September 1, 2017	Issued	Retired/ Refunded	Accumulated Interest Accretion	Amounts Outstanding at August 31, 2018
School Building and Refunding							
Bonds - 2009A							
Matures 2009 - 2029	4.0% to 5.0%	53,210,000	31,085,000		7,140,000		23,945,000
Qualified School Construction							
Bonds - 2009B							
Matures 2019 - 2024	0.0%	10,185,000	10,135,000				10,135,000
Unlimited Tax Refunding							
Series - 2010							
Matures 2011 - 2017	2.0% to 4.0%	9,845,000	150,000		35,000		115,000
Unlimited Tax School Building							
Series - 2011							
Matures 2012 - 2031	2.0% to 5.0%	61,615,000	5,320,000		1,670,000		3,650,000
Unlimited Tax Refunding							
Series - 2011A							
Matures 2012 - 2023	0.5% to 2.9%	52,335,609	32,781,424		5,956,335	\$ 1,149,377	27,974,466
Unlimited Tax Refunding							
Series - 2012							
Matures 2016 - 2028	2.0% to 5.0%	99,425,000	86,055,000		5,820,000		80,235,000
Unlimited Tax Refunding							
Series - 2012A							
Matures 2013 - 2024	0.35% to 3.0%	25,799,604	16,765,000		1,900,000		14,865,000
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	19,290,000		3,110,000		16,180,000
Unlimited Tax Building and Refunding							
Series - 2015A							
Matures 2016 - 2035	2.0% to 5.0%	185,740,000	171,960,000		9,090,000		162,870,000
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	138,115,000		13,005,000		125,110,000
Unlimited Tax School Building							
Bonds - 2018							
Matures 2019 - 2038	5.00%	<u>78,565,000</u>	-	<u>78,565,000</u>	-	-	<u>78,565,000</u>
Total		<u>\$ 806,740,213</u>	<u>\$ 564,701,424</u>	<u>\$ 78,565,000</u>	<u>\$ 47,726,335</u>	<u>\$ 1,149,377</u>	<u>596,689,466</u>
Accumulated Interest Accretion							<u>(1,149,377)</u>
Total Principal Outstanding - August 31, 2018							<u>595,540,089</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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 August 31, 2018, \$22,925,084 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 July 2018 the District issued \$78,565,000 of Unlimited Tax School Building Bonds, Series 2018 with interest rates ranging of 5.00%. The District received a net premium of \$11,539,604 on the issuance of the Series 2016 bonds. The premium is being amortized over the life of the bonds. The total proceeds, less the issuance costs and underwriter's discount of \$279,550 and \$379,604, respectively, were used for school building construction and renovation. The issuance costs was expensed. Principal and interest payments are due each February 15 and August 15, beginning in February 15, 2019 and ending February 15, 2038. This debt is subject to federal arbitrage regulations and is serviced by the Debt Service Fund.

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, \$41,035,000 remains outstanding as of August 31, 2018 and is composed of the following:

Refunding Bond Series	Refunded Bond Series	Redemption Date	Principal in Escrow
Unlimited Tax Refunding Series - 2016	Unlimited Tax School Building and Refunding Bonds - 2009A	2/15/2019	\$ 8,625,000
Unlimited Tax Refunding Bonds - 2016	Unlimited Tax School Building Bonds - 2011	2/15/2020	<u>\$ 32,410,000</u>
Total Outstanding			<u><u>\$ 41,035,000</u></u>

The annual requirements to pay principal and interest on the bond obligations outstanding as of August 31, 2018 are as follows:

Year Ended August 31	Principal	Interest (including accreted interest)	Requirements
2019	\$ 41,850,090 *	\$ 28,856,545	\$ 70,706,635
2020	43,595,000	23,692,267	67,287,267
2021	42,780,000	21,675,811	64,455,811
2022	43,520,000	19,691,259	63,211,259
2023	43,145,000	17,738,587	60,883,587
2024 - 2028	161,325,000	63,590,601	224,915,601
2029 - 2033	140,250,000	31,408,510	171,658,510
2034 - 2038	79,074,999	5,994,718	85,069,717
	<u>\$ 595,540,089</u>	<u>\$ 212,648,298</u>	<u>\$ 808,188,387</u>

* FY 2019 will be a 10-month year.

As of August 31, 2018, 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.

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2018

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 \$1,241,254. Of this amount, \$184,879 is recorded in the General Fund in accrued wages for the amount due to retired employees as of August 31, 2018.

Note 8. Interfund Receivables, Payables, and Transfers

Interfund balances at August 31, 2018 arose in the normal course of operations and consisted of the following individual fund receivable and payable balances:

	TO	FROM	
	Special Revenue Fund	General Fund	\$ 8,402
			<u>8,402</u>
	Total Due From Other Funds		<u>\$ 8,402</u>
	FROM	TO	
	General Fund	Special Revenue Fund	\$ 8,402
			<u>8,402</u>
	Total Due To Other Funds		<u>\$ 8,402</u>

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

Transfers In/Out for the year-ended August 31, 2018 were as follows:

	Transfers In		
	Capital Projects	Internal Service Fund	Transfers Out
FROM			
General Fund	\$ 13,600,000	\$ 23,123	\$ 13,623,123
	<u>\$ 13,600,000</u>	<u>\$ 23,123</u>	<u>\$ 13,623,123</u>

In the fund financial statements, \$13,600,000 was transferred out of the General Fund to Capital Projects Fund for construction projects and roof renovations. \$23,123 was transferred out of the General Fund to Internal Service Fund for prior year proceeds from sales that were recorded in the General Fund.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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	\$ 177,108,465	\$ 71,543,880			\$ 248,652,345
Other intermediate	2,819,631			\$ 4,251,866	7,071,497
Tuition and Fees	808,900			63,904	872,804
Food service				7,119,679	7,119,679
Investment earning	3,489,366	18,505	\$ 3,138,427	415,897	7,062,195
Total	<u>\$ 184,226,362</u>	<u>\$ 71,562,385</u>	<u>\$ 3,138,427</u>	<u>\$ 11,851,346</u>	<u>\$ 270,778,520</u>

Note 10. Risk Management

Workers' Compensation – Self Funded

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

During the year ended August 31, 2018, 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 Frost Insurance, the District has workers' compensation stop-loss coverage with Midwest Employers Casualty 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 August 31. The audit is accepted by the TASB Fund's Board of Trustees in February of the following year. The TASB Fund's audited financial statements as of August 31, 2018, 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
 YEAR ENDED AUGUST 31, 2018

Note 10. Risk Management - continued

The District reports liabilities based on requirements of Governmental Auditing Standards Board Statement Nos. 10 and 30, which require a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. This liability for workers' compensation self-funded plans, reported at their estimated value on August 31, 2018, was \$2,714,522 and is recorded as an accrued expenditure in the Risk Management Internal Service Fund.

In fiscal years 2018 and 2017, changes in workers' compensation claims liability amounts were:

Internal Service Fund	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2017 - Risk Management	3,023,647	1,394,203	1,140,837	3,277,013
2018 - Risk Management	3,277,013	916,424	1,478,915	2,714,522

At August 31, 2018, the District held \$8,666,185 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, a per occurrence deductible of \$10,000, and an annual aggregate of \$2,000,000. The liability risk pool used by the District through August 31, 2018 has filed bankruptcy leaving a potential exposure to the District of uninsured and unpaid claims of an estimated \$500,000 going forward. The Risk Management Internal Service Fund has adequate fund balance to cover potential claims that occurred August 31, 2018 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.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 10. Risk Management - continued

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

Note 11. Retirement Plan

Retirement Plan Description

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

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

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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 2018.

The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2017 and 2018.

	Contribution Rates	
	Plan Fiscal Year	
	2017	2018
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		TRS Contributions Made During Fiscal Year
	Contributions Required and Made	Pension Expense	
Member (Employee)	\$ 26,887,315	\$ -	\$ 27,577,153
Non-employer contributing agency (State)	17,580,068	13,109,748	17,059,688
District	10,533,266	15,000,353	11,569,823

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2018

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 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Salary Increases	3.5% to 9.5%
Payroll Growth Rate	2.5%
Inflation	2.5%
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 11. Retirement Plan - continued

Discount Rate

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

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100%		8.7%

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

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2018

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 (8%) in measuring the 2016 Net Pension Liability.

	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
District's Proportional share of the net pension liability	\$ 173,238,092	\$ 102,762,987	\$ 44,081,024

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

At August 31, 2018, the District reported a liability of \$102,762,987 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportional share of the net pension liability	\$ 102,762,987
State's proportional share of the net pension liability associated with the district	<u>171,872,468</u>
Total	<u><u>\$ 274,635,455</u></u>

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.3214% which was substantially the same from its proportion measured as of August 31, 2016 of 0.3352%.

Changes since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

For the year ended August 31, 2018, the District recognized pension expense of \$28,110,101 as well as revenue of \$13,109,748 representing pension expense incurred by the State on behalf of the District.

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2018

Note 11. Retirement Plan - continued

At August 31, 2018, 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	\$ 1,503,469	(5,541,873)
Changes of assumptions	4,681,017	(2,679,773)
Net difference between projected and actual earnings on pension plan investments		(7,489,142)
Changes in proportion and differences between District contributions and proportionate share of contributions	21,078,157	(3,272,381)
District contributions subsequent to the measurement date	11,868,430	-
Total	\$ 39,131,073	\$ (18,983,169)

The \$11,868,430 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2019. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year End August 31	Amount
2019	\$ 1,342,917
2020	7,902,545
2021	838,913
2022	(1,174,006)
2023	(109,239)
Thereafter	(521,657)
	\$ 8,279,473

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.state.tx.us/about/documents/cafr.pdf#CAFR>;

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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. The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

	TRS-Care Plan Premium Rates		
	Effective Sept 1, 2016 - Dec 31, 2017		
	TRS-Care 1	TRS-Care 2	TRS-Care 3
	<u>Basic Plan</u>	<u>Optional Plan</u>	<u>Optional Plan</u>
Retiree*	\$ -	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82

*or surviving spouse

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 1.0% 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.

Contribution Source	Contribution Rates	
	Plan Year Ending August 31,	
	<u>2017</u>	<u>2018</u>
Active Employees	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding remitted by Employers	1.00%	1.25%
2018 Member Contributions	\$ 2,327,943	
2018 District Contributions	\$ 3,000,054	
2017 Plan Year State Contributions	\$ 5,056,413	

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2018

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.

In addition, during the current fiscal year, \$212.0 million was transferred to TRS from the State to pay for Care during the 85th First Legislative Special Session House Bill 21, Section 10. The District reported on behalf revenues and expenditures of \$0.881 million relating to these transfers.

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions: Actuarial Assumptions can be found in the *2017 TRS CAFR, Note 10, page 82*.

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:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.5%
Discount Rate	3.42%
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%
Projected Salary Increases	3.5% to 9.5%
Healthcare Trend Rates	4.5% to 12%
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, 2017.

** Includes inflation at 2.5%

*** Initial trend rates are 7% for non-Medicare retirees; 10% for Medicare retirees and 12% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.5% over a period of 10 years.

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.

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2018

Note 12. Retiree Health Plan - continued

Discount Rate

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent 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.

Sensitivity of the Net OPEB Liability

Discount Rate – The following presents the District’s proportional share of the net OPEB liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one- percentage point lower (2.42%) or one-percentage point higher (4.42%) than the AA/Aa rate.

	1% Decrease 2.42%	Current Discount Rate 3.42%	1% Increase 4.42%
District's Proportional share of the net pension liability	\$ 213,221,684	\$ 180,658,335	\$ 154,484,744

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 pointer higher than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportional share of the net pension liability	\$ 150,416,112	\$ 180,658,335	\$ 220,339,942

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

At June 30, 2018, the District reported a liability of \$180,658,335 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	\$ 180,658,335
State's Proportional share this is associated with the District	272,038,822
Total	\$ 452,697,157

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer’s proportion of the Net OPEB Liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 12. Retiree Health Plan - continued

At August 31, 2017, the employer's proportion of the collective Net OPEB Liability was 0.4154%, which was the same proportion, measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

There was a significant plan change adopted in fiscal year ending August 31, 2017:

- 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 August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

Negative Pension Expense

The significant changes to the plan benefits and assumptions noted above lowered the OPEB liability related to TRS-Care plan as a whole by \$ 33.3 billion. As a result, the District's proportional share of the net OPEB liability decreased by \$138.3 million. Because the decrease in the liability was the result of changes to plan benefits, a majority of the decrease has been recognized immediately in the District's financial statements. As a result, the District recognized a total proportional share of negative OPEB expense of \$151.6 million. A portion of this negative expense represents the State's on behalf share of this activity which is offset by what the Governmental Accounting Standards Board refers to as a negative revenue in the amount of \$91.0 million.

	Current Year Prior to Negative			Current Year After Negative On-behalf		
	On-behalf Activities		Negative On-behalf Activities	Activities as presented in Exhibit B-1		
	Expenses	Operating Grants and Contributions		Expenses	Operating Grants and Contributions	
11 Instruction	264,602,419	23,645,629	(56,685,541)	\$ 207,916,878	\$ (33,039,912)	
12 Instructional Resources And Media Services	7,332,520	15,844	(1,258,965)	6,073,555	(1,243,121)	
13 Curriculum And Staff Development	14,115,406	5,278,004	(1,981,986)	12,133,420	3,296,018	
21 Instructional Leadership	7,738,902	1,068,936	(1,606,475)	6,132,427	(537,539)	
23 School Leadership	26,349,712	146,094	(5,056,126)	21,293,586	(4,910,032)	
31 Guidance, Counseling, And Evaluation Services	20,877,388	611,633	(4,270,816)	16,606,572	(3,659,183)	
32 Social Work Services	710,693	81,410	(115,187)	595,506	(33,777)	
33 Health Services	6,041,218	8,165,345	(1,467,581)	4,573,637	6,697,764	
34 Student Transportation	15,152,845	69,963	(168,908)	14,983,937	(98,945)	
35 Food Service	27,716,685	25,805,087		27,716,685	25,805,087	
36 Extracurricular Activities	12,971,131	101,599	(529,667)	12,441,464	(428,068)	
41 General Administration	13,574,696	522	(1,728,413)	11,846,283	(1,727,891)	
51 Facilities Maintenance And Operations	37,888,245	19,444	(554,216)	37,334,029	(534,772)	
52 Security And Monitoring Services	5,999,717	320	(38,396)	5,961,321	(38,076)	
53 Data Processing Services	14,418,526	81,203	(1,136,188)	13,282,338	(1,054,985)	
61 Community Services	2,854,465	852,593	(230,646)	2,623,819	621,947	
72 Interest On Long-Term Debt	22,796,188	12,044,964		22,796,188	12,044,964	
73 Bond Issuance Costs And Fees	680,874	-		680,874		
81 Facilities Planning	929,320	-		929,320		
93 Payments To Fiscal Agent Of Shared Services Arrangement	103,090	103,090		103,090	103,090	
95 Payments To Juvenile Justice Alternative Education Programs	-	-		15,996		
99 Intergovernmental Charges	835,727	-		835,727	-	
TP TP Total Primary Government	503,705,763	78,091,680	(76,829,111)	426,876,652	1,262,569	

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 12. Retiree Health Plan - continued

At year end, 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	\$ -	\$ (3,771,380)
Changes of assumptions	-	(71,798,343)
Net difference between projected and actual earnings on pension plan investments	27,442	-
Changes in proportion and differences between District contributions and proportionate share of contributions	835	-
District contributions subsequent to the measurement date	3,010,765	-
Total	\$ 3,039,042	\$ (75,569,723)

The \$3,010,765 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2019.

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 August 31	Amount
2019	\$ (9,967,781)
2020	(9,967,781)
2021	(9,967,781)
2022	(9,967,781)
2023	(9,974,642)
Thereafter	(25,695,680)
	\$ (75,541,446)

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries know as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years June 30, 2018, 2017, and 2016, the subsidy payments received by TRS-Care on-behalf of the District are as follows:

Fiscal Year	Medicare Part D
2018	\$ 1,092,563
2017	1,038,018
2016	1,324,284

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 13. Commitments and Contingencies

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

Grant Programs – The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent the District has not complied with the rules and regulations governing the grants, refunds of any monies received may be required and the collectability of any related receivable at August 31, 2018 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, respectfully, for the year ended August 31, 2018.

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

<u>Year Ending August 31,</u>	<u>Warehouse</u>	<u>Clinic</u>
2019	108,075	89,792
2020	108,075	89,762
2021	90,063	74,802
Total	<u>\$ 306,213</u>	<u>\$ 254,356</u>

Note 15. Capital Leases

In August 2016, the District entered into capital lease agreements for copier equipment. The agreement expires in August 2019 and contains bargain renewal options up to an additional three 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>(1,515,406)</u>
Net book value	<u>\$ 2,121,569</u>

Future minimum commitments under the capital leases are as follows:

Fiscal Year	Principal	Interest	Total
2019	\$ 613,201	\$ 41,277	\$ 654,478
2020	621,078	33,401	654,479
2021	504,609	18,974	523,583
2022	411,633	7,233	418,866
2023	<u>66,806</u>	<u>213</u>	<u>67,019</u>
Total	<u>\$ 2,217,327</u>	<u>\$ 101,098</u>	<u>\$ 2,318,425</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

Note 16. Deferred Outflows of Resources

For governmental activities, the net investment in capital assets of \$291,998,041 includes the effect of deferring the recognition of losses on bond refunding's. The \$13,771,841 balance of the deferred outflow of resources at August 31, 2018 will be recognized as an expense and will decrease unrestricted net position over the next 14 years.

	September 1, 2017 Balance	New Obligations Incurred	Obligations Retired or Transferred	August 31, 2018 Balance
Deferred Outflows of Resources:				
Deferred charge on refunding	\$ 16,145,997	\$ -	\$ 2,374,156	\$ 13,771,841
Total Deferred Outflows of Resources	<u>\$ 16,145,997</u>	<u>\$ -</u>	<u>\$ 2,374,156</u>	<u>\$ 13,771,841</u>

Note 17. Prior Period Restatement

During fiscal year 2018, the District has implemented the Governmental Accounting Standards Board Statements No. 75 *Accounting and Financial Reporting for Pensions*. As a result, the beginning net position of the District's governmental activities has been restated on the Statement of Activities to reflect the net OPEB liability and deferred outflows of resources relating to OPEB contributions made after the prior measurement date of the plan as follows:

Net Position as originally presented		\$ 356,206,460
Prior Period Restatement		
Net OPEB Liability	\$ (318,943,165)	
Deferred Outflows of Resources	2,159,866	
Net Prior Period Restatement		<u>(316,783,299)</u>
Net Position as restated		<u>\$ 39,423,161</u>

Note 18. Subsequent Events

In December, 2018, the District issued \$14,525,000 of Unlimited Tax Refunding Bonds, Series 2019 to refund the Unlimited Tax School Building and Refunding Bonds, Series 2009A, dated June 15, 2009.

The District evaluated all subsequent events through January 17, 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 YEAR ENDED AUGUST 31, 2018

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	\$ 176,744,264	\$ 182,971,036	\$ 184,226,362	\$ 1,255,326
5800 State Program Revenues	295,221,323	293,417,227	297,656,581	4,239,354
5900 Federal Program Revenues	1,700,000	10,170,112	10,509,731	339,619
5020 Total Revenues	<u>473,665,587</u>	<u>486,558,375</u>	<u>492,392,674</u>	<u>5,834,299</u>
EXPENDITURES:				
Current:				
0011 Instruction	289,320,134	286,995,380	283,613,124	3,382,256
0012 Instructional Resources and Media Services	8,068,430	8,066,139	7,720,276	345,863
0013 Curriculum and Instructional Staff Development	12,407,317	11,829,677	11,792,277	37,400
0021 Instructional Leadership	9,109,544	8,484,447	8,164,690	319,757
0023 School Leadership	32,064,645	31,786,305	31,391,897	394,408
0031 Guidance, Counseling, and Evaluation Services	24,343,749	24,139,152	23,866,027	273,125
0032 Social Work Services	1,169,246	895,558	663,444	232,114
0033 Health Services	7,390,345	7,393,319	6,975,495	417,824
0034 Student (Pupil) Transportation	15,297,929	15,017,848	13,616,263	1,401,585
0035 Food Services	300,000	300,000	282,788	17,212
0036 Cocurricular/Extracurricular Activities	8,160,358	10,577,511	10,166,005	411,506
0041 General Administration	16,927,007	15,681,070	15,098,544	582,526
0051 Facilities Maintenance and Operations	43,889,191	41,381,203	39,893,533	1,487,670
0052 Security and Monitoring Services	6,631,270	6,329,531	5,786,795	542,736
0053 Data Processing Services	13,856,515	12,192,658	11,795,626	397,032
0061 Community Services	2,164,399	1,970,921	1,773,110	197,811
0095 Payments to Juvenile Justice Alternative Ed Program	75,000	35,000	15,996	19,004
0099 Other Intergovernmental Charges	835,728	835,728	835,727	1
6030 Total Expenditures	<u>492,010,807</u>	<u>483,911,447</u>	<u>473,451,617</u>	<u>10,459,830</u>
1100 Excess of Revenues Over Expenditures	(18,345,220)	2,646,928	18,941,057	16,294,129
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property		306,828	306,013	(815)
8911 Transfers Out	(10,250,000)	(13,600,000)	(13,623,123)	(23,123)
7080 Total Other Financing Uses	<u>(10,250,000)</u>	<u>(13,293,172)</u>	<u>(13,317,110)</u>	<u>(23,938)</u>
1200 Net Change in Fund Balances	(28,595,220)	(10,646,244)	5,623,947	16,270,191
0100 Fund Balance - September 1 (Beginning)	187,763,311	187,763,311	187,763,311	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 159,168,091</u>	<u>\$ 177,117,067</u>	<u>\$ 193,387,258</u>	<u>\$ 16,270,191</u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NATIONAL BREAKFAST AND LUNCH PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2018

Exhibit G-2

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	<u>ORIGINAL</u>	<u>FINAL</u>		Positive or (Negative)
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 7,065,000	\$ 7,262,000	\$ 7,533,918	\$ 271,918
5800 State Program Revenues	165,000	170,000	169,874	(126)
5900 Federal Program Revenues	24,075,000	24,675,000	25,224,925	549,925
5020 Total Revenues	<u>31,305,000</u>	<u>32,107,000</u>	<u>32,928,717</u>	<u>821,717</u>
EXPENDITURES:				
Current:				
0035 Food Services	31,255,000	32,057,000	29,267,013	2,789,987
0051 Facilities Maintenance and Operations	50,000	50,000	20,545	29,455
6030 Total Expenditures	<u>31,305,000</u>	<u>32,107,000</u>	<u>29,287,558</u>	<u>2,819,442</u>
1100 Excess of Revenues Over Expenditures	-	-	3,641,159	3,641,159
OTHER FINANCING SOURCES:				
7912 Sale of Real and Personal Property	-	-	13,839	13,839
7080 Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>13,839</u>	<u>13,839</u>
1200 Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>3,654,998</u>	<u>3,654,998</u>
0100 Fund Balance - September 1 (Beginning)	6,624,529	6,624,529	6,624,529	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 6,624,529</u>	<u>\$ 6,624,529</u>	<u>\$ 10,279,527</u>	<u>\$ 3,654,998</u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTE TO TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED AUGUST 31, 2018

Note 1. Stewardship, Compliance, and Accountability

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

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

Prior to August 20th of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and means of financing them. A meeting of the Board of School Trustees is then called for the purpose of adopting the proposed budget after ten days public notice of the meeting has been given. Prior to September 1, the budget is legally enacted by the Board of School Trustees.

The officially adopted district budget, as amended, must be filed with TEA through PEIMS (Public Education Information Management System) by the date prescribed in the annual system guidelines. This requirement for filing the amended budget with TEA is satisfied when the school district files its Annual Financial and Compliance Report.

Once a budget is approved, it can be amended at the function and fund level only by approval of a majority of the members of the Board of School Trustees. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

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

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
YEAR ENDED AUGUST 31, 2018

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

- \$7,482,098 increase in local revenue sources as a result of higher taxable appraised value and collections rate.
- \$2,435,258 increase in state program revenue sources as a result of an increase in special student populations yielding higher allocations.
- \$8,809,731 increase mostly as a result of Federal Medicaid program revenue sources that were not budgeted.

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 expenditures and transfers out adjustments:

- \$3,350,000 transfer out to fund roofing projects for district buildings.
- \$650,000 start-up budget allocation to fund the Accelerated Campus Excellence (ACE) initiative.

After appropriations were amended as described above, actual revenues were \$5,834,299 greater than final budgeted amounts due to more revenue in local, state and federal programs than final budgeted estimates. Actual expenditures were \$10,459,830 less than final budget amounts due to year end payroll accrual and non-payroll expenses being less than estimated. Year-end revenues were greater than expenditures, thus adding to existing fund balance.

NATIONAL BREAKFAST AND LUNCH PROGRAM

Significant differences between the original and final amended budget can be briefly summarized as follows for the National Breakfast and Lunch Program:

Revenues

- \$468,918 increase in local revenue sources as a result of local sales.
- \$1,149,925 increase in federal revenue sources as a result of higher reimbursable meals served.

After appropriations were amended as described above, actual revenues were \$821,717 greater than final budgeted amounts due to more revenue in local and federal sources than final budgeted estimates. Actual expenditures were \$2,819,442 less than final budget amounts due to the year-end payroll accrual being less than estimated at the time the final amended budget was submitted to the Board of Trustees for approval. Year-end expenditures were less than revenue, thus increasing existing fund balance.

DEBT SERVICE FUND

Revenues

- \$1,280,574 increase in local revenue sources to align revenue budget with estimated year-end totals.
- \$613,027 decrease in state revenue sources to align revenue budget with estimated year-end totals.

After appropriations were amended as described above, actual revenues were \$572,480 greater than final budgeted amounts due to more revenue in local and intermediate sources than final budgeted estimates. Actual expenditures were \$79,247 less than final budget amounts. The bond issuance costs and fees were less than budgeted.

GARLAND INDEPENDENT SCHOOL DISTRICT
TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED AUGUST 31, 2018

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

Exhibit G-3

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.3214%	0.3313%	0.3352%	0.2153%
District's proportionate share of the net pension liability	\$ 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	171,872,468	204,940,921	203,123,426	179,684,773
Total	<u>\$ 274,635,455</u>	<u>\$ 330,119,995</u>	<u>\$ 321,624,996</u>	<u>\$ 237,212,384</u>
District's covered-employee payroll (for Measurement Year)	\$ 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-employee payroll	29.4%	36.3%	35.3%	17.9%
Plan fiduciary net position as a percentage of the total pension liability *	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered-employee payroll *	75.93%	92.75%	91.94%	72.89%

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

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

* Per TRS' CAFR

Schedule of The District's Contributions- Last 8 Fiscal Years

Exhibit G-4

	<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	\$ 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>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>
District's covered employee payroll	\$ 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 employee payroll	3.23%	3.10%	3.01%	2.95%	1.70%	1.46%	1.76%	1.93%

Effective September 1, 2014, employers who did not contribute 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.

Changes of Assumptions

New actuarial assumptions were adopted by the Teacher Retirement System of Texas' Board of Trustees on September 24, 2015 and are effective with the valuation as of August 31, 2017. The major assumptions changes were the adoption of the use of generational mortality for the purpose of predicting future mortality improvement and the reduction in the inflation rate from 3.00% to 2.50%.

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
YEAR ENDED AUGUST 31, 2018

Schedule of The District's Proportionate Share of the Net OPEB Liability

Exhibit G-5

	2017
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 180,658,335
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) associated with the District	272,038,822
Total	\$ 452,697,157
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.4154378%
District's Covered-Employee Payroll	\$ 349,184,036
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll	51.70%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.

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

Exhibit G-6

	2018
Contractually required contributions	\$ 2,999,519
Contributions in relation to the contractual required contributions	2,999,519
Contribution deficiency (excess)	\$ -
District's covered employee payroll	\$ 358,144,722
Contributions as a percentage of covered employee payroll	0.84%

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTE TO TEACHER RETIREMENT SYSTEM AND POST EMPLOYMENT
BENEFITS SCHEDULES REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED AUGUST 31, 2018

Pension Changes of Benefit Terms

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

Pension Changes of Assumptions

There were no changes in the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

Other Post Employment Benefits Changes of Benefit Terms

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

Other Post Employment Benefits Changes of Assumptions

The following changes to the actuarial assumptions or inputs that affected measurement of the total OPEB liability since the prior measurement period:

1. Significant plan changes were adopted during the fiscal year ending August 31, 2017. 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.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017. This change lowered the total OPEB liability.

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
 AUGUST 31, 2018

	751 Motor Pool	752 Print Shop	753 Risk Management
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 53,191	\$ 841,381	\$ 8,077,858
Other Receivables	-	4,201	-
Total Current Assets	<u>53,191</u>	<u>845,582</u>	<u>8,077,858</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			(5,018)
Accumulated Depreciation - Furniture and Equipment	(294,919)	(1,558,508)	(109,317)
Total Noncurrent Assets	<u>123,318</u>	<u>226,437</u>	<u>6,569</u>
Total Assets	<u><u>176,509</u></u>	<u><u>1,072,019</u></u>	<u><u>8,084,427</u></u>
LIABILITIES			
Current Liabilities:			
Accounts Payable			28,021
Leases Payable			
Interest Payable			
Accrued Wages Payable		2,298	4,942
Claims Liability			1,037,418
Unearned Revenues	-	-	-
Total Current Liabilities	<u>-</u>	<u>2,298</u>	<u>1,070,381</u>
Noncurrent Liabilities:			
Capital Lease Payable Long-Term			
Claims Liability Long-Term	-	-	1,677,104
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>1,677,104</u>
Total Liabilities	<u>-</u>	<u>2,298</u>	<u>2,747,485</u>
NET POSITION			
Net Investment in Capital Assets	123,318	226,437	6,569
Unrestricted Net Position	53,191	843,284	5,330,373
Total Net Position	<u><u>\$ 176,509</u></u>	<u><u>\$ 1,069,721</u></u>	<u><u>\$ 5,336,942</u></u>

756 Copier Pool	757 Curtis Culwell Center	Total Internal Service Funds
\$ 493,031	\$ 34,173	\$ 9,499,634
-	2,270	6,471
<u>493,031</u>	<u>36,443</u>	<u>9,506,105</u>
	251,316	251,316
	258,270	265,990
3,636,975	828,902	6,782,243
	(91,742)	(91,742)
	(97,893)	(102,911)
(1,515,406)	(609,512)	(4,087,662)
<u>2,121,569</u>	<u>539,341</u>	<u>3,017,234</u>
<u>2,614,600</u>	<u>575,784</u>	<u>12,523,339</u>
2,421	41,902	72,344
613,201		613,201
4,712		4,712
	13,412	20,652
		1,037,418
-	331,600	331,600
<u>620,334</u>	<u>386,914</u>	<u>2,079,927</u>
1,604,125		1,604,125
-	-	1,677,104
<u>1,604,125</u>	<u>-</u>	<u>3,281,229</u>
<u>2,224,459</u>	<u>386,914</u>	<u>5,361,156</u>
(100,469)	539,341	795,196
490,610	(350,471)	6,366,987
<u>\$ 390,141</u>	<u>\$ 188,870</u>	<u>\$ 7,162,183</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

	751 Motor Pool	752 Print Shop	753 Risk Management
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 41,713	\$ 974,811	\$ 1,618,260
Total Operating Revenues	<u>41,713</u>	<u>974,811</u>	<u>1,618,260</u>
OPERATING EXPENSES:			
Payroll Costs		214,582	435,680
Professional and Contracted Services	689	206,207	262,060
Supplies and Materials	12,880	331,165	40,404
Other Operating Costs	59,943	159,379	946,221
Total Operating Expenses	<u>73,512</u>	<u>911,333</u>	<u>1,684,365</u>
Operating Income (Loss)	<u>(31,799)</u>	<u>63,478</u>	<u>(66,105)</u>
NONOPERATING REVENUES (EXPENSES):			
Earnings from Temporary Deposits & Investments			
Gain on Disposal of Asset			2,775
Interest on Capital Lease			
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>2,775</u>
Income (Loss) before Transfers	(31,799)	63,478	(63,330)
Transfer In	<u>22,810</u>		<u>313</u>
Change in Net Position	(8,989)	63,478	(63,017)
Total Net Position - September 1 (Beginning)	<u>185,498</u>	<u>1,006,243</u>	<u>5,399,959</u>
Total Net Position - August 31 (Ending)	<u><u>176,509</u></u>	<u><u>\$ 1,069,721</u></u>	<u><u>\$ 5,336,942</u></u>

756 Copier Pool	757 Curtis Culwell Center	Total Internal Service Funds
\$ 1,427,288	\$ 2,971,198	\$ 7,033,270
<u>1,427,288</u>	<u>2,971,198</u>	<u>7,033,270</u>
	1,056,627	1,706,889
441,002	1,385,703	2,295,661
	211,507	595,956
606,163	261,678	2,033,384
<u>1,047,165</u>	<u>2,915,515</u>	<u>6,631,890</u>
<u>380,123</u>	<u>55,683</u>	<u>401,380</u>
	7,690	7,690
		2,775
(64,982)		(64,982)
<u>(64,982)</u>	<u>7,690</u>	<u>(54,517)</u>
315,141	63,373	346,863
		23,123
<u>315,141</u>	<u>63,373</u>	<u>369,986</u>
75,000	125,497	6,792,197
<u>\$ 390,141</u>	<u>\$ 188,870</u>	<u>\$ 7,162,183</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2018

	751 Motor Pool	752 Print Shop	753 Risk Management
Cash Flows from Operating Activities:			
Cash Received from User Charges	\$ 41,713	\$ -	\$ -
Cash Received from Assessments - Other Funds		974,811	1,634,602
Cash Payments to Employees for Services		(214,547)	(433,855)
Cash Payments for Insurance Claims			(1,478,915)
Cash Payments for Suppliers	(12,880)	(331,705)	(27,686)
Cash Payments for Other Operating Expenses		-	(23,501)
Cash Payments for Prof. and Contracted Services	(689)	(206,207)	(262,060)
Net Cash Provided by (Used for) Operating Activities	<u>28,144</u>	<u>222,352</u>	<u>(591,415)</u>
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets		(62,133)	
Disposal of Capital Asset			2,775
Capital Lease Payments			
Capital Lease Interest Expense	-		-
Transfer In	22,810		313
Net Cash Provided by Capital Financing Activities	<u>22,810</u>	<u>(62,133)</u>	<u>3,088</u>
Cash Flows from Investing Activities:			
Interest and Dividends on Investments	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	<u>50,954</u>	<u>160,219</u>	<u>(588,327)</u>
Cash and Cash Equivalents at Beginning of the Year:	2,237	681,162	8,666,185
Cash and Cash Equivalents at the End of the Year:	<u>\$ 53,191</u>	<u>\$ 841,381</u>	<u>\$ 8,077,858</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss):	\$ (31,799)	\$ 63,478	\$ (66,105)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	59,943	159,379	6,296
Effect of Increases and Decreases in Current Assets and Liabilities:			
(Increase) Decrease in Due from Other Funds			16,342
(Increase) Decrease in Other Receivables		(540)	
Increase (Decrease) in Accounts Payable			12,718
Increase (Decrease) in Accrued Wages Payable		35	1,825
Increase (Decrease) in Due to Other Funds			
Increase (Decrease) in Unearned Revenue			
Decrease in Claims Liability	-		(562,491)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 28,144</u>	<u>\$ 222,352</u>	<u>\$ (591,415)</u>

756 Copier Pool	757 Curtis Culwell Center	Total Internal Service Funds
\$ 1,427,288	\$ 2,102,669	\$ 3,571,670
	175,198	2,784,611
	(1,065,297)	(1,713,699)
	(204,372)	(1,478,915)
	(99,664)	(576,643)
(559,340)	(1,385,703)	(2,413,999)
<u>867,948</u>	<u>(477,169)</u>	<u>49,860</u>
	(55,163)	(117,296)
(725,104)		2,775
(60,270)	-	(725,104)
		(60,270)
		23,123
<u>(785,374)</u>	<u>(55,163)</u>	<u>(876,772)</u>
-	7,690	7,690
82,574	(524,642)	(819,222)
410,457	558,815	10,318,856
<u>\$ 493,031</u>	<u>\$ 34,173</u>	<u>\$ 9,499,634</u>
\$ 380,123	\$ 55,683	\$ 401,380
606,163	162,014	993,795
		16,342
	717	177
(118,338)	7,135	(98,485)
	(8,670)	(6,810)
	(824,802)	(824,802)
	130,754	130,754
		(562,491)
<u>\$ 867,948</u>	<u>\$ (477,169)</u>	<u>\$ 49,860</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 YEAR ENDED AUGUST 31, 2018

Exhibit H-4

	Balance September 1, 2017	Additions	Deductions	Balance August 31, 2018
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 367,432	\$ 1,740,956	\$ 1,744,466	\$ 363,922
Due from External Parties	65	981,234	981,299	-
Total Assets	<u>367,497</u>	<u>2,722,190</u>	<u>2,725,765</u>	<u>363,922</u>
Liabilities:				
Accounts Payable	22,278	1,145,954	1,151,320	16,912
Due to Student Groups	345,219	1,046,102	1,044,311	347,010
Total Liabilities	<u>367,497</u>	<u>2,192,056</u>	<u>2,195,631</u>	<u>363,922</u>
OTHER ACTIVITY FUND				
Assets:				
Cash and Temporary Investments	148,215	738,202	700,745	185,672
Total Assets	<u>148,215</u>	<u>738,202</u>	<u>700,745</u>	<u>185,672</u>
Liabilities:				
Accounts Payable	7,706	361,819	356,722	12,803
Due to Employee Groups	140,509	611,103	578,743	172,869
Total Liabilities	<u>148,215</u>	<u>972,922</u>	<u>935,465</u>	<u>185,672</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	515,647	2,479,158	2,445,211	549,594
Due from External Parties	65	981,234	981,299	-
Total Assets	<u>515,712</u>	<u>3,460,392</u>	<u>3,426,510</u>	<u>549,594</u>
Liabilities:				
Accounts Payable	29,984	1,507,773	1,508,042	29,715
Due to Student/Employee Groups	485,728	1,657,205	1,623,054	519,879
Total Liabilities	<u>\$ 515,712</u>	<u>\$ 3,164,978</u>	<u>\$ 3,131,096</u>	<u>\$ 549,594</u>

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Required TEA Schedules Section

GARLAND INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2018

Last Ten Years Ended August 31	1		2	3	10
	Tax Rates		Net Assessed/Appraised Value For School Tax Purposes *	Beginning Balance 9/1/2017	
	Maintenance	Debt Service			
2009 and prior	various	various	various	\$ 1,100,162	
2010	1.0400	0.2133	13,652,343,413	158,828	
2011	1.0400	0.2133	13,366,036,304	176,733	
2012	1.0400	0.2133	13,085,564,669	192,002	
2013	1.0400	0.2133	12,971,711,641	210,685	
2014	1.0400	0.2133	13,064,995,612	346,559	
2015	1.0400	0.2133	13,678,153,355	463,483	
2016	1.0400	0.3133	14,001,530,407	670,622	
2017	1.0400	0.4200	15,362,186,673	1,958,872	
2018	1.0400	0.4200	17,823,103,077	-	
1000 TOTALS				<u><u>\$ 5,277,946</u></u>	

20 Current Year's Total Levy **	31 Maintenance Total Collections	32 Debt Service Total Collections	40 Entire Year's Adjustments ***	50 Ending Balance 8/31/2018
\$ -	\$ 49,170	\$ 9,639	\$ (135,930)	\$ 905,423
	14,421	2,958	(4,017)	137,432
	16,558	3,396	(7,575)	149,204
	21,860	4,483	(6,117)	159,542
	25,906	5,313	(4,521)	174,945
	41,165	8,443	(99,657)	197,294
	65,302	13,393	(5,471)	379,317
	154,550	42,757	(35,537)	437,778
	716,821	257,963	(315,234)	668,854
<u>247,692,044</u>	<u>174,959,716</u>	<u>70,649,376</u>	<u>18,299</u>	<u>2,101,251</u>
<u>\$ 247,692,044</u>	<u>\$ 176,065,469</u>	<u>\$ 70,997,721</u>	<u>\$ (595,760)</u>	<u>\$ 5,311,040</u>

* 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.

GARLAND INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL – DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED AUGUST 31, 2018

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>		<u>(Negative)</u>
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 70,100,472	\$ 71,381,046	\$ 71,562,385	\$ 181,339
5800 State Program Revenues	11,800,363	11,187,336	11,577,476	390,140
5900 Federal Program Revenues	<u>466,488</u>	<u>466,488</u>	<u>467,489</u>	<u>1,001</u>
5020 Total Revenues	<u>82,367,323</u>	<u>83,034,870</u>	<u>83,607,350</u>	<u>572,480</u>
EXPENDITURES:				
Current:				
Debt Service:				
0071 Debt Service-Principal on Long Term Debt	47,726,335	47,726,335	47,726,335	-
0072 Debt Service-Interest on Long Term Debt	26,652,129	26,652,129	26,651,612	517
0073 Debt Service-Bond Issuance Cost and Fees	<u>100,000</u>	<u>100,000</u>	<u>21,270</u>	<u>78,730</u>
6030 Total Expenditures	<u>74,478,464</u>	<u>74,478,464</u>	<u>74,399,217</u>	<u>79,247</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	7,888,859	8,556,406	9,208,133	651,727
0100 Fund Balance - September 1 (Beginning)	<u>13,716,951</u>	<u>13,716,951</u>	<u>13,716,951</u>	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 21,605,810</u>	<u>\$ 22,273,357</u>	<u>\$ 22,925,084</u>	<u>\$ 651,727</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	79-92
These schedules contain trend information to help the reader understand how the government’s financial performance and wellbeing have changed over time.	
Revenue Capacity	93-96
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	
Debt Capacity	97-99
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	100-101
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	102-112
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			
	2009	2010	2011	2012
Governmental net position				
Net investment in capital assets	\$ 115,842,801	\$ 119,473,529	\$ 135,714,399	\$ 150,416,165
Restricted				
Food Service	1,032,266	2,237,555	3,572,158	5,647,011
Debt Service	2,867,279	4,692,604	5,944,130	5,852,827
Grant Funds				4,480,338
Construction				
Unrestricted	95,328,280	99,789,458	118,941,802	140,509,657
Total governmental net position	<u>215,070,626</u>	<u>226,193,146</u>	<u>264,172,489</u>	<u>306,905,998</u>
Business-type net position				
Net investment in capital assets	25,810	21,673	17,536	14,180
Unrestricted	(78,527)	(138,885)	(129,759)	(127,504)
Total Business-type net position	<u>(52,717)</u>	<u>(117,212)</u>	<u>(112,223)</u>	<u>(113,324)</u>
Total net position				
Net investment in capital assets	115,868,611	119,495,202	135,731,935	150,430,345
Restricted				
Food Service	1,032,266	2,237,555	3,572,158	5,647,011
Debt Service	2,867,279	4,692,604	5,944,130	5,852,827
Grant Funds				4,480,338
Construction				
Unrestricted	95,249,753	99,650,573	118,812,043	140,382,153
Total net position	<u>\$ 215,017,909</u>	<u>\$ 226,075,934</u>	<u>\$ 264,060,266</u>	<u>\$ 306,792,674</u>

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

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 157,656,333	\$ 162,891,590	\$ 173,975,555	\$ 186,102,148	\$ 230,598,662	\$ 291,998,041
		2,753,549	4,543,133	6,624,529	10,265,688
5,689,844	5,841,400	9,556,908	8,043,823	13,172,040	22,490,186
7,594,789	9,155,138	3,926,659	11,563,497	17,492,426	14,140,160
	6,614,366				
157,811,060	163,033,042	104,414,137	90,509,434	88,318,803	(177,634,686)
<u>328,752,026</u>	<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>
11,601	9,023	6,445	-	-	-
(126,232)	(130,792)	(6,661)	-	-	-
<u>(114,631)</u>	<u>(121,769)</u>	<u>(216)</u>	<u>-</u>	<u>-</u>	<u>-</u>
157,667,934	162,900,613	173,982,000	186,102,148	230,598,662	291,998,041
		2,753,549	4,543,133	6,624,529	10,265,688
5,689,844	5,841,400	9,556,908	8,043,823	13,172,040	22,490,186
10,133,840	9,155,138	3,926,659	11,563,497	17,492,426	14,140,160
	6,614,366				
155,145,777	162,902,250	104,407,476	90,509,434	88,318,803	(177,634,686)
<u>\$ 328,637,395</u>	<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>

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

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental activities				
Instruction	\$ 283,065,227	\$ 289,725,326	\$ 294,208,920	\$ 272,825,108
Instructional resource and media services	8,131,373	8,118,770	8,193,015	7,368,582
Curriculum and staff development services	7,796,851	7,146,831	8,581,755	8,514,256
Instructional leadership	7,439,610	10,062,924	9,757,848	8,365,560
School leadership	26,744,844	27,380,902	27,930,380	26,527,981
Guidance, counseling, and evaluation services	17,956,443	18,728,727	18,429,805	16,939,997
Social work services	969,118	929,902	929,097	894,164
Health services	5,333,060	5,619,695	5,654,397	5,329,439
Student transportation	10,101,240	10,499,734	10,811,955	10,643,267
Food Service	26,573,977	27,071,935	27,407,886	26,033,888
Cocurricular/Extracurricular activities	6,684,383	6,704,026	7,290,111	7,686,728
General administration	9,765,328	10,668,993	11,255,328	10,252,916
Facilities maintenance and operations	37,369,496	38,327,826	37,876,948	35,728,649
Security and monitoring services	3,697,044	3,847,937	3,803,372	3,667,174
Data processing services	12,164,713	16,879,163	13,777,228	21,287,235
Community services	5,546,340	5,614,407	5,289,947	3,086,571
Interest on long-term debt	16,266,467	16,555,683	15,378,492	691,607
Bond issuance cost and fees	219,929	419,457	437,694	229,464
Facilities repairs and maintenance	541,958	1,570,426	2,297,277	1,511,554
Payments to Fiscal Agent of Shared Services Arrangement			31,422	69,224
Payments to Juvenile Justice Alternative Education Programs	56,304	52,360	66,234	45,714
Intergovernmental Charges	677,662	698,644	700,543	658,438
Total governmental activities expenses	<u>487,101,367</u>	<u>506,623,668</u>	<u>510,109,654</u>	<u>468,357,516</u>
Business-type activities				
Concessions	288,814	287,235	258,978	247,054
Total business-type activities expenses	<u>288,814</u>	<u>287,235</u>	<u>258,978</u>	<u>247,054</u>
Total expenses	<u>\$ 487,390,181</u>	<u>\$ 506,910,903</u>	<u>\$ 510,368,632</u>	<u>\$ 468,604,570</u>
Program Revenues				
Governmental activities				
Charges for services				
Instruction	\$ 482,224	\$ 265,338	\$ 169,918	\$ 244,414
Curriculum and staff development				375
Food service	10,332,066	9,803,316	9,220,579	9,011,473
Cocurricular/Extracurricular activities	4,782,751	4,667,101	4,900,323	5,096,626
Plant maintenance and operations	219,996	193,833	176,730	268,172
Security and monitoring services				
Community services				
Operating grants and contributions	84,599,937	105,829,524	132,960,615	91,587,206
Total governmental entities program revenue	<u>100,416,974</u>	<u>120,759,112</u>	<u>147,428,165</u>	<u>106,208,266</u>
Business-type activities				
Charges for services				
Concessions	265,406	222,740	263,967	245,953
Total governmental entities business-type revenue	<u>265,406</u>	<u>222,740</u>	<u>263,967</u>	<u>245,953</u>
Total program revenues	<u>\$ 100,682,380</u>	<u>\$ 120,981,852</u>	<u>\$ 147,692,132</u>	<u>\$ 106,454,219</u>
Net Expense				
Governmental activities	\$ (386,684,393)	\$ (385,864,556)	\$ (362,681,489)	\$ (362,149,250)
Business-type activities	(23,408)	(64,495)	4,989	(1,101)
Total net expenses	<u>\$ (386,707,801)</u>	<u>\$ (385,929,051)</u>	<u>\$ (362,676,500)</u>	<u>\$ (362,150,351)</u>

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

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 277,499,490	\$ 293,173,717	\$ 302,936,954	\$ 326,193,632	\$ 319,232,860	\$ 207,916,878	
7,672,838	7,897,014	8,240,779	8,476,668	8,397,550	6,073,555	
10,248,468	11,848,699	13,966,276	15,289,822	15,833,458	12,133,420	
8,659,257	9,444,098	9,476,390	9,404,380	9,239,512	6,132,427	
27,137,920	28,022,164	29,359,186	31,430,176	31,663,652	21,293,586	
17,824,829	19,318,654	21,727,176	23,134,956	23,589,312	16,606,572	
942,133	1,339,419	1,253,128	1,057,374	800,029	595,506	
5,446,268	6,228,989	6,545,294	6,867,464	6,893,327	4,573,637	
11,379,383	12,966,006	13,717,097	15,154,555	15,456,729	14,983,937	
27,886,434	31,285,050	32,701,421	31,575,592	31,390,062	27,716,685	
8,228,081	8,556,794	9,077,240	10,327,317	9,046,761	12,441,464	
11,631,845	15,141,046	15,338,293	15,353,186	16,081,858	11,846,283	
36,004,303	38,454,227	39,578,630	40,912,661	38,997,523	37,334,029	
3,812,056	4,100,656	4,348,891	6,318,189	5,970,986	5,961,321	
14,343,551	15,490,524	24,346,683	40,659,486	21,610,633	13,282,338	
2,540,248	3,198,004	3,462,272	4,063,974	3,939,824	2,623,819	
14,113,757	11,926,352	13,571,186	18,083,049	22,221,597	22,796,188	
23,786	176,140	1,486,831	434,984	1,050,341	680,874	
4,540,264	5,364,055	1,605,080	1,984,797	19,131	929,320	
64,011	74,889	81,790	78,603	82,925	103,090	
5,742	4,824	10,716	30,168	25,536	15,996	
664,700	662,918	667,640	692,137	745,631	835,727	
<u>490,669,364</u>	<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>	
261,762	259,754	282,724	213	-	-	
<u>261,762</u>	<u>259,754</u>	<u>282,724</u>	<u>213</u>	<u>-</u>	<u>-</u>	
<u>\$ 490,931,126</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>	
\$ 159,781	\$ 428,438	\$ 419,763	\$ 477,147	\$ 797,456	\$ 1,078,595	
8,939,886	9,276,095	9,272,764	7,729,332	7,194,211	7,105,515	
5,410,308	5,261,990	4,292,064	4,974,632	4,752,685	4,744,058	
177,533	151,719	184,070	209,727	329,971	152,110	
<u>80,546,373</u>	<u>90,430,370</u>	<u>98,476,190</u>	<u>114,478,252</u>	<u>111,116,480</u>	<u>1,262,569</u>	
<u>95,233,881</u>	<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>	
260,455	252,564	271,241	-	-	-	
<u>260,455</u>	<u>252,564</u>	<u>271,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>\$ 95,494,336</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>	
\$ (395,435,483)	\$ (419,125,627)	\$ (440,854,102)	\$ (479,654,080)	\$ (458,098,434)	\$ (412,533,805)	
(1,307)	(7,190)	(11,483)	(213)	-	-	
<u>\$ (395,436,790)</u>	<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>	

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

	Fiscal Year			
	2009	2010	2011	2012
Net Expense				
Governmental activities	\$ (386,684,393)	\$ (385,864,556)	\$ (362,681,489)	\$ (362,149,250)
Business-type activities	(23,408)	(64,495)	4,989	(1,101)
Total net expenses	<u>\$ (386,707,801)</u>	<u>\$ (385,929,051)</u>	<u>\$ (362,676,500)</u>	<u>\$ (362,150,351)</u>
General Revenues				
Governmental activities				
Taxes				
Property taxes levied for general purposes	\$ 146,318,903	\$ 142,764,547	\$ 138,879,794	\$ 136,593,849
Property taxes levied for debt service	29,971,347	29,284,421	28,513,656	27,998,477
State Aid Formula Grants	216,066,364	220,388,265	224,600,836	233,715,404
Grants and contributions not restricted	1,061,717	3,365,788	5,192,762	4,482,295
Investment earnings	1,445,428	692,016	250,405	286,150
Miscellaneous	2,305,294	492,039	947,721	1,362,616
Transfers in (out) from business-type activities				
Special Items:				
Gain (Loss) on disposal of assets				(877,204)
Liquidation of Claims Liability (Note 10)				703,742
Extraordinary Items:				
Insurance recoveries	-	-	2,275,658	617,430
Total governmental general revenues	<u>397,169,053</u>	<u>396,987,076</u>	<u>400,660,832</u>	<u>404,882,759</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>\$ 397,169,053</u>	<u>\$ 396,987,076</u>	<u>\$ 400,660,832</u>	<u>\$ 404,882,759</u>
Change in Net Position				
Governmental activities	\$ 10,484,660	\$ 11,122,520	\$ 37,979,343	\$ 42,733,509
Business-type activities	(23,408)	(64,495)	4,989	(1,101)
Total primary government	<u>\$ 10,461,252</u>	<u>\$ 11,058,025</u>	<u>\$ 37,984,332</u>	<u>\$ 42,732,408</u>

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

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ (395,435,483)	\$ (419,125,627)	\$ (440,854,102)	\$ (479,654,080)	\$ (458,098,434)	\$ (412,533,805)
(1,307)	(7,190)	(11,483)	(213)	-	
<u>\$ (395,436,790)</u>	<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>
\$ 136,374,770	\$ 137,162,011	\$ 143,261,249	\$ 147,147,310	\$ 160,752,789	177,189,925
27,925,169	28,090,094	29,406,886	44,156,322	64,727,260	71,576,774
254,240,046	270,830,210	278,214,031	290,555,354	280,753,101	274,441,570
268,714	504,719	457,688	1,614,381	1,697,891	2,054,402
278,338	96,855	155,049	1,152,599	2,981,631	6,653,988
1,247,836	896,992	1,496,153	917,065	2,252,773	1,899,433
		(132,561)	(429)	-	
272,557	256,242	265,904	246,705	377,414	553,941
78,284	72,014				
<u>420,685,714</u>	<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>
	52	475			
-	-	132,561	429	-	-
-	52	133,036	429	-	-
<u>\$ 420,685,714</u>	<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>
\$ 25,250,231	\$ 18,783,510	\$ 12,270,297	\$ 6,135,227	\$ 55,444,425	\$ 121,836,228
(1,307)	(7,138)	121,553	216	-	-
<u>\$ 25,248,924</u>	<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>

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

	Fiscal Year	
	2009	2010
General Fund		
Reserved	\$ 2,124,945	\$ 2,096,956
Designated	9,693,854	9,963,746
Unreserved	67,782,406	79,992,042
Total general fund	<u>\$ 79,601,205</u>	<u>\$ 92,052,744</u>
All Other Governmental Funds		
Reserved		
Capital Projects fund	\$ 39,433,222	\$ 23,485,325
Other governmental funds	2,183,286	1,925,909
Debt Service Fund	2,932,753	4,730,024
Food Service	(972,195)	311,646
Unreserved		
Reported in Federal Special Revenue Fund	177,477	338,061
Reported in State Special Revenue Fund	925,300	253,868
Reported in Local Special Revenue Fund	7,483,279	9,923,244
Total all other governmental funds	<u>\$ 52,163,122</u>	<u>\$ 40,968,077</u>

Fund Balance Categories as Required by GASB Statement No. 54

	2011	2012
General Fund		
Non-Spendable - Inventories	\$ 1,463,630	\$ 1,108,597
Non-Spendable - Prepaid Items	828,738	882,579
Committed - Capital Expenditures for Equipment	1,963,746	2,022,659
Committed - Self-Insurance	8,000,000	8,000,000
Unassigned	94,109,829	114,372,129
	<u>\$ 106,365,943</u>	<u>\$ 126,385,964</u>
All Other Governmental Funds		
Non-Spendable - Inventories	1,929,290	1,990,416
Non-Spendable - Prepaid Items		
Restricted - Grant Funds	7,652,679	8,136,933
Restricted - Capital Acquisitions and Contractual Obligations	79,399,452	67,919,393
Restricted - Retirement of Long-term Debt	4,532,676	5,985,877
Committed - Local Special Revenue Fund	2,308,830	2,219,884
Assigned - Construction and Capital Expenditures	10,085,494	17,569,447
	<u>\$ 105,908,421</u>	<u>\$ 103,821,950</u>

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

Fiscal Year

2013	2014	2015	2016	2017	2018
\$ 922,154	\$ 841,310	\$ 898,601	\$ 985,030	\$ 890,698	\$ 907,053
1,742,306	1,947,959	1,453,566	1,044,039	-	-
8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
132,544,119	143,786,285	150,065,060	162,004,045	178,872,613	184,480,205
<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>
2,462,498	2,022,565	1,665,298	2,049,499	1,906,372	2,069,511
76,553	877,145	1,775,222	1,655,335	-	-
7,594,789	6,840,334	3,487,530	12,437,623	22,210,583	22,336,337
18,796,258	6,614,366	183,774,730	97,915,261	158,771,545	126,954,526
5,825,655	6,008,006	9,961,155	8,345,668	13,716,951	22,925,084
2,490,321	3,096,524	2,321,589	2,330,898	2,493,805	2,778,486
20,117,625	23,176,096	22,091,992	21,289,184	15,501,859	6,096,195
<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>

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

	Fiscal Year			
	2009	2010	2011	2012
Local sources:				
Property taxes	\$ 176,569,986	\$ 172,139,992	\$ 167,273,269	\$ 165,275,525
Earnings on Investments	1,525,021	707,159	258,505	286,945
Other local sources	18,385,341	15,980,072	15,987,134	17,196,383
Total local sources	<u>196,480,348</u>	<u>188,827,223</u>	<u>183,518,908</u>	<u>182,758,853</u>
State sources:				
Per Capita	13,743,144	5,823,420	17,945,835	\$ 13,688,849
Foundation School Program	206,872,320	214,724,391	206,655,001	220,026,555
On-behalf Payments	16,405,646	19,652,675	19,836,443	18,391,316
Other State Sources	16,615,806	15,958,239	22,808,914	16,285,452
Total state sources	<u>253,636,916</u>	<u>256,158,725</u>	<u>267,246,193</u>	<u>268,392,172</u>
Federal sources:	47,497,219	72,967,099	95,044,989	60,791,256
Total revenues	<u>\$ 497,614,483</u>	<u>\$ 517,953,047</u>	<u>\$ 545,810,090</u>	<u>\$ 511,942,281</u>

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

		Fiscal Year									
2013		2014		2015		2016		2017		2018	
\$	164,584,996	\$	165,665,203	\$	172,925,921	\$	191,213,265	\$	225,136,669	\$	248,652,345
	281,502		99,336		151,757		1,185,673		3,097,611		7,062,195
	16,155,364		17,532,397		16,158,382		15,031,358		15,651,100		15,063,980
	<u>181,021,862</u>		<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>
\$	25,588,455	\$	14,229,508	\$	14,300,164	\$	9,745,185	\$	21,076,581	\$	11,062,727
	228,651,591		256,600,702		263,762,268		280,665,610		259,534,696		263,378,843
	17,673,118		20,763,720		21,863,803		21,873,710		21,332,244		23,208,664
	11,739,565		17,349,345		20,619,462		25,246,920		26,644,134		12,131,942
	<u>283,652,729</u>		<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>
	51,107,017		51,334,853		56,740,087		56,398,403		60,268,133		67,513,974
\$	<u>515,781,608</u>	\$	<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>

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

	Fiscal Year			
	2009	2010	2011	2012
Expenditures				
Governmental funds				
11 Instruction	\$ 274,554,083	\$ 277,736,342	\$ 286,385,667	\$ 265,783,902
12 Instructional resources and media services	7,683,187	7,550,087	7,606,662	6,907,353
13 Curriculum and staff development services	7,829,424	7,085,074	8,436,124	8,546,167
Total function 10	<u>290,066,694</u>	<u>292,371,503</u>	<u>302,428,453</u>	<u>281,237,422</u>
21 Instructional leadership	7,317,361	10,051,751	9,757,128	8,087,798
23 School leadership	26,613,132	26,802,850	27,214,873	26,327,408
Total function 20	<u>33,930,493</u>	<u>36,854,601</u>	<u>36,972,001</u>	<u>34,415,206</u>
31 Guidance, counseling, and evaluation services	17,888,859	18,443,795	18,188,436	16,815,753
32 Social work services	971,385	919,581	916,259	894,034
33 Health services	5,259,870	5,469,179	5,481,977	5,240,443
34 Student transportation	11,657,475	8,330,801	8,958,596	12,375,738
35 Food service	25,601,394	25,457,357	25,590,165	24,873,220
36 Extracurricular activities	5,946,729	5,722,934	6,194,537	6,643,953
Total function 30	<u>67,325,712</u>	<u>64,343,647</u>	<u>65,329,970</u>	<u>66,843,141</u>
41 General administration	9,645,633	10,088,727	10,143,293	9,994,137
Total function 40	<u>9,645,633</u>	<u>10,088,727</u>	<u>10,143,293</u>	<u>9,994,137</u>
51 Facilities maintenance and operations	35,974,175	36,352,005	35,809,238	34,621,542
52 Security and monitoring services	3,431,654	3,557,014	3,551,656	3,459,277
53 Data processing services	11,961,227	16,369,064	18,896,247	21,004,438
Total function 50	<u>51,367,056</u>	<u>56,278,083</u>	<u>58,257,141</u>	<u>59,085,257</u>
61 Community service	4,676,956	4,680,266	4,366,739	2,229,787
Total function 60	<u>4,676,956</u>	<u>4,680,266</u>	<u>4,366,739</u>	<u>2,229,787</u>
71 Debt service				
Principal on long-term debt	21,144,985	20,565,000	21,745,000	22,555,971
Interest on long-term debt	17,752,528	16,383,178	15,536,957	15,008,901
Bond issuance costs and fees	1,004,521	419,457	1,164,685	2,098,437
Total function 70	<u>39,902,034</u>	<u>37,367,635</u>	<u>38,446,642</u>	<u>39,663,309</u>
81 Facilities acquisition/construction	4,724,520	11,013,287	8,513,304	14,061,387
Total function 80	<u>4,724,520</u>	<u>11,013,287</u>	<u>8,513,304</u>	<u>14,061,387</u>
93 Payments related to Shared Services Arrangements			31,423	69,224
95 Payments to Juvenile Justice Alternative	56,304	52,360	66,234	45,714
99 Other Intergovernmental Charges	677,662	698,644	700,543	658,438
Total function 90	<u>733,966</u>	<u>751,004</u>	<u>798,200</u>	<u>773,376</u>
Total expenditures	<u>\$ 502,373,064</u>	<u>\$ 513,748,753</u>	<u>\$ 525,255,743</u>	<u>\$ 508,303,022</u>
Debt service as a percentage of noncapital expenditures	7.9%	7.4%	7.4%	7.8%

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

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 264,641,540	\$ 278,396,221	\$ 292,682,387	\$ 295,875,044	\$ 296,735,311	\$ 311,197,039	
7,200,650	7,414,899	7,635,828	7,976,025	7,715,713	7,823,749	
10,218,104	11,821,331	14,150,661	14,955,504	15,302,908	17,104,803	
282,060,294	297,632,451	314,468,876	318,806,573	319,753,932	336,125,591	
8,548,600	9,136,533	9,267,235	8,909,833	8,745,559	9,233,263	
26,963,180	27,735,396	29,106,054	30,227,932	30,381,505	31,796,289	
35,511,780	36,871,929	38,373,289	39,137,765	39,127,064	41,029,552	
17,725,446	19,203,404	21,512,159	22,461,110	22,844,915	24,485,165	
939,051	1,346,199	1,338,547	1,045,330	791,786	745,589	
5,346,833	6,132,616	6,389,549	6,618,661	6,603,999	6,981,160	
12,992,842	14,052,926	15,163,237	16,638,683	16,363,472	17,567,596	
27,046,189	30,293,793	31,790,346	29,920,357	29,606,960	29,549,801	
7,128,827	8,007,892	7,795,306	9,052,990	8,518,724	11,429,637	
71,179,188	79,036,830	83,989,144	85,737,131	84,729,856	90,758,948	
10,799,316	14,962,000	15,054,618	14,799,780	15,414,043	15,222,824	
10,799,316	14,962,000	15,054,618	14,799,780	15,414,043	15,222,824	
34,104,435	37,405,228	37,643,590	38,407,218	38,255,742	40,824,190	
3,571,740	3,821,316	4,072,994	6,123,148	5,720,961	9,668,579	
11,129,867	12,235,673	21,405,047	48,340,584	19,626,462	24,237,927	
48,806,042	53,462,217	63,121,631	92,870,950	63,603,165	74,730,696	
1,663,945	2,302,771	2,695,992	3,059,647	2,923,205	2,653,384	
1,663,945	2,302,771	2,695,992	3,059,647	2,923,205	2,653,384	
26,329,896	25,368,218	25,765,010	38,298,252	48,531,442	47,726,335	
16,053,653	14,637,796	15,807,117	20,492,629	25,536,628	26,651,612	
23,786	176,140	1,486,831	434,984	1,050,341	680,874	
42,407,335	40,182,154	43,058,958	59,225,865	75,118,411	75,058,821	
52,662,091	15,407,928	20,168,396	54,519,046	118,361,627	127,989,717	
52,662,091	15,407,928	20,168,396	54,519,046	118,361,627	127,989,717	
64,011	74,889	81,790	78,603	82,925	103,090	
5,742	4,824	10,716	30,168	25,536	15,996	
664,700	662,918	667,640	692,137	745,631	835,727	
734,453	742,631	760,146	800,908	854,092	954,813	
<u>\$ 545,824,444</u>	<u>\$ 540,600,911</u>	<u>\$ 581,691,050</u>	<u>\$ 668,957,665</u>	<u>\$ 719,885,395</u>	<u>\$ 764,524,346</u>	
8.6%	7.6%	7.4%	8.9%	12.5%	12.1%	

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

	Fiscal Year			
	2009	2010	2011	2012
Excess of revenues over (under) expenditures	\$ (4,758,581)	\$ 4,204,294	\$ 20,554,347	\$ 3,639,259
Other Financing Sources (Uses)				
Capital related debt issued (Bonds)	63,395,000		71,460,000	12,485,000
Refunding Bonds Issued				177,560,213
Sale of real or personal property	232,155	52,200	71,984	186,936
Non-Current Loan Proceeds	3,525,000			
Transfers in	1,292,791	3,887,810	1,767	10,939,244
Premium or Discount on Issuance of Bonds	3,666,822		7,289,674	31,307,398
Prepaid Interest			238,982	
Other Resources				41,262
Insurance Recovery				7,956
Transfers out	(1,292,791)	(6,887,810)	(10,001,767)	(10,009,462)
Payments to refunded bond escrow agents	(36,361,203)	-	(12,637,102)	(208,224,256)
Total other financing sources (uses)	<u>34,457,774</u>	<u>(2,947,800)</u>	<u>56,423,538</u>	<u>14,294,291</u>
Extraordinary Item - Insurance Recovery			2,275,658	
Net change in fund balances	<u>\$ 29,699,193</u>	<u>\$ 1,256,494</u>	<u>\$ 79,253,543</u>	<u>\$ 17,933,550</u>

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

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ (30,042,836)	\$ 2,974,153	\$ (15,169,206)	\$ (67,597,541)	\$ (87,144,227)	\$ (116,449,676)	
		193,320,000	40,560,000	150,250,000	78,565,000	
	26,725,000					
271,558	247,181	265,904	371,262	377,414	551,166	
9,990,338	12,000,000	12,880,477	9,305,830	10,978,893	13,600,000	
	1,574,982	16,754,162	6,405,364	20,810,175	11,539,604	
103,005	-		21,799	14,483	-	
42,299	37,855					
(10,000,000)	(12,000,000)	(13,000,000)	(9,243,249)	(10,978,894)	(13,623,123)	
-	(28,920,859)	(12,767,184)	(47,261,626)	-	-	
<u>407,200</u>	<u>(335,841)</u>	<u>197,453,359</u>	<u>159,380</u>	<u>171,452,071</u>	<u>90,632,647</u>	
<u>\$ (29,635,636)</u>	<u>\$ 2,638,312</u>	<u>\$ 182,284,153</u>	<u>\$ (67,438,161)</u>	<u>\$ 84,307,844</u>	<u>\$ (25,817,029)</u>	

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		
2009	4,491,799,740	10,248,877,770	2,002,138,070	2,673,331,019	14,069,484,561	1.2533
2010	4,550,703,240	10,002,025,960	1,981,784,350	2,882,170,137	13,652,343,413	1.2533
2011	4,222,557,840	9,851,742,940	1,874,995,440	2,583,259,916	13,366,036,304	1.2533
2012	4,142,736,980	9,713,208,510	1,921,285,080	2,691,665,901	13,085,564,669	1.2533
2013	4,175,283,820	9,536,561,190	1,966,053,360	2,706,186,729	12,971,711,641	1.2533
2014	4,366,481,800	9,530,491,010	1,901,121,140	2,733,098,338	13,064,995,612	1.2533
2015	4,596,551,430	9,917,340,240	1,953,899,600	2,789,637,915	13,678,153,355	1.2533
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

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
2009	1.0400	0.2133	1.2533	0.6996	0.5764	0.7472	0.6100	0.7479	0.6400
2010	1.0400	0.2133	1.2533	0.7046	0.6022	0.7472	0.7058	0.7479	0.6400
2011	1.0400	0.2133	1.2533	0.7046	0.6233	0.7472	0.7058	0.7970	0.6400
2012	1.0400	0.2133	1.2533	0.7046	0.6237	0.7472	0.7708	0.7970	0.6400
2013	1.0400	0.2133	1.2533	0.7046	0.6434	0.7472	0.7708	0.7970	0.6400
2014	1.0400	0.2133	1.2533	0.7046	0.6538	0.7472	0.7708	0.7970	0.6400
2015	1.0400	0.2133	1.2533	0.7046	0.6639	0.7872	0.7708	0.7970	0.6400
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

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	2018			2009		
	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	\$ 161,297,425	1	0.90%	\$ 57,233,660	8	0.42%
Sprint	135,755,570	2	0.76%			
Ragingwire	115,271,770	3	0.65%			
Walmart/Sams	111,713,390	4	0.63%	106,935,110	2	0.79%
Simon Property Group	108,066,650	5	0.61%	136,953,290	1	1.01%
Landmark Lakeway	82,558,640	6	0.46%			
WRPV XII Firewheel	72,912,140	7	0.41%			
Oncor	71,811,572	8	0.40%			
BMEF Stoneleigh LP	59,900,000	9	0.34%			
Sherwin Williams	58,119,527	10	0.33%			
Texas Utilities Electric				84,027,510	3	0.62%
Verizon/G.T.E.				75,403,990	4	0.55%
Westdale Properties				71,874,140	5	0.53%
Plastipak Packaging				66,584,728	6	0.49%
Engineered Polymer				59,742,723	7	0.44%
Sears Roebuck Co.				50,339,582	9	0.37%
Interceramic				47,569,697	10	0.35%
Total	<u>\$ 977,406,684</u>		<u>5.49%</u>	<u>\$ 756,664,430</u>		<u>5.57%</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)
2009	176,332,850	172,938,357	98.07%	1,634,320	174,572,677	99.00%
2010	171,104,820	168,743,825	98.62%	1,274,782	170,018,607	99.37%
2011	167,516,533	164,067,348	97.94%	1,557,512	165,624,860	98.87%
2012	164,001,382	162,314,401	98.97%	1,383,448	163,697,849	99.81%
2013	162,574,462	161,649,499	99.43%	1,054,739	162,704,238	100.08%
2014	163,743,590	163,150,757	99.64%	864,475	164,015,232	100.17%
2015	171,428,296	170,432,734	99.42%	1,032,236	171,464,970	100.02%
2016	189,482,711	188,970,074	99.73%	1,059,136	190,029,210	100.29%
2017	224,287,930	222,388,900	99.15%	974,784	223,363,684	99.59%
2018	247,692,044	245,609,092	99.16%	-	245,609,092	99.16%

Source: Dallas Central Appraisal District and District records.

Notes:

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

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

Exhibit S-12

Fiscal Year Ending	Governmental Activities			Total Primary Government	Ratio of Debt to Assessed Value	Outstanding Debt Per Capita
	General Obligation Bonds (2)	Notes Payable	Capital Lease			
2009	421,052,464	3,525,000		\$ 424,577,464	3.02%	1,548
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

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 AUGUST 31, 2018 (UNAUDITED)

Exhibit S-13

Fiscal Year Ended August 31	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)
2009	\$ 421,052,464	\$ 2,867,279	\$ 418,185,185	2.97%	\$ 1,525
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

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

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	\$ 657,001,234	100.00%	\$ 657,001,234
Capital Leases	<u>2,217,326</u>	100.00%	<u>2,217,326</u>
Total Direct Debt	659,218,560		659,218,560
Overlapping:			
City of Garland	443,035,000	90.01%	398,775,804
City of Rowlett	89,270,000	84.72%	75,629,544
City of Sachse	55,790,000	58.47%	32,620,413
City of Dallas	1,822,867,437	0.29%	5,286,316
City of Mesquite	185,140,000	0.08%	148,112
City of Richardson	305,195,000	0.05%	152,598
City of Wylie	89,910,000	1.03%	926,073
Dallas County	172,265,000	7.53%	12,971,555
Dallas County Community College District	228,350,000	7.53%	17,194,755
Dallas County Hospital District	687,775,000	7.53%	51,789,458
Dallas County Schools	<u>36,600,000</u>	7.53%	<u>2,755,980</u>
Total Overlapping Debt	<u>4,116,197,437</u>		<u>598,250,608</u>
Total Direct and Overlapping Debt	<u>\$ 4,775,415,997</u>		<u>\$ 1,257,469,168</u>
Taxable Assessed Valuation			17,823,103,077
Ratio of Direct and Overlapping Debt to taxable assessed valuation			7.06%
Direct and Overlapping Debt per Capita			\$ 4,415.00

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
2009	274,211	(1)	(1)	8.5%
2010	276,552	(1)	(1)	7.9%
2011	277,833	(1)	(1)	8.3%
2012	278,785	(1)	(1)	6.9%
2013	282,501	(1)	(1)	6.4%
2014	287,049	(1)	(1)	5.6%
2015	287,927	(1)	(1)	4.1%
2016	291,956	(1)	(1)	3.9%
2017	300,347	(1)	(1)	3.1%
2018	302,602	(1)	(1)	3.2%

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	2018			2009		
	Employees	Rank	Percentage of Employment	Employees	Rank	Percentage of Employment
Garland ISD	7,425	1	57.35%	7,200	1	36.73%
City of Garland	2,000	2	15.45%	2,500	3	12.76%
Kraft Foods	796	3	6.15%			
US Food Service	520	4	4.02%			
Epiroc Drilling Solutions	460	5	3.55%			
Anderson Windows	425	6	3.28%			
Hatco (Resistol)	390	7	3.01%			
Arrow Fabricated Tubing	340	8	2.63%			
Valspar	300	9	2.32%			
Karlee	290	10	2.24%			
Atlas Copco				700	7	3.57%
Raytheon				3,500	2	17.86%
Baylor Medical Center Garland				1,200	6	6.12%
Wal-Mart Super Centers				1,250	5	6.38%
Sears Logistic Services				1,300	4	6.63%
International/SST Truck				700	8	3.57%
Kingsley Tools				650	9	3.32%
Verizon				600	10	3.06%
Total	12,946		100.00%	19,600		100.00%

Source: Garland Chamber of Commerce

Notes:

* Data not available prior to 2008

* Total employment for all employers within the District is not available

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

	Full Time Equivalent Employees			
	2009	2010	2011	2012
Teachers	3,785.2	3,720.4	3,710.9	3,651.1
Professional Support				
Psychological Associate	1.0	-	-	-
Audiologist	3.0	3.0	3.0	3.0
Counselor	135.5	133.0	136.0	129.3
Educational Diagnostician	69.8	61.5	54.7	57.6
Librarian	77.5	80.0	79.0	76.0
Musical Therapist	-	-	-	-
Occupational Therapist	13.0	12.6	11.4	9.0
Corrective Therapist	1.0	-	-	-
Orientation/Mobility Instructor	2.0	2.0	2.0	-
Physical Therapist	5.0	7.0	6.0	4.9
School Nurse	77.4	79.4	79.0	76.4
LSSP/Psychologist	8.0	8.0	8.0	8.0
Social Worker	18.2	19.3	20.8	12.8
Speech Therapist/Speech-Language Pathologist	59.2	56.9	54.2	50.3
Visiting Teacher	5.0	5.0	5.0	4.0
Work-Based Learning Site Coordinator	-	10.1	6.0	7.3
Teacher Facilitator	55.7	90.0	110.4	131.7
Department Head	-	-	-	-
Athletic Trainer	-	8.6	2.0	3.8
Campus Professional Personnel	25.5	25.4	32.0	29.5
Non-Campus Professional Personnel	149.0	149.3	156.1	158.5
Total Professional Support	<u>705.8</u>	<u>751.1</u>	<u>765.6</u>	<u>762.1</u>
Campus Administration				
Assistant Principal	113.9	114.0	113.0	107.0
Principal	72.0	72.0	73.0	72.0
Teacher Supervisor	7.0	4.1	-	-
Registrar	-	8.0	8.0	10.0
Total Campus Administration	<u>192.9</u>	<u>198.1</u>	<u>194.0</u>	<u>189.0</u>
Central Administration				
Assistant/Assoc/Deputy Superintendent	4.5	4.5	4.5	4.5
Instructional Officer	12.4	-	-	-
District Instructional Program Director	-	17.0	17.0	15.0
Superintendent	1.0	1.0	1.0	1.0
Teacher Supervisor	60.8	41.3	29.5	28.5
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	4.0
Total Central Administration	<u>86.7</u>	<u>71.8</u>	<u>60.0</u>	<u>57.0</u>
Educational Aides	374.3	455.5	432.1	461.8
Auxiliary Staff	2,242.9	2,197.4	2,182.5	2,116.8
Total All Full Time Equivalent Employees	<u><u>7,387.8</u></u>	<u><u>7,394.3</u></u>	<u><u>7,345.1</u></u>	<u><u>7,237.8</u></u>

Source: District records for the fall PEIMS submission

Full Time Equivalent Employees					
2013	2014	2015	2016	2017	2018
3,636.9	3,646.8	3,679.1	3,664.0	3,648.3	3,643.9
5.1	4.8	6.7	8.2	7.2	9.1
2.0	2.0	2.0	2.0	2.0	2.0
26.9	31.3	27.2	26.0	24.6	28.7
-	-	-	-	-	-
130.8	134.6	140.2	139.3	140.6	144.5
-	12.7	-	-	-	1.0
58.2	56.6	57.8	56.8	54.2	56.8
76.0	75.0	72.9	74.8	69.0	74.9
8.0	8.0	9.0	9.0	9.0	8.9
-	1.0	0.7	1.0	1.0	1.0
148.4	173.3	183.5	197.5	207.1	209.2
10.0	10.0	10.0	10.0	10.0	10.0
2.0	2.0	0.9	2.0	2.0	2.0
5.8	6.0	6.0	6.0	6.0	6.0
-	-	-	-	-	-
75.0	82.0	82.0	85.0	84.0	84.2
8.0	7.0	6.0	7.0	7.0	7.0
50.4	52.5	54.6	56.1	56.1	55.2
120.6	107.2	107.4	117.3	127.1	136.1
4.0	4.0	4.0	3.0	2.0	1.0
8.4	4.3	-	-	-	-
<u>739.6</u>	<u>774.3</u>	<u>770.9</u>	<u>801.0</u>	<u>808.9</u>	<u>837.7</u>
106.0	108.9	106.8	116.0	112.9	117.3
71.0	71.0	71.0	70.1	71.2	73.0
-	0.1	-	-	-	-
10.0	2.0	2.0	2.0	2.0	-
<u>187.0</u>	<u>182.0</u>	<u>179.8</u>	<u>188.1</u>	<u>186.1</u>	<u>190.3</u>
4.5	5.5	5.5	5.0	3.0	2.0
-	-	-	-	-	-
16.0	19.0	16.0	16.0	13.0	16.0
1.0	1.0	1.0	1.0	3.0	2.0
28.4	27.5	27.5	26.8	22.5	22.0
2.0	2.0	2.0	2.0	1.0	1.0
1.0	1.0	1.0	1.0	-	0.5
1.0	1.0	1.0	1.0	1.0	1.0
-	4.0	4.0	4.0	2.9	4.0
<u>53.9</u>	<u>61.0</u>	<u>58.0</u>	<u>56.8</u>	<u>46.4</u>	<u>48.5</u>
454.8	516.7	547.2	538.1	552.4	554.4
2,099.8	2,126.8	2,183.4	2,044.7	1,997.7	1,935.8
<u>7,172.0</u>	<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>

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
2009	57,510	380,113,001	6,610	-0.90%	3,785	15.2	46.1%
2010	57,861	370,578,596	6,405	-2.51%	3,720	15.6	51.4%
2011	57,833	371,744,956	6,428	0.31%	3,711	15.6	52.9%
2012	58,151	367,647,358	6,322	-1.10%	3,651	15.9	60.5%
2013	58,059	389,695,690	6,712	6.00%	3,637	16.0	61.0%
2014	57,616	413,888,034	7,184	6.21%	3,647	15.8	60.8%
2015	57,436	432,733,720	7,534	4.55%	3,679	15.6	60.5%
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%

Source: District records

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

Exhibit S-20

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Teachers By Highest Degree Held										
No Degree	0.4%	1.0%	0.2%	0.2%	0.2%	0.5%	0.4%	0.4%	0.4%	0.6%
Bachelors	73.7%	72.7%	72.1%	71.4%	70.8%	69.8%	69.4%	69.5%	69.2%	68.9%
Masters	24.8%	26.1%	26.7%	27.5%	28.1%	28.8%	29.3%	29.3%	29.4%	29.4%
Doctorate	1.1%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.8%	1.1%	1.1%
Teachers By Years of Experience										
Beginning Teachers	5.9%	3.1%	3.8%	3.4%	4.9%	5.3%	4.5%	5.3%	4.9%	5.1%
1 - 5 Years of Experience	34.3%	33.6%	30.2%	27.5%	23.8%	22.9%	25.0%	27.2%	28.3%	29.6%
6 - 10 Years of Experience	21.7%	23.3%	24.8%	26.7%	27.7%	27.9%	25.9%	23.1%	21.4%	20.1%
11 - 20 Years of Experience	21.2%	23.1%	24.7%	26.9%	28.2%	28.8%	29.8%	30.2%	30.7%	31.4%
Over 20 Years of Experience	16.9%	16.9%	16.4%	15.4%	15.4%	15.0%	14.8%	14.2%	14.7%	13.8%
Average Salaries by Experience										
Beginning Teachers	\$ 45,508	\$ 47,308	\$ 46,839	\$ 46,605	\$46,462	\$48,899	\$50,150	\$50,862	\$52,334	\$52,304
1 - 5 Years of Experience	46,237	47,319	47,493	47,313	\$48,038	\$49,232	\$50,565	\$52,115	\$53,263	\$54,149
6 - 10 Years of Experience	47,563	48,585	48,801	48,607	\$49,331	\$50,572	\$51,730	\$53,299	\$54,415	\$55,548
11 - 20 Years of Experience	49,968	50,858	50,914	50,562	\$51,190	\$52,332	\$53,729	\$55,083	\$56,124	\$57,223
Over 20 Years of Experience	58,875	59,806	59,899	59,237	\$59,546	\$59,925	\$61,323	\$61,984	\$62,358	\$63,055
Student Teacher Ratio	15.2	15.6	15.6	15.9	16.0	15.8	15.6	15.7	15.6	15.5

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Schools:										
Elementary										
Buildings	47	47	47	47	47	47	47	47	47	47
Enrollment	25,938	26,395	26,330	26,471	26,364	26,351	26,135	25,971	25,579	24,246
Middle										
Buildings	12	12	12	12	12	12	12	12	12	12
Enrollment	12,568	12,742	12,842	12,789	12,871	12,715	12,754	12,595	12,757	12,663
High										
Buildings	7	7	7	7	7	7	7	7	9	9
Enrollment	16,269	16,441	17,123	16,863	17,198	16,993	17,091	17,470	17,474	17,439
Pre-K										
Buildings	2	2	2	2	2	2	2	2	2	2
Enrollment	1,520	1,427	1,395	1,453	1,467	1,217	1,098	1,132	1,086	1,924
Other										
Buildings	3	3	3	3	3	3	3	3	2	2
Enrollment	635	637	143	575	449	340	358	349	133	199
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 year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 21, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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
January 21, 2019

**REPORT 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 year ended August 31, 2018. 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 year ended August 31, 2018.

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
January 21, 2019

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2018

Exhibit K-1

(1)	(2)	(3)	
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OF CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	TOTAL FEDERAL EXPENDITURES
US Department of Education			
Passed Through State Department of Education			
ESEA Title I Part A - Improving Basic Programs	84.010A	17610101057909	12,955
ESEA Title I Part A - Improving Basic Programs	84.010A	18610101057909	12,933,727
ESEA Title I - School Improvement	84.010A	18610123057909	502,138
ESEA Title I Part A - Improving Basic Programs	84.010A	19610101057909	1,807,881
Total Title I Part A			15,256,701
IDEA - Part B, Formula	84.027A	176600010579096600	3,537
IDEA - Part B, Formula	84.027A	186600010579096600	9,863,488
IDEA - Part B, Formula	84.027A	196600010579096600	802,604
IDEA - Part B, Preschool	84.173A	176610010579096610	198
IDEA - Part B, Preschool	84.173A	186610010579096610	186,999
IDEA - Part B, Preschool	84.173A	196610010579096610	13,489
Total Special Education Cluster (IDEA)			10,870,315
Vocation Education - Basic Grant	84.048A	18420006057909	572,050
Vocation Education - Basic Grant	84.048A	19420006057909	41,781
Total CFDA Number 84.048A			613,831
ESEA Title III, Part A, ELA	84.365A	18671001057909	1,213,177
ESEA Title III, Part A, Immigrant	84.365A	18671003057909	93,395
ESEA Title III, Part A, ELA	84.365A	19671001057909	121,079
Total CFDA Number 84.365A			1,427,651
ESEA Title II, Part A, Teacher & Principal Training	84.367A	17694501057909	14,231
ESEA Title II, Part A, Supporting Effective Instruction	84.367A	18694501057909	1,438,325
ESEA Title II, Part A, Supporting Effective Instruction	84.367A	19694501057909	65,095
Total CFDA Number 84.367A			1,517,651
ESEA Title IV, Part A, Subpart 1	84.424A	18680101057909	301,657
Total CFDA Number 84.424A			301,657
Summer School LEP	84.369A	69551702	77,164
Total Passed Through State Department of Education			30,064,970
Passed Through Region 10 ESC - TEXSHEP Grant	84.196A	18-056	117,457
Total US Department of Education			30,182,427
US Department of Health & Human Services			
Passed Through State Dept of Health and Human Services			
Medical Assistance Program	93.778	529-07-0157-00128	125,266
Total Passed Through State Dept of Health and Commission			125,266
Total US Department of Health and Human Services			125,266
US Department of Agriculture			
Passed Through State Department of Education			
School Breakfast Program - Cash Assistance	10.553	71401801	5,809,052
National School Lunch Program - Cash Assistance	10.555	71301801	17,893,553
Total Passed Through State Department of Education			23,702,605
Passed Through State Department of Agriculture			
USDA Donated Commodities - Non-Cash Assistance	10.555	00279	2,254,558
Summer Food Service Program - Cash Assistance	10.559	00279	210,284
USDA Donated Commodities - Non-Cash Assistance	10.559	00279	-
Total Passed Through State Department of Agriculture			2,464,842
Total Child Nutrition Cluster			26,167,447
Child and Adult Care Food Program - Cash Assistance	10.558	00279	265,409
Total US Department of Agriculture			26,432,856
US Department of Homeland Security			
Passed Through State Department of Public Safety			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4255-PW-00252(1)	300,780
Total Passed Through State Department of Public Safety			300,780
Total US Department of Homeland Security			300,780
Total Expenditures of Federal Awards			\$ 57,041,329

See Notes to Schedule of Expenditures of Federal Awards

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED AUGUST 31, 2018

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 August 31, 2018, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 5. Reconciliation to the Basic Financial Statements

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

Total Expenditures of Federal Awards	\$ 57,041,329
School Health and Related Services (SHARS)	8,160,898
E-Rate	1,844,258
Qualified School Construction Bonds Interest Subsidy	467,489
Federal Revenues Reported on Exhibit C-2	\$ 67,513,974

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2018

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>Child Nutrition Cluster:</i>	
<i>School Breakfast Program</i>	10.553
<i>National School Lunch Program</i>	10.555
<i>USDA Donated Commodities</i>	10.555 and 10.559
<i>Summer Food Service Program</i>	10.559

Dollar Threshold Considered Between Type A and Type B Federal Programs	\$1,711,240
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Auditee qualified as low-risk auditee?	Yes
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GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2018

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 Year Ended August 31, 2018

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 Year Ended August 31, 2018

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