



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ended August 31, 2017
Garland Independent School District · Garland, Texas

GARLAND INDEPENDENT SCHOOL DISTRICT
GARLAND, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
AUGUST 31, 2017

Prepared by:
The Department of
Business Operations

GARLAND INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2017
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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, 2017, at a meeting of the Board of Trustees of such school district on the 23 day of January, 2018.



Signature of Board Secretary



Signature of Board President

BOARD OF TRUSTEES

Name	Position	Place	Length of Service	Term Expires	Occupation
Larry Glick	President	1	10 years	May 2019	Tax Attorney
Johnny Beach	Secretary	2	1 year	May 2019	Retired Educator
Linda Griffin	Assistant Secretary	3	19 years	May 2019	Consultant
Jed N. Reed	Vice President	4	1 year	May 2020	Retired Educator/Administrator
James Miller	Member	5	7 months	May 2020	Executive Vice President / Chief Lending Officer
Robert Selders, Jr.	Member	6	2 years	May 2018	Business Owner
Rick Lambert	Member	7	5 years	May 2018	Attorney

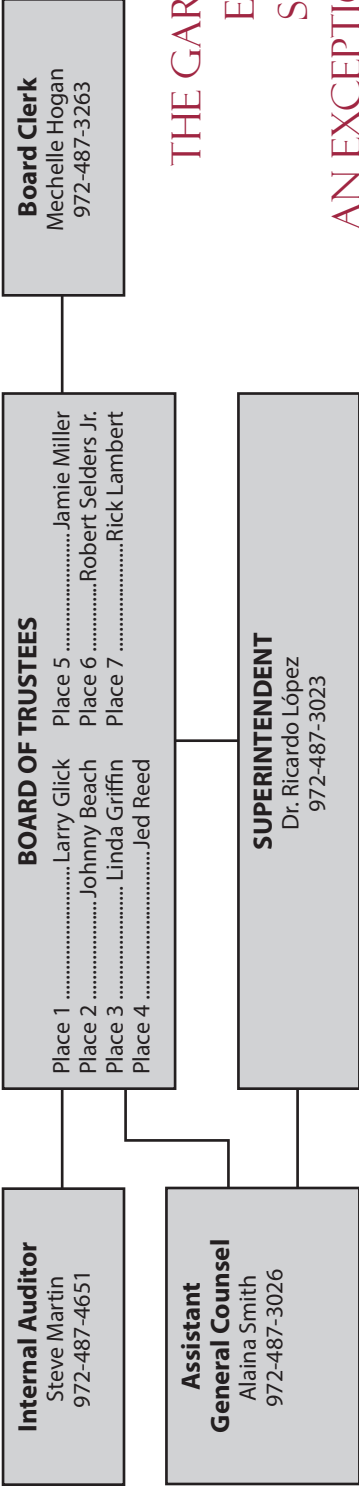
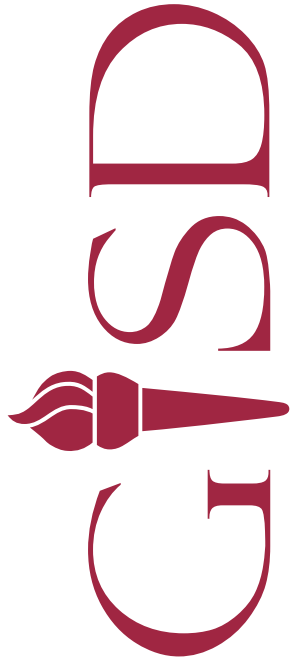
ADMINISTRATIVE OFFICIALS

Name	Position	Length of Service
* Dr. Ricardo López	Superintendent	0 years
** Dr. Deborah Cron	Interim Superintendent	1 year
Dr. Linda Chance	Chief Officer of Human Resources	4 years
Deborah Cabrera	Interim Chief Financial Officer	0 years
Dr. Jovan Wells	Associate Superintendent of Curriculum, Instruction & Assessment	4 years
Dr. Wendy Eldredge	Assistant Superintendent of Student Services and Community Relations	16 years

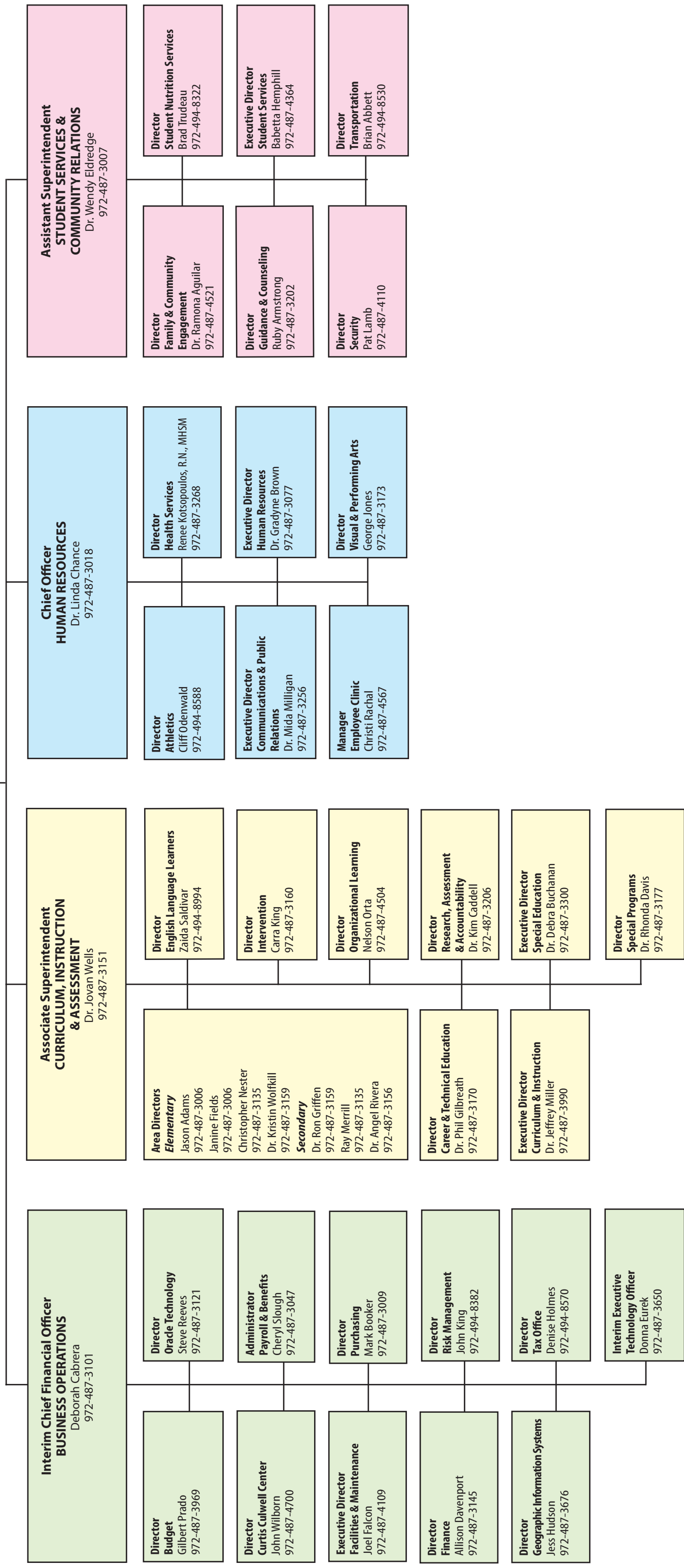
* Named Superintendent on November 4, 2017. Contract began on January 2, 2018.

** Contract ended on January 1, 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 18, 2018
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, 2017.

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, 2017, 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, 2017, 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 thirteenth largest school district in Texas. Residents of the District elect a seven-member Board of Trustees (the Board), each of whom serves for three years. Semi-monthly meetings of the Board are posted and advertised as prescribed under state law so the Board may fulfill its charge to the students, parents, staff, and taxpayers of the District. Special meetings or work sessions are scheduled as needed. The Board has final control over all school matters except as limited by state law.

Serving the communities of Garland, Rowlett, and Sachse, the District's boundaries encompass approximately 93 square miles in Dallas County. The District provides a well-rounded program of public education for children from pre-kindergarten through grade twelve. In addition to basic instructional programs, the District offers special education, gifted and talented, bilingual/ESL, remedial, college preparatory, and career and technical programs. The District is fully accredited by the TEA.

The District has seven traditional high schools serving students in grades nine through twelve. The District has a nontraditional high school program serving students in grades nine through twelve 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 2006-07 and 2016-17 school years.

	<u>2006-07</u>	<u>2016-17</u>
Enrollment	56,459	57,029
Hispanic	40.7%	50.3%
White	32.5%	19.5%
African-American	18.7%	17.4%
Asian	7.6%	8.7%
Two or More		2.3%
American Indian or Alaska Native		1.7%
Native Hawaiian/Other Pacific Islander		0.1%
Native American	0.5%	
Economically Disadvantaged	48.1%	63.8%
English Language Learners	23.5%	27.7%
Graduates	3,363	4,116

The District's total student population increased 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 2006-2007 and 2016-17 school year.

	<u>2006-07</u>	<u>2016-17</u>
Total Staff	7,108	7,240
Teachers	3,774	3,648
Masters or Doctorate	25.3%	30.5%
Average Years of Experience	10.3	11.2
Student/Teacher Ratio	15	15.6

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>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Certified Market Value	\$17,656,334,400	\$19,885,607,620	\$21,675,878,050
Average Market Value of Residence	\$138,330	\$158,284	\$175,898

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 2017, 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 2017 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 above amounts and proposed uses are preliminary and subject to change. Actual use of bond funds will be determined by the Board of Trustees. 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 and is expected to be issued in 2018 depending on cash flow requirements of the bond projects.

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

	<u>Number</u>	<u>Average Age</u>
Pre-Kindergarten Centers	2	11 years
Elementary Schools	47	40 years
Middle Schools	12	43 years
High Schools	9	40 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 \$99.85 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>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</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	\$74.28	\$77.53	\$99.85
Tier I Equalized Wealth Level	\$514,000	\$514,000	\$514,000

On May 13, 2016, the Court issued its opinion in the most recent school finance litigation, which was styled *Morath, et al v. The Texas Taxpayer and Student Fairness Coalition, et al.*, No. 14-0776 (Tex. May 13, 2016) (“*Morath*”). In its opinion, the Court held that “despite the imperfections of the current school funding regime, it meets minimum constitutional requirements.” The Court also noted that: “Lawmakers decide if laws pass, and judges decide if those laws pass muster. But our lenient standard of review in the policy-laden area counsels modesty. The judicial role is not to second-guess whether our system is optimal, but whether it is constitutional. Our Byzantine school funding “system” is undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements.” There is currently no pending School Finance litigation in Texas.

Fund Balance – The unassigned fund balance in the general fund is 40% of general fund expenditures. This represents 4.8 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 8 consecutive years. The increased fund balance will enable the District to compensate for fluctuations in state funding and meet the challenge of future needs.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

The district's new Gilbreath-Reed Career and Technical Center (GRCTC) opened its doors Aug. 28, welcoming juniors and seniors enrolled in advanced-level Career and Technical Education courses. The campus offers over 90 CTE courses to GISD high school students. The GRCTC will also house a hands-on learning opportunity for middle schoolers. 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 schoolers 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.

We currently have eleven 2018 National Merit Scholarship Semifinalists, five more than last year. These students rank among the top 1% in the nation of students who took the PSAT. We continue to have a higher graduation rate than the region and the state, and our students were awarded over \$43 million in scholarships last spring. We have 584 Advanced Placement Scholars for 2017, 109 more than 2016 and 237 more than 2015.

The District now has art teachers at every elementary campus, expanding our Visual and Performing Arts program across the district.

In June of 2017, the district revisited the Strategic Plan created in 2014 to incorporate continuous improvement strategies based on the Baldrige Performance Excellence Program. Updates to the plan include targeted planning and system management that align district business activities to the vision and values of the district, improve internal and external communications and monitor performance. A group of district and campus administrators, teachers, parents and community members worked collaboratively to create the new plan with specific goals, targets, measures and strategies. The work continues as departments will help with developing action plans and determining how often data will be reported. As these efforts advance, a District Scorecard will be created and shared so that progress on our key strategic measures can be monitored.



The District earned a score of A (Superior) for 2016-2017 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.

AWARDS AND ACKNOWLEDGEMENTS

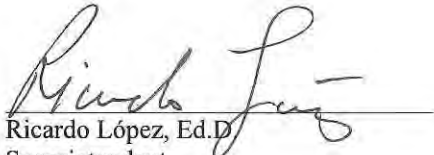
Awards - The Government Finance Officers Associations of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2016. The Certificate of Achievement 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, 2016, substantially conformed to the recommended principles and standards of financial reporting adopted by that organization. The District has received the Certificate of Excellence for twenty-nine 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



Deborah Cabrera
Interim Chief Financial Officer



Allison Davenport
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, 2016

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Garland Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended August 31, 2016.**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over 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, 2017, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 53 through 57, and the GASB required supplementary pension schedules on page 58, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements, and required Texas Education Agency ("TEA") schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and other information, such as the introductory and statistical section, are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

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

To the Board of Trustees
Garland Independent School District

The introductory section and statistical sections, as listed in the table of contents, 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dallas, Texas
January 18, 2018

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Garland Independent School District
 Management's Discussion and Analysis
 Year Ended August 31, 2017

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, 2017.

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 \$356,206,460 (net position). Of this amount \$88,318,803 may be used to meet the District's ongoing obligations (unrestricted net position).
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$402,364,426, which breaks down as follows.

Non-Spendable	\$	2,797,070	0.7%
Restricted		194,699,079	48.4%
Committed		10,493,805	2.6%
Assigned		15,501,859	3.9%
Unassigned		178,872,613	44.4%
Total	\$	<u>402,364,426</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.

The District's government-wide financial statements previously had to distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) or *business-type activities* intended to recover all or a significant portion of their costs through user fees and charges. The District had only one *business-type activity*: The Concession Fund. In August 2015, the District entered into a contract with Ed Campbell Company to operate the concession stands at District Stadiums. The District's enterprise fund ceased regular operations in August 2015 and completed all entries to close out the fund in August 2016. The District has no business-type activities to report in 2017.

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. There are two proprietary fund types: enterprise and internal Service. *Enterprise funds* are used to report the same functions presented as *business-type activities* in government-wide financial statements. The District used an *enterprise fund* to account for its concessions operations, which were outsourced in August 2015. Accordingly, the District's Enterprise Fund ceased normal operations at that time. The second type of proprietary fund is the *internal service fund*. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the *internal service fund* to report activities for its risk management, Curtis Culwell Center, print shop, motor pool, and copier pool programs. 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 24-52 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 53-58 of this report.

Combining statements are prepared in connection with internal service funds and are presented immediately following the required supplementary information on pages 59-65 of this report.

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator of a government's financial position. As of August 31, 2017, assets and deferred outflow of resources exceeded liabilities and deferred inflows by \$356,206,460.

The District's Net Position

	Governmental Activities	
	2017	2016
Current and other assets	\$ 474,898,229	\$ 404,125,733
Capital assets	633,010,014	533,828,201
Total assets	<u>1,107,908,243</u>	<u>937,953,934</u>
Total deferred outflows	83,105,834	76,447,874
Noncurrent liabilities	753,637,715	631,272,132
Other liabilities	60,430,053	73,573,361
Total liabilities	<u>814,067,768</u>	<u>704,845,493</u>
Total deferred inflows	20,739,849	8,794,280
Net investment in capital assets	230,598,662	186,102,148
Restricted	37,288,995	24,150,453
Unrestricted	88,318,803	90,509,434
Total net position	<u>\$ 356,206,460</u>	<u>\$ 300,762,035</u>

Governmental activities. Investment in capital assets (e.g., land, buildings, furniture, and equipment) less any related outstanding debt used to acquire those assets is \$230,598,662. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets cannot themselves be used to liquidate these liabilities. An additional portion (approximately 10%) of the District's net position represents resources that are subject to external restrictions on how they may be used. The *unrestricted net position* (\$88,318,803) may be used to meet the District's ongoing obligations to citizens and creditors.

Changes in the District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues						
Charges for services	\$ 13,074,323	\$ 13,390,838	\$ -	\$ -	\$ 13,074,323	\$ 13,390,838
Operating grants and contributions	111,116,480	114,478,252	-	-	111,116,480	114,478,252
General revenues						
Property taxes	225,480,049	191,303,632	-	-	225,480,049	191,303,632
State grants	280,753,101	290,555,354	-	-	280,753,101	290,555,354
Other	7,309,709	3,684,045	-	-	7,309,709	3,684,045
Total revenues	<u>637,733,662</u>	<u>613,412,121</u>	<u>-</u>	<u>-</u>	<u>637,733,662</u>	<u>613,412,121</u>
Expenses						
Instructional and						
instructional related services	343,463,868	349,960,122	-	-	343,463,868	349,960,122
Instructional and school leadership	40,903,164	40,834,556	-	-	40,903,164	40,834,556
Support services - student	87,176,220	88,117,258	-	-	87,176,220	88,117,258
Administrative support services	16,081,858	15,353,186	-	-	16,081,858	15,353,186
Support services – non-student	66,579,142	87,890,336	-	-	66,579,142	87,890,336
Community services	3,939,824	4,063,974	-	-	3,939,824	4,063,974
Debt service	23,271,938	18,518,033	-	-	23,271,938	18,518,033
Facilities repairs and maintenance	19,131	1,984,797	-	-	19,131	1,984,797
Payments to fiscal agent of						
shared services arrangement	82,925	78,603	-	-	82,925	78,603
Payments to JJAEP	25,536	30,168	-	-	25,536	30,168
Intergovernmental charges	745,631	692,137	-	-	745,631	692,137
Concessions	-	-	-	213	-	213
Total expenses	<u>582,289,237</u>	<u>607,523,170</u>	<u>-</u>	<u>213</u>	<u>582,289,237</u>	<u>607,523,383</u>
Excess of revenues over expenses	55,444,425	5,888,951	-	(213)	55,444,425	5,888,738
Transfers						
Special item - gain on disposal of assets	-	(429)	-	429	-	-
	<u>-</u>	<u>246,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,705</u>
Increase/(Decreases) in net position	55,444,425	6,135,227	-	216	55,444,425	6,135,443
Beginning net position	300,762,035	294,626,808	-	(216)	300,762,035	294,626,592
Ending net position	<u>\$ 356,206,460</u>	<u>\$ 300,762,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 356,206,460</u>	<u>\$ 300,762,035</u>

Governmental activities. Governmental activities increased the District's net position by \$55,444,425. 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 \$582,289,237. The amount our taxpayers paid for these activities through property taxes was \$225,480,049 or 39%.

Business-type Activities. In 2016 The District's business-type activities consist entirely of transactions related to ceasing concession operations. The District outsourced concession operations in August 2015.

Financial Analysis of the District's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$402,364,426 an increase of \$84,307,844 from last year.

Non-Spendable - Inventories	\$ 2,797,070	0.7%
Restricted - Grant Funds	22,210,583	5.5%
Restricted - Capital Acquisitions and Contractual Obligations	158,771,545	39.5%
Restricted - Retirement of Long-term Debt	13,716,951	3.4%
Committed - Self-Insurance	8,000,000	2.0%
Committed - Local Special Revenue Funds	2,493,805	0.6%
Assigned - Construction and Capital Expenditures	15,501,859	3.9%
Unassigned	178,872,613	44.4%
	<u>\$ 402,364,426</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 \$178,872,613. 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 40% of the total general fund expenditures, while total fund balance represents 42% of that same amount.

The general fund's fund balance increased \$15,730,197 during the current fiscal year. This is due to an increase in property tax revenue, as a result of increased property values, an increase in state funding and a decrease in expenditures.

The debt service fund has a total fund balance of \$13,716,951 all of which is restricted for the payment of debt service. The increase in debt services fund balance was \$5,371,283. This increase was due to a decrease in expenditures for callable debt that was budgeted for but not called.

The capital projects fund increased its fund balance by \$55,033,132. This increase is due to the issuance of the \$150,250,000 Series 2016 School Building Bonds for construction and renovation of school facilities associated with the November 2014 bond authorization issuance of 2016. There were unspent funds at the end of the fiscal year that will be spent in the following fiscal year.

The special revenue fund increased its fund balance by \$8,173,232. This increase is due to revenues exceeding expenditures in the National School Lunch and Breakfast Program and the State Textbook Fund. The State Textbook Fund is funded by the State of Texas at the beginning of each year and subsequently drawn down.

Proprietary funds. As previously noted, the District's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail.

Net position of the District's internal service funds at August 31, 2017, amounted to \$6,792,197, a decrease of \$606,908. This is due in part to a decrease in net position of \$472,726 in the Risk Management Fund. This is largely attributed to an increase in the estimated worker compensation claims and an increase in actual claims. There was a \$111,036 decrease in net position in the Curtis Culwell Center related to decreased revenue. The remaining difference was the result of small increases and decreases in the other internal service funds.

Budgetary Highlights

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

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

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

GENERAL FUND

Revenues

- \$2,149,274 increase in local revenue sources to align budget with estimated year-end totals.
- \$1,662,651 increase in state program revenue sources to align budget with estimated year-end totals.
- \$6,151,916 increase in Federal Medicaid program revenue sources to align budget with estimated year-end totals.

Expenditures and Transfers Out

- \$468,021 decrease in instruction expenditures to align budget with estimated year-end totals.
- \$46,976 decrease in instructional resources and media services expenditures to align budget with estimated year-end totals.
- \$331,561 decrease in curriculum and instructional staff development expenditures to align budget with estimated year-end totals.
- \$237,439 decrease in instructional leadership expenditures to align budget with estimated year-end totals.
- \$234,948 decrease in school leadership expenditures to align budget with estimated year-end totals
- \$139,744 increase in guidance, counseling and evaluation expenditures to align budget with estimated year-end totals.
- \$151,061 decrease in social work services expenditures to align budget with estimated year-end totals.
- \$190,984 decrease in health services expenditures to align budget with estimated year-end totals.
- \$386,220 increase in student transportation expenditures to align budget with estimated year-end totals.
- \$185,000 increase in food services expenditures to align budget with estimated year-end totals.
- \$98,062 increase in extracurricular activities expenditures to align budget with estimated year-end totals.
- \$313,716 decrease in general administration expenditures to align budget with estimated year-end totals.
- \$1,090,838 decrease in plant maintenance and operations expenditures to align budget with estimated year-end totals.
- \$289,797 decrease in security and monitoring services expenditures to align budget with estimated year-end totals.
- \$504,046 decrease in data processing services expenditures to align budget with estimated year-end totals.
- \$119,782 decrease in community services expenditures to align budget with estimated year-end totals.
- \$31,965 decrease in payments to Juvenile Justice Alternative Ed Program expenditures to align budget with estimated year-end totals.

After appropriations were amended as described above, actual revenues were \$3,088,245 greater than final budgeted amounts due to more revenue in local, state and federal programs than final budgeted estimates. Actual expenditures were \$14,326,690 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

Revenues

- \$1,768,000 decrease in local revenue sources to align revenue budget with estimated year-end totals.
- \$6,356 increase in state revenue sources to align revenue budget with estimated year-end totals.
- \$1,200,000 increase in federal revenue sources to align revenue budget with estimated year-end totals.

Expenditures

- \$1,400,000 decrease in expenditures to align budget with estimated year-end totals.

After appropriations were amended as described above, actual revenues were \$698,644 greater than final budgeted amounts due to less revenue in local and intermediate sources than final budgeted estimates. Actual expenditures were \$296,373 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.

For the year ended August 31, 2017, expenditures exceeded appropriations in the following fund and function (the aggregate level of control). Those over expenditures were funded by less than anticipated expenditures in other functions or fund balance in the appropriate fund.

<u>National Breakfast and Lunch Program</u>	Excess of Expenditures over Appropriations
0051 Facilities Maintenance and Operations	\$ 4,431
	<u>\$ 4,431</u>

Capital Asset and Debt Administration

Capital assets. The District’s investment in capital assets (net of accumulated depreciation) for governmental activities was \$633,010,014 and \$533,828,201 as of August 31, 2017 and 2016, respectively. This investment in capital assets includes land, buildings and improvements, and furniture and equipment.

District’s Capital Assets (net of depreciation)

Governmental Activities	<u>2017</u>	<u>2016</u>
Land	\$ 14,077,107	\$ 14,077,107
Land improvements, net	30,533,613	21,158,447
Buildings and improvements, net	384,493,267	398,173,141
Furniture and equipment, net	29,805,477	33,614,285
Construction in progress	174,100,550	66,805,221
Total at historical cost	<u>\$ 633,010,014</u>	<u>\$ 533,828,201</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, 2017, the District had total bonded debt outstanding of \$566,813,909, an increase of \$101,437,387 from the prior year. This increase is due to the issuance of the \$150,250,000 Series 2016 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 3.1%. Dallas County has a 3.3% unemployment rate as compared to a statewide rate of 3.7% and a national average of 3.9%.
- Inflationary trends in the region tend to be similar to the national consumer price index (CPI). The region’s CPI increased 3.2% 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 \$473,665,587 and expenditures of \$492,010,807 in the 2017-18 budget of the General Fund.
- The Debt Service Fund has budgeted revenues of \$82,367,323 and expenditures of \$74,478,464 in the 2017-18 budget.
- The Student Nutrition Services Fund revenue and expenditure budgets for 2017-18 are \$31,305,000 and \$30,879,861, respectively.
- The 2017-18 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 2017-18 increased 10.2% due to an increase in commercial and residential property values.

Requests for Information

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

Basic Financial Statements

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2017

Exhibit A-1

<u>Data</u> <u>Codes</u>	<u>Governmental</u> <u>Activities</u>
ASSETS	
1110 Cash and Cash Equivalents	\$ 445,419,851
1220 Property Taxes - Receivable - Delinquent	5,277,946
1230 Allowance for Uncollectible Taxes (Credit)	(867,448)
1240 Due From Other Governments	22,258,358
1290 Other Receivables, net	12,452
1300 Inventories	2,797,070
Capital Assets:	
1510 Land and Improvements, net	44,610,720
1520 Buildings and Building Improvements, net	384,493,267
1530 Furniture and Equipment, net	29,805,477
1580 Construction in Progress	174,100,550
1000 Total Assets	<u>1,107,908,243</u>
DEFERRED OUTFLOWS OF RESOURCES	
1700 Deferred Charge on Refunding	16,145,997
1705 Deferred Outflow of Resources for Pension Activities	66,959,837
Total Deferred Outflows of Resources	<u>83,105,834</u>
LIABILITIES	
2110 Accounts Payable	29,976,604
2140 Interest Payable	1,313,606
2150 Payroll Deductions and Withholdings	3,121,462
2160 Accrued Wages Payable	21,643,675
2180 Due to Other Governments	3,478,213
2181 Due to External Parties	65
2200 Accrued Expenses	108,740
2300 Unearned Revenues	787,688
Noncurrent Liabilities:	
2501 Due Within One Year	51,494,822
2502 Due in More Than One Year	572,010,590
2531 Long-Term Capital Leases Payable	2,217,326
2540 Net Pension Liability	125,179,074
2532 Vested Vacation Benefits Payable	984,527
2591 Long-Term Claims Liability	1,751,376
2000 Total Liabilities	<u>814,067,768</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow of Resources for Pension Activities	20,739,849
	<u>20,739,849</u>
NET POSITION	
3200 Net Investment in Capital Assets	230,598,662
3850 Restricted for Debt Service	13,172,040
3860 Restricted for Grant Funds	17,492,426
3861 Restricted for Student Nutrition Services	6,624,529
3900 Unrestricted Net Position	88,318,803
3000 Total Net Position	<u>\$ 356,206,460</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, 2017

Exhibit B-1

Data Control Codes	1	Program Revenues		6	
		3	4		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Primary Government:					
Governmental Activities:					
11	Instruction	\$ 319,232,860	\$ 797,456	\$ 51,800,390	\$ (266,635,014)
12	Instructional Resources And Media Services	8,397,550		441,775	(7,955,775)
13	Curriculum And Staff Development	15,833,458		5,559,016	(10,274,442)
21	Instructional Leadership	9,239,512		1,564,054	(7,675,458)
23	School Leadership	31,663,652		2,074,096	(29,589,556)
31	Guidance, Counseling, And Evaluation Services	23,589,312		1,791,058	(21,798,254)
32	Social Work Services	800,029		130,307	(669,722)
33	Health Services	6,893,327		6,094,040	(799,287)
34	Student Transportation	15,456,729		132,569	(15,324,160)
35	Food Service	31,390,062	7,194,211	24,044,894	(150,957)
36	Extracurricular Activities	9,046,761	4,752,685	139,221	(4,154,855)
41	General Administration	16,081,858		688,143	(15,393,715)
51	Facilities Maintenance And Operations	38,997,523	329,971	241,993	(38,425,559)
52	Security And Monitoring Services	5,970,986		12,805	(5,958,181)
53	Data Processing Services	21,610,633		564,544	(21,046,089)
61	Community Services	3,939,824		975,409	(2,964,415)
72	Interest On Long-Term Debt	22,221,597		14,779,241	(7,442,356)
73	Bond Issuance Costs And Fees	1,050,341			(1,050,341)
81	Facilities Repairs And Maintenance	19,131			(19,131)
93	Payments To Fiscal Agent Of Shared Services Arrangement	82,925		82,925	-
95	Payments To Juvenile Justice Alternative Education Programs	25,536			(25,536)
99	Intergovernmental Charges	745,631	-	-	(745,631)
TP	TP Total Primary Government	582,289,237	13,074,323	111,116,480	(458,098,434)

Data
Control
Codes

General Revenues:

Taxes:

MT	Property Taxes, Levied For General Purposes	160,752,789
DT	Property Taxes, Levied For Debt Service	64,727,260
SF	State Aid-Formula Grants (Unrestricted)	280,753,101
GC	Grants And Contributions Not Restricted To Specific Programs	1,697,891
IE	Investment Earnings	2,981,631
MI	Miscellaneous	2,630,187
TR	Total General Revenues And Special Items	513,542,859
CN	Change in Net Position	55,444,425
NB	Net Position—Beginning	300,762,035
NE	Net Position—Ending	\$ 356,206,460

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

GARLAND INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
AUGUST 31, 2017

Data Control Codes	10 General Fund	50 Debt Service Fund
	Fund	Fund
ASSETS		
1110 Cash and Cash Equivalents	\$ 213,317,069	\$ 14,188,212
1220 Property Taxes Receivable - Delinquent	4,264,763	1,013,183
1230 Allowance for Uncollectible Taxes (Credit)	(718,433)	(149,015)
1240 Due From Other Governments	377	
1260 Due From Other Funds	4,557,352	
1290 Other Receivables	5,804	
1300 Inventories	890,698	-
1000 Total Assets	222,317,630	15,052,380
LIABILITIES		
2110 Accounts Payable	5,111,395	3,010
2150 Payroll Deductions and Withholdings	3,121,463	
2160 Accrued Wages Payable	20,076,708	
2170 Due to Other Funds	16,342	
2180 Due to Other Governments	2,907,957	569,967
2200 Accrued Expenditures	8,583	
2300 Unearned Revenues	42,181	-
2000 Total Liabilities	31,284,629	572,977
DEFERRED INFLOWS OF RESOURCES		
2600 Unavailable Revenue - Property Taxes	3,269,690	762,452
Total Deferred Inflows of Resources	3,269,690	762,452
FUND BALANCES		
3410 Non-Spendable - Inventories	890,698	
3450 Restricted - Grant Funds		
3470 Restricted - Capital Acquisitions and Contractual Obligations		
3480 Restricted - Retirement of Long-term Debt		13,716,951
3540 Committed - Self-Insurance	8,000,000	
3545 Committed - Local Special Revenue Funds		
3550 Assigned - Construction and Capital Expenditures		
3600 Unassigned	178,872,613	-
3000 Total Fund Balances	187,763,311	13,716,951
4000 Total Liabilities, Deferred Inflows, and Fund Balances	\$ 222,317,630	\$ 15,052,380

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

60 Capital Projects	Special Revenue Fund	Total Governmental Funds
\$ 197,357,997	\$ 10,237,716	\$ 435,100,994
		5,277,946
		(867,448)
	22,257,982	22,258,359
		4,557,352
		5,804
-	1,906,372	2,797,070
<u>197,357,997</u>	<u>34,402,070</u>	<u>469,130,077</u>
23,076,901	1,614,473	29,805,779
		3,121,463
480	1,806,324	21,883,512
7,212	3,725,403	3,748,957
	289	3,478,213
	100,159	108,742
-	544,662	586,843
<u>23,084,593</u>	<u>7,791,310</u>	<u>62,733,509</u>
-	-	4,032,142
-	-	<u>4,032,142</u>
	1,906,372	2,797,070
	22,210,583	22,210,583
158,771,545		158,771,545
		13,716,951
		8,000,000
	2,493,805	2,493,805
15,501,859		15,501,859
-	-	178,872,613
<u>174,273,404</u>	<u>26,610,760</u>	<u>402,364,426</u>
<u>\$ 197,357,997</u>	<u>\$ 34,402,070</u>	<u>\$ 469,130,077</u>

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GARLAND INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2017

Exhibit C1-R

Total Fund Balances - Governmental Funds	\$	402,364,426
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net position.		6,792,197
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 (\$7,405,157) are included in the net effect of consolidation above.		1,054,398,802
Accumulated depreciation has not been included in the fund financial statements. The accumulated depreciation related to internal service funds (\$3,511,427) is included in the net effect of consolidation above.		(425,282,518)
Bonds payable and related premiums have not been included in the fund financial statements		(618,881,126)
Accrued liabilities for compensated absences due in more than one year have not been reflected in the fund financial statements.		(984,527)
Accreted interest on capital appreciation bonds has not been included in the fund financial statements.		(2,112,485)
Revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.		4,032,142
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		(1,307,362)
Loss on bond refunding has not been included in the fund financial statements.		16,145,997
Net pension liability has not been included in the fund financial statements		(125,179,074)
Deferred outflows of resources relating to pension activities has not been included in the fund financial statements		66,959,837
Deferred inflows of resources relating to pension activities has not been included in the fund financial statements		(20,739,849)
Net Position of Governmental Activities	\$	<u><u>356,206,460</u></u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES:		
5700 Total local and intermediate sources	\$ 166,045,412	\$ 64,650,786
5800 State program revenues	302,101,450	14,313,253
5900 Federal program revenues	7,311,323	465,987
5020 Total Revenues	<u>475,458,185</u>	<u>79,430,026</u>
EXPENDITURES:		
Current:		
0011 Instruction	268,259,682	
0012 Instructional Resources and Media Services	7,577,320	
0013 Curriculum and Instructional Staff Development	10,360,921	
0021 Instructional Leadership	7,749,985	
0023 School Leadership	29,887,132	
0031 Guidance, Counseling, and Evaluation Services	22,435,946	
0032 Social Work Services	712,988	
0033 Health Services	6,602,684	
0034 Student (Pupil) Transportation	14,000,648	
0035 Food Services	451,402	
0036 Cocurricular/Extracurricular Activities	7,287,120	
0041 General Administration	15,331,700	
0051 Facilities Maintenance and Operations	38,219,948	
0052 Security and Monitoring Services	5,668,160	
0053 Data Processing Services	11,628,117	
0061 Community Services	2,023,386	
Debt Service:		
0071 Debt Service-Principal on Long-Term Debt		48,531,442
0072 Debt Service-Interest on Long-Term Debt		25,536,628
0073 Debt Service-Bond Issuance Cost and Fees		22,600
Capital Outlay:		
0081 Facilities Acquisition and Construction		
Intergovernmental:		
0093 Payments Related to Shared Services Arrangements		
0095 Payments to Juvenile Justice Alternative Ed Program	25,536	
0099 Other Intergovernmental Charges	745,631	-
6030 Total Expenditures	<u>448,968,306</u>	<u>74,090,670</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	26,489,879	5,339,356
OTHER FINANCING SOURCES (USES):		
7901 Capital-Related Debt Issued (Regular Bonds)		
7912 Sale of Real and Personal Property	219,212	
7915 Transfers In		17,444
7916 Premium on Issuance of Bonds		
7949 Other Resources		14,483
8911 Transfers Out	(10,978,894)	
7080 Total Other Financing Sources (Uses)	<u>(10,759,682)</u>	<u>31,927</u>
1200 Net Change in Fund Balances	15,730,197	5,371,283
0100 Fund Balance - September 1 (Beginning)	172,033,114	8,345,668
3000 Fund Balance - August 31 (Ending)	<u>\$ 187,763,311</u>	<u>\$ 13,716,951</u>

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

60 Capital Projects	Special Revenue Fund	Total Governmental Funds
\$ 1,746,036	\$ 11,443,146	\$ 243,885,380
	12,172,952	328,587,655
<u>2,052,306</u>	<u>50,438,517</u>	<u>60,268,133</u>
<u>3,798,342</u>	<u>74,054,615</u>	<u>632,741,168</u>
1,146,739	27,328,890	296,735,311
21,546	116,847	7,715,713
	4,941,987	15,302,908
	995,574	8,745,559
	494,373	30,381,505
	408,969	22,844,915
	78,798	791,786
	1,315	6,603,999
2,286,621	76,203	16,363,472
	29,155,558	29,606,960
	1,231,604	8,518,724
63,395	18,948	15,414,043
2,480	33,314	38,255,742
50,298	2,503	5,720,961
7,981,845	16,500	19,626,462
	899,819	2,923,205
		48,531,442
		25,536,628
1,027,741		1,050,341
118,361,627		118,361,627
	82,925	82,925
		25,536
		745,631
<u>-</u>	<u>-</u>	<u>745,631</u>
<u>130,942,292</u>	<u>65,884,127</u>	<u>719,885,395</u>
(127,143,950)	8,170,488	(87,144,227)
150,250,000		150,250,000
155,458	2,744	377,414
10,961,449		10,978,893
20,810,175		20,810,175
		14,483
		(10,978,894)
<u>182,177,082</u>	<u>2,744</u>	<u>171,452,071</u>
55,033,132	8,173,232	84,307,844
<u>119,240,272</u>	<u>18,437,528</u>	<u>318,056,582</u>
<u>\$ 174,273,404</u>	<u>\$ 26,610,760</u>	<u>\$ 402,364,426</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, 2017

Total Net Change in Fund Balance - Governmental Funds	\$ 84,307,844
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net loss of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net position.	(548,686)
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 2017 capital outlays is to increase net position by total governmental activities additions (\$125,362,007) less internal service fund additions (\$72,447).	125,285,059
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 (\$1,066,566) is included in the net effect of consolidation above.	(25,537,501)
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.	(423,873)
Current year long-term debt principal payments, capital lease payment refunding, payments of accreted interest on capital appreciation bonds, and amortization of premiums are in the fund financial statements but shown as reductions in long-term debt in the government-wide financial statements.	55,772,334
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.	(469,844)
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.	(297,970)
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.	343,380
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.	(150,250,000)
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.	(20,810,175)
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.	54,270
Amortization and other changes in deferred outflows related to the District's portion of the TRS net pension liability are reported in the government-wide financial statements	9,032,116
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	(11,960,869)
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.	(6,677,504)
Change in Net Position of Governmental Activities	<u><u>\$ 55,444,425</u></u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
AUGUST 31, 2017

Exhibit D-1

	<u>Governmental Activities</u>	<u>Internal Service Funds</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 10,318,856	
Due From Other Funds	16,342	
Other Receivables	6,649	
Total Current Assets	10,341,847	
Noncurrent Assets:		
Capital Assets:		
Land Purchase and Improvements	208,872	
Building and Building Improvements	265,990	
Furniture and Equipment	6,930,295	
Accumulated Depreciation-Other Land Improvements	(79,550)	
Accumulated Depreciation-Building and Building Improvements	(82,371)	
Accumulated Depreciation-Furniture and Equipment	(3,349,507)	
Total Noncurrent Assets	3,893,729	
Total Assets	14,235,576	
LIABILITIES		
Current Liabilities:		
Accounts Payable	170,827	
Leases Payable	718,865	
Interest Payable	6,239	
Accrued Wages Payable	27,462	
Due to Other Funds	824,802	
Claims Liability	1,525,637	
Unearned Revenues	200,845	
Total Current Liabilities	3,474,677	
Noncurrent liabilities:		
Capital Lease Payable Long-Term	2,217,326	
Claims Liability Long-Term	1,751,376	
Total Noncurrent liabilities	3,968,702	
Total Liabilities	7,443,379	
NET POSITION		
Net Investment in Capital Assets	951,299	
Unrestricted Net Position	5,840,898	
Total Net Position	\$ 6,792,197	

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, 2017

Exhibit D-2

		<u>Governmental Activities</u>
		<u>Internal Service Funds</u>
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 6,386,952	
Total Operating Revenues	<u>6,386,952</u>	
OPERATING EXPENSES:		
Payroll Costs	1,712,578	
Professional and Contracted Services	1,973,727	
Supplies and Materials	563,303	
Other Operating Costs	<u>2,686,030</u>	
Total Operating Expenses	<u>6,935,638</u>	
Operating Income (Loss)	<u>(548,686)</u>	
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	24,879	
Interest on Capital Lease	<u>(83,101)</u>	
Total Nonoperating Revenues (Expenses)	<u>(58,222)</u>	
Change in Net Position	(606,908)	
Total Net Position - September 1 (Beginning)	<u>7,399,105</u>	
Total Net Position - August 31 (Ending)	<u>\$ 6,792,197</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, 2017

Exhibit D-3

		<u>Governmental Activities</u>
		<u>Internal Service Funds</u>
Cash Flows from Operating Activities:		
Cash Received from User Charges	\$	3,044,018
Cash Received from Assessments - Other Funds		3,413,624
Cash Payments to Employees for Services		(1,713,129)
Cash Payments for Insurance Claims		(1,254,423)
Cash Payments to Suppliers		(558,670)
Cash Payments for Other Operating Expenses		(111,674)
Cash Payments for Prof. and Contracted Services		(1,864,582)
Net Cash Provided by Operating Activities		955,164
Cash Flows from Capital Financing Activities:		
Acquisition of Capital Assets		(76,948)
Capital Lease Payments		(708,512)
Capital Lease Interest Expense		(76,862)
Net Cash Used for Capital Financing Activities		(862,322)
Cash Flows from Investing Activities:		
Interest and Dividends on Investments		24,879
Net Increase in Cash and Cash Equivalents		117,721
Cash and Cash Equivalents at Beginning of the Year		10,201,135
Cash and Cash Equivalents at the End of the Year		10,318,856
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)		(548,686)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation		1,066,567
Loss on Disposal of Capital Asset		4,501
Assets and Liabilities:		
Decrease in Due from Other Funds		263,912
Increase in Other Receivables		(4,079)
Increase in Prepaid Items		108,305
Decrease in Accounts Payable		4,633
Decrease in Accrued Wages Payable		(551)
Increase in Due to Other Funds		(160,441)
Increase in Unearned Revenue		(32,363)
Decrease in Claims Liability		253,366
Net Cash Provided by Operating Activities	\$	955,164

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AUGUST 31, 2017

Exhibit E-1

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 515,647
Due from External Parties	<u>65</u>
Total Assets	<u><u>515,712</u></u>
LIABILITIES	
Accounts Payable	29,984
Due to Student/Employee Groups	<u>485,728</u>
Total Liabilities	<u><u>\$ 515,712</u></u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

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, 2017

Note 1. Summary of Significant Accounting Policies – continued

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes. When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's non-fiduciary activities with most of the interfund activities removed except for interfund services provided and used. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues. *Business-type activities*, which are reported separately, rely significantly on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable within a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions restricted to meeting operational or capital requirements of a particular function. Taxes are reported as *general revenues*.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

Note 1. Summary of Significant Accounting Policies – continued

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, 2017

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.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

Note 1. Summary of Significant Accounting Policies – continued

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when due or past due and receivable within the current period.

The tax rates assessed for the year ended August 31, 2017 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, 2017, taxes receivable net of estimated uncollectible taxes, aggregated \$3,546,330 and \$864,168 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 financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then.

The District only has two items that qualify for reporting in this category. First, deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Second, deferred outflows of resources for pensions reported in the government-wide statement of net position. A deferred outflow of resources for pensions, results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between expected and actual actuarial earnings on pension plan investments, 2) changes in actuarial assumptions, 3) differences between expected and actual actuarial experiences and 4) changes in the District's proportional share of pension liabilities. The deferred outflow of resources related to pensions resulting from District Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

Note 1. Summary of Significant Accounting Policies – continued

Deferred outflows/inflows of resources (Continued)

The deferred outflows resulting from difference between projected and actuals on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two items of this type. First, unavailable revenue from property taxes exists under the modified accrual basis of accounting and is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period in which the amounts become available. Second, deferred inflows of resources for pensions reported in the government-wide statement of net position. These deferred inflows result primarily from 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the District's proportional share of the pension liabilities. These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Pensions

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

Interfund Receivables and Payables

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations. Such balances are eliminated within the governmental and business-type activities for the government-wide financial statements. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

Capital Assets

Capital assets, which include land, buildings, furniture and equipment, and construction in progress are reported in the government-wide financial statements. Capital assets are capitalized by the District if the cost of the item is more than \$5,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets, 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.

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2017

Note 1. Summary of Significant Accounting Policies – continued

Capital Assets (Continued)

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

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.

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, 2017 will change.

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

GASB Statement No. 74: Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans was issued in June 2015. This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. This standard became effective for the District in fiscal year 2017. The implementation had no effect on the District's Financial Statements.

GASB Statement No. 77: Tax Abatement Disclosures. Statement 77 was issued in August 2015. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

1. Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
2. The gross dollar amount of taxes abated during the period
3. Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

Note 1. Summary of Significant Accounting Policies – continued

This standard became effective for the District in fiscal year 2017. The implementation had no effect on the District's Financial Statements.

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 2017. 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 2017. The implementation had no 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 2017. The implementation had no significant effect on the District's Financial Statements.

Note 2. Cash and Investments

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

At August 31, 2017, the carrying amount of the District's deposits was \$8,369,286 and the bank balance was \$9,704,534. In addition, the District had various petty cash balances held at different locations amounting to \$94,993.

The District's entire bank balance on August 31, 2017 was covered by federal depository insurance or by collateral held by the District's agent in the District's name. During the period, the District's deposits were fully secured with FDIC coverage and pledged collateral.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

Note 2. Cash and Investments – continued

The District’s investment policy contains the following objectives:

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

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

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

At August 31, 2017, the District’s exposure to interest rate risk, as measured by the segmented time distribution by investment type, is summarized below:

	Rating	Carrying Amount/ Fair Value	Investment Maturities in Months		
			Less than 1	1 to 3	4 to 6
TexPool	AAA	\$ 247,072,605	\$ 247,072,605		
Texas CLASS	AAA	77,093,939	77,093,939		
Lone Star	AAA	8,767,269	8,767,269		
Federal Home Loan Discount Note	Aaa, Prime-1	74,690,611	74,690,611		
Federal National Mortgage Discount Note	Aaa, Prime-1	29,826,750	29,826,750		
Blackrock Liquidity Fund	Aaa-mf	20,045	20,045	\$ -	\$ -
Total Investments		\$ 437,471,219	\$ 437,471,219	\$ -	\$ -

Investments’ fair value measurements are as follows at August 31, 2017:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Federal Home Loan Discount Note	74,690,611		74,690,611	
Federal National Mortgage Discount Note	29,826,750		29,826,750	
Blackrock Liquidity Fund	20,045	\$ -	20,045	\$ -
Total Investments	\$ 104,537,406	\$ -	\$ 104,537,406	\$ -

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

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

Note 2. Cash and Investments – continued

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement. The fair value of the U.S. Government Agency securities on August 31, 2017 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.

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, 2017, the fund had a weighted average maturity of 23 days.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

Note 2. Cash and Investments – continued

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

TexPool is authorized for the following investments:

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

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

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

Securities lending programs that comply various limitations.

The weighted average maturity of TexPool cannot exceed 60 days. As of August 31, 2017, 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:

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

Note 2. Cash and Investments – continued

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

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

Securities lending programs that comply with various limitations.

Bankers' acceptances that comply with the Investment Act

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

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

Guaranteed investment contracts that comply with the Investment Act.

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

The weighted average maturity of Texas CLASS cannot exceed 60days. As of August 31, 2017, Texas CLASS has a weighted average maturity of 47 days.

Blackrock Liquidity Fund Institutional Fund T-Fund is administered by a team of investment professionals. The fair value of the District's position in Blackrock Liquidity Fund Institutional T-Fund is the same as the value of the mutual fund shares. Blackrock Liquidity Fund Institutional T-Fund is operated in a manger consistent with the SEC's Rule 2A-7 of the Investment Company Act of 1940.

The Fund invests at least 99.5% of its total assets in cash, U.S. Treasury bills, notes and other obligation issued or guaranteed as to principal and interest by the U.S. Treasury, and repurchase agreement secure by such obligation or cash.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

Note 2. Cash and Investments – continued

T-Fund seeks current income as is consistent with liquidity and stability of principal. As of August 31, 2017, Blackrock Liquidity Fund Institutional T-Fund had a weighted average maturity of 29 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.

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, 2017, are summarized below and are reported on the combined financial statements as Due from Other Governments.

Fund	Federal Grants	State Grants	Total
General Fund	\$ 377	-	\$ 377
Special Revenue Fund	5,293,984	\$ 16,963,998	22,257,982
Total	<u>\$ 5,294,361</u>	<u>\$ 16,963,998</u>	<u>\$ 22,258,359</u>

Note 4. Capital Assets

Capital asset activity of the District for the year ended August 31, 2017, was as follows:

Governmental Activities:	Beginning Balance 9/1/2016	Additions	Retirements	Transfers	Ending Balance 8/31/2017
Non-Depreciable Assets					
Land	\$ 14,077,107				\$ 14,077,107
Construction In Progress	66,805,221	\$ 118,291,243	\$ (428,375)	\$ (11,424,289)	174,100,550
Total Non-Depreciable Assets	80,882,328	118,291,243	(428,375)	(11,424,289)	188,177,657
Depreciable Assets					
Land Improvements	44,946,736	1,883,349	-	9,461,659	56,291,744
Building & Building Improvements	688,204,509	898,075	-	1,445,135	690,547,719
Furniture & Equipment	121,984,506	4,289,340	4,502	517,495	126,786,839
Total Depreciable Assets	855,135,751	7,070,764	4,502	11,424,289	873,626,302
Less Accumulated Depreciation for:					
Land Improvements	23,788,289	1,969,842	-	-	25,758,131
Building & Building Improvements	290,031,368	16,023,084	-	-	306,054,452
Furniture & Equipment	88,370,221	8,611,141	-	-	96,981,362
Total Accumulated Depreciation	<u>402,189,878</u>	<u>26,604,067</u>	<u>-</u>	<u>-</u>	<u>428,793,945</u>
Governmental Activities-Capital Assets, being depreciated, net	<u>452,945,873</u>	<u>(19,533,303)</u>	<u>4,502</u>	<u>11,424,289</u>	<u>444,832,357</u>
Governmental Activities-Capital Assets, Net	<u>\$ 533,828,201</u>	<u>\$ 98,757,940</u>	<u>\$ (423,873)</u>	<u>-</u>	<u>\$ 633,010,014</u>

Total Governmental Activities - Capital Assets include cost of assets held in internal service funds and related accumulated depreciation amounting to \$7,405,157 and \$3,511,427 respectively.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

Note 4. Capital Assets – continued

Depreciation expense was charged to governmental functions as follows:

11 Instruction	\$	12,838,736
12 Instructional Resources and Media Services		510,668
13 Curriculum Development and Instructional Staff Development		19,497
21 Instructional Leadership		197,938
23 School Leadership		267,152
31 Guidance, Counseling and Evaluation Services		97,277
33 Health Services		103,695
34 Student (Pupil) Transportation		2,533,273
35 Food Services		1,454,998
36 Cocurricular/Extracurricular Activities		2,066,960
41 General Administration		277,985
51 Plant Maintenance and Operations		2,402,409
52 Security and Monitoring Services		299,007
53 Data Processing Services		1,580,880
61 Community Services		887,026
Internal Service Fund Depreciation		<u>1,066,566</u>
	<u>\$</u>	<u>26,604,067</u>

As of August 31, 2017, the District had the following major commitments with respect to unfinished major capital projects.

	<u>Project Authorization</u>	<u>Remaining Commitment</u>
HVAC Equipment	\$ 4,050,000	\$ 1,402,860
District Flooring	5,008,667	3,509,720
District Roofing	4,956,779	863,717
Garland HS Renovations	18,622,069	14,705,345
North Garland High School	9,404,586	9,052,636
Lakeview HS Renovations	20,068,309	1,377,104
Naaman Forest HS Renovation	16,194,745	3,180,876
Career & Technology HS	36,138,200	5,475,093
Austin Academy Renovations	7,100,091	679,394
Bussey MS Addition/Renovation	8,070,281	3,741,555
Sam Houston MS Renovations	5,226,822	633,513
Jackson Middle School	8,713,787	8,408,919
Brandenburg Add/Renovation	5,313,521	2,124,129
Sellers MS Renovations	7,154,856	6,841,011
Webb MS Addition/Renovation	6,322,592	5,836,790
Coyle Middle School	6,152,418	3,033,130
Back ES Renovations	4,286,680	261,931
Natatorium	24,899,000	23,346,381
MAN/WAN	10,640,000	3,974,120
LAN/WiFi	18,801,395	14,884,065
Total	<u>\$ 227,124,798</u>	<u>\$ 113,332,289</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

Note 5. Unearned Revenue

Governmental funds unearned revenue at August 31, 2017 consisted of the following:

	General Fund	Special Revenue Fund	Total
Athletic and Other Local	\$ 42,181	\$ -	\$ 42,181
Food Service Meals	-	542,431	542,431
Grants	-	2,231	2,231
	\$ 42,181	\$ 544,662	\$ 586,843

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, 2017:

	September 1, 2016 Obligations	New Obligations Incurred	Obligations Retired or Transferred	August 31, 2017 Obligations	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General obligation bonds	\$ 462,982,866	\$ 150,250,000	\$ 48,531,442	\$ 564,701,424	\$ 47,726,335
Accreted interest	2,393,635	469,844	750,994	2,112,485	1,256,686
Premium on bond issuance	39,158,641	20,810,175	5,789,114	54,179,702	-
Total Bonds and Notes Payable	504,535,142	171,530,019	55,071,550	620,993,611	48,983,021
Other Liabilities:					
Net Pension Liability	118,501,570	6,677,504	-	125,179,074	
Workers compensation self-insurance liability	3,023,647	1,394,203	1,140,837	3,277,013	1,525,637
Capital Leases	3,636,975	-	700,784	2,936,191	718,865
Vested sick leave	1,574,798	188,154	511,126	1,251,826	267,299
Total Other Liabilities	126,736,990	8,259,861	2,352,747	132,644,104	2,511,801
Total Governmental Activities Long-term Liabilities	\$ 631,272,132	\$ 179,789,880	\$ 57,424,297	\$ 753,637,715	\$ 51,494,822

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, 2017

Note 6. Long-Term Obligations – continued

Bonds payable and contractual obligations at August 31, 2017 are composed of the following individual issues:

Description	Interest Rate	Amounts Original Issue	Amounts Outstanding at September 1, 2016	Issued	Retired/ Refunded	Accumulated Interest Accretion	Amounts Outstanding at August 31, 2017
School Building and Refunding							
Bonds - 2009A							
Matures 2009 - 2029	4.0% to 5.0%	\$ 53,210,000	\$ 32,465,000		\$ 1,380,000		\$ 31,085,000
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	3,220,000		3,070,000		150,000
Unlimited Tax School Building							
Series - 2011							
Matures 2012 - 2031	2.0% to 5.0%	61,615,000	10,230,000		4,910,000		5,320,000
Unlimited Tax Refunding							
Series - 2011A							
Matures 2012 - 2023	0.5% to 2.9%	52,335,609	38,002,866		5,221,442	2,112,485	34,893,909
Unlimited Tax Refunding							
Series - 2012							
Matures 2016 - 2028	2.0% to 5.0%	99,425,000	92,665,000		6,610,000		86,055,000
Unlimited Tax Refunding							
Series - 2012A							
Matures 2013 - 2024	0.35% to 3.0%	25,799,604	18,610,000		1,845,000		16,765,000
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	22,905,000		3,615,000		19,290,000
Unlimited Tax Building and Refunding							
Series - 2015A							
Matures 2016 - 2035	2.0% to 5.0%	185,740,000	180,705,000		8,745,000		171,960,000
Unlimited Tax School Building							
Bonds - 2015B							
Matures 2016 - 2017	2.0% to 3.0%	7,580,000	1,000,000		1,000,000		-
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	2.5% to 5.0%	<u>150,250,000</u>	<u>-</u>	<u>150,250,000</u>	<u>12,135,000</u>	<u>-</u>	<u>138,115,000</u>
Total		<u>\$ 735,755,213</u>	<u>\$ 462,982,866</u>	<u>\$ 150,250,000</u>	<u>\$ 48,531,442</u>	<u>\$ 2,112,485</u>	566,813,909
Accumulated Interest Accretion							<u>(2,112,485)</u>
Total Principal Outstanding - August 31, 2017							<u>564,701,424</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

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 2036. At August 31, 2017, \$13,716,951 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 October 2016 the District issued \$150,250,000 of Unlimited Tax School Building Bonds, Series 2016 with interest rates ranging from 2.50% to 5.00%. The District received a net premium of \$20,810,175 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 \$444,550 and \$615,175, 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, 2017 and ending February 15, 2036. 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, 2017 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>\$ 41,035,000</u>

The annual requirements to pay principal and interest on the bond obligations outstanding as of August 31, 2017 are as follows:

Year Ended August 31	Principal	Interest (including accreted interest)	Requirements
2018	\$ 47,726,335	\$ 26,652,129	\$ 74,378,464
2019	36,260,089	24,838,897	61,098,986
2020	37,480,000	20,196,392	57,676,392
2021	40,430,000	18,391,561	58,821,561
2022	42,300,000	16,527,509	58,827,509
2023 - 2027	167,460,000	57,683,252	225,143,252
2028 - 2032	118,015,000	27,645,633	145,660,633
2033 - 2036	75,030,000	5,327,282	80,357,282
	<u>\$ 564,701,424</u>	<u>\$ 197,262,655</u>	<u>\$ 761,964,079</u>

As of August 31, 2017, the District has \$89,445,000 of authorized but unissued general obligation bonds from the November 2014 voted authorization. Accreted interest of \$2,112,486 is included in the interest column.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

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 \$1,251,826. Of this amount, \$267,299 is recorded in the General Fund in accrued wages for the amount due to retired employees as of August 31, 2017.

Note 8. Interfund Receivables, Payables, and Transfers

Interfund balances at August 31, 2017 arose in the normal course of operations and consisted of the following individual fund receivable and payable balances:

TO	FROM		
General Fund	Special Revenue Fund	\$ 3,725,338	
General Fund	Capital Projects	7,212	
General Fund	Internal Service Funds	<u>824,802</u>	
Total General Fund			\$ 4,557,352
Internal Service Funds	General Fund	<u>16,342</u>	
Total Internal Service Funds			<u>16,342</u>
Agency Funds	Special Revenue Fund	<u>65</u>	
Total Agency Funds			<u>65</u>
Total Due From Other Funds			<u><u>\$ 4,573,759</u></u>
FROM	TO		
General Fund	Internal Service Funds	<u>\$ 16,342</u>	
Total Capital Projects			\$ 16,342
Special Revenue Fund	General Fund	3,725,338	
Special Revenue Fund	Agency Funds	<u>65</u>	
Total Special Revenue Fund			3,725,403
Capital Projects	General Fund	<u>7,212</u>	
Total Capital Projects			7,212
Internal Service Funds	General Fund	<u>824,802</u>	
Total Internal Service Funds			<u>824,802</u>
Total Due To Other Funds			<u><u>\$ 4,573,759</u></u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

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

Transfers In/Out for the year-ended August 31, 2017 were as follows:

	Transfers In		
	Debt Service Fund	Capital Projects	Transfers Out
FROM			
General Fund	\$ 17,444	\$ 10,961,449	\$ 10,978,893
	\$ 17,444	\$ 10,961,449	\$ 10,978,893

In the fund financial statements, \$10,961,449 was transferred out of the General Fund to Capital Projects Fund for the acquisition of equipment or for renovations. \$17,444 was transferred out of the General Fund to Debt Service Fund for prior year interest earnings that were recorded in the General Fund.

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	\$ 160,508,182	\$ 64,628,487			\$ 225,136,669
Other intermediate	4,348,814			\$ 4,101,805	8,450,619
Food service				7,200,481	7,200,481
Investment earning	1,188,416	22,299	\$ 1,746,036	140,860	3,097,611
Total	\$ 166,045,412	\$ 64,650,786	\$ 1,746,036	\$ 11,443,146	\$ 243,885,380

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, 2017, 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.

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2017

Note 10. Risk Management - continued

The District is protected against higher than expected claims cost through the purchase of stop-loss coverage. Through Frost Insurance, the District has workers' compensation stop-loss coverage with Midwest Employers Casualty Company with a \$750,000 deductible per occurrence and no aggregate loss coverage limit for claims incurred while self-insured.

The TASB Fund engages services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the TASB Fund's Board of Trustees in February of the following year. The TASB Fund's audited financial statements as of August 31, 2017, 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.

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, 2017, was \$3,277,013 and is recorded as an accrued expenditure in the Risk Management Internal Service Fund.

In fiscal years 2017 and 2016, changes in workers' compensation claims liability amounts were:

<u>Internal Service Fund</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2016 - Risk Management	3,521,627	557,722	1,055,702	3,023,647
2017 - Risk Management	3,023,647	1,394,203	1,140,837	3,277,013

At August 31, 2017, 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 occurrence for wind and hail claims. The District's vehicles are insured through purchased insurance for liability up to \$300,000 per occurrence, which meets the District's tort liability limits, plus \$1,000,000 per occurrence for out of state claims. Vehicle physical damage and liability is subject to a \$1,000 deductible.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

Note 10. Risk Management - continued

The District maintains Educator Leaders liability coverage with a \$2,000,000 limit and per occurrence deductible of \$10,000. The District also has a crime insurance policy with a \$1,000,000 limit and a \$10,000 deductible. The District maintains 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, 2017 has filed bankruptcy leaving a potential exposure to the District of uninsured and unpaid claims of an estimated \$250,000 going forward. A new risk pool was contracted effective September 1, 2017 with the above noted limits. The Risk Management Internal Service Fund has adequate fund balance to cover potential claims that occurred August 31, 2017 or prior that will not be covered due to the bankruptcy.

The Texas Commission on Environmental Quality (“TCEQ”) has required that the District have liability insurance or self-insurance to protect against loss from operating underground fuel storage tanks. The amount of insurance required by the TECQ is \$1,000,000 per incident or \$2,000,000 in the annual aggregate. The Board of Trustees has decided to satisfy this insurance requirement by designating \$2,000,000 of the District’s General Fund Balance as a self-insurance fund.

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

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.

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2017

Note 11. Retirement Plan - continued

Benefits Provided

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

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017.

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 2016 and 2017.

	Contribution Rates	
	Plan Fiscal Year	
	2016	2017
Member	7.2%	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 Required and Made	Pension Expense	Contributions Made During Fiscal Year
Member (Employee)	\$ 24,545,648	\$ -	\$ 26,887,315
Non-employer contributing agency (State)	17,265,677	21,267,981	17,035,194
District	10,403,722	20,443,763	10,831,873

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2017

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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
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, 2017

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, 2016 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, 2017

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	\$ 193,735,039	\$ 125,179,074	\$ 67,029,758

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

At August 31, 2017, the District reported a liability of \$125,179,074 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	\$ 125,179,074
State's proportional share of the net pension liability associated with the district	204,940,921
Total	\$ 330,119,995

The net pension liability was measured as of August 31, 2016 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, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.3313% which was substantially the same from its proportion measured as of August 31, 2015 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, 2017, the District recognized pension expense of \$20,443,763 as well as revenue of \$21,267,981 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, 2017

Note 11. Retirement Plan - continued

At August 31, 2017, 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	\$ 1,962,784	\$ (3,737,774)
Changes of assumptions	3,815,234	(3,469,798)
Net difference between projected and actual earnings on pension plan investments	24,122,178	(13,522,273)
Changes in proportion and differences between District contributions and proportionate share of contributions	26,349,087	(10,004)
District contributions subsequent to the measurement date	10,710,555	-
Total	\$ 66,959,838	\$ (20,739,849)

The \$10,710,555 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, 2018. 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
2018	\$ (6,251,448)
2019	(6,251,448)
2020	(13,012,585)
2021	(5,731,956)
2022	(3,671,114)
2023	(590,883)

Note 12. Retiree Health Plan

Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas ("TRS"). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the TRS. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. The report may be obtained by visiting the TRS web site at www.trs.state.tx.us under the TRS Publications heading, by calling the TRS Communication Department at 1-800-223-8778, or by writing to the TRS Communications Department at 1000 Red River Street, Austin, Texas 78701.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

Note 12. Retiree Health Plan - continued

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee, and public school contributions, respectively. The State of Texas contribution rate was 1.00% of public school payroll for the period September 2013 through June 2015, 0.50% for the period September 2012 through August 2013, and 1.00% for the period July 2012 through August 2012. Active public school employee contribution rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2016, 2015, and 2014. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For staff members funded by federal programs, the federal programs are required to contribute 1.00%. The District contributed 100% of the annual required contribution for fiscal year 2016, 2015, and 2014.

Contributions made by the State, District and staff members for the fiscal years ended August 31 2017, 2016, and 2015, are as follows:

	State TRS CARE Contributions Made on Behalf of the District	District Required Contributions to TRS Care	Staff Members' Contributions to TRS CARE	District's Covered Payroll
2017	\$ 3,258,582	\$ 2,171,113	\$ 2,269,718	\$ 349,184,036
2016	3,220,236	2,128,408	2,241,855	344,899,599
2015	3,140,961	2,028,920	2,181,445	335,610,115

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

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries know as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years June 30, 2017, 2016, and 2015, the subsidy payments received by TRS-Care on-behalf of the District are as follows:

Fiscal Year	Medicare Part D
2017	\$ 1,038,018
2016	1,324,284
2015	1,436,082

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

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, 2017 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, 2017.

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

<u>Year Ending August 31,</u>	<u>Warehouse</u>	<u>Clinic</u>
2018	108,075	89,792
2019	108,075	89,762
2020	108,075	89,762
2021	90,063	74,802
Total	<u>\$ 414,288</u>	<u>\$ 344,118</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>(909,244)</u>
Net book value	<u>\$ 2,727,731</u>

Future minimum commitments under the capital leases are as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 718,865	\$ 66,510	\$ 785,375
2019	737,411	47,963	785,374
2020	597,513	30,787	628,300
2021	485,790	16,850	502,640
2022	396,612	5,499	402,111
Total	<u>\$ 2,936,191</u>	<u>\$ 167,609</u>	<u>\$ 3,103,800</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2017

Note 16. Deferred Outflows of Resources

For governmental activities, the net investment in capital assets of \$230,598,662 includes the effect of deferring the recognition of losses on bond refunding's. The \$16,145,997 balance of the deferred outflow of resources at August 31, 2017 will be recognized as an expense and will decrease unrestricted net position over the next 15 years.

	September 1, 2016 Balance	New Obligations Incurred	Obligations Retired or Transferred	August 31, 2017 Balance
Deferred Outflows of Resources:				
Deferred charge on refunding	\$ 18,520,153	\$ -	\$ 2,374,156	\$ 16,145,997
Total Deferred Outflows of Resources	\$ 18,520,153	\$ -	\$ 2,374,156	\$ 16,145,997

Note 17. Subsequent Events

On November 4, 2017, the Board of Trustees approved Dr. Ricardo López as the Superintendent of Schools of the District. His contract with the District began on January 2, 2018.

The District evaluated all subsequent events through January 18, 2018, 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, 2017

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	\$ 162,030,206	\$ 164,179,480	\$ 166,045,412	\$ 1,865,932
5800 State Program Revenues	299,575,893	301,238,544	302,101,450	862,906
5900 Federal Program Revenues	800,000	6,951,916	7,311,323	359,407
5020 Total Revenues	<u>462,406,099</u>	<u>472,369,940</u>	<u>475,458,185</u>	<u>3,088,245</u>
EXPENDITURES:				
Current:				
0011 Instruction	275,578,656	275,110,635	268,259,682	6,850,953
0012 Instructional Resources and Media Services	7,949,805	7,902,829	7,577,320	325,509
0013 Curriculum and Instructional Staff Development	11,097,204	10,765,643	10,360,921	404,722
0021 Instructional Leadership	8,618,243	8,380,804	7,749,985	630,819
0023 School Leadership	30,775,749	30,540,801	29,887,132	653,669
0031 Guidance, Counseling, and Evaluation Services	22,728,738	22,868,482	22,435,946	432,536
0032 Social Work Services	1,210,987	1,059,926	712,988	346,938
0033 Health Services	7,048,931	6,857,947	6,602,684	255,263
0034 Student (Pupil) Transportation	14,460,850	14,847,070	14,000,648	846,422
0035 Food Services	300,000	485,000	451,402	33,598
0036 Cocurricular/Extracurricular Activities	7,906,624	8,004,686	7,287,120	717,566
0041 General Administration	16,456,233	16,142,517	15,331,700	810,817
0051 Facilities Maintenance and Operations	40,212,613	39,121,775	38,219,948	901,827
0052 Security and Monitoring Services	6,587,356	6,297,559	5,668,160	629,399
0053 Data Processing Services	12,375,639	11,871,593	11,628,117	243,476
0061 Community Services	2,367,693	2,247,911	2,023,386	224,525
0095 Payments to Juvenile Justice Alternative Ed Program	75,000	43,035	25,536	17,499
0099 Other Intergovernmental Charges	745,631	920,631	745,631	175,000
6030 Total Expenditures	<u>466,495,952</u>	<u>463,468,844</u>	<u>448,968,306</u>	<u>14,500,538</u>
1100 Excess of Revenues Over Expenditures	(4,089,853)	8,901,096	26,489,879	17,588,783
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property		183,074	219,212	36,138
8911 Transfers Out	(10,250,000)	(10,978,893)	(10,978,894)	(1)
7080 Total Other Financing Uses	<u>(10,250,000)</u>	<u>(10,795,819)</u>	<u>(10,759,682)</u>	<u>36,137</u>
1200 Net Change in Fund Balances	(14,339,853)	(1,894,723)	15,730,197	17,624,920
0100 Fund Balance - September 1 (Beginning)	172,033,114	172,033,114	172,033,114	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 157,693,261</u>	<u>\$ 170,138,391</u>	<u>\$ 187,763,311</u>	<u>\$ 17,624,920</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, 2017

Exhibit G-2

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	ORIGINAL	FINAL		Positive or (Negative)
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 8,268,000	\$ 6,500,000	\$ 7,340,619	\$ 840,619
5800 State Program Revenues	164,300	170,656	172,733	2,077
5900 Federal Program Revenues	22,692,840	23,892,840	23,748,788	(144,052)
5020 Total Revenues	<u>31,125,140</u>	<u>30,563,496</u>	<u>31,262,140</u>	<u>698,644</u>
EXPENDITURES:				
Current:				
0035 Food Services	30,856,361	29,456,361	29,155,557	300,804
0051 Facilities Maintenance and Operations	23,500	23,500	27,931	(4,431)
6030 Total Expenditures	<u>30,879,861</u>	<u>29,479,861</u>	<u>29,183,488</u>	<u>296,373</u>
1100 Excess of Revenues Over Expenditures	245,279	1,083,635	2,078,652	995,017
OTHER FINANCING SOURCES:				
7912 Sale of Real and Personal Property	-	2,744	2,744	-
7080 Total Other Financing Sources	<u>-</u>	<u>2,744</u>	<u>2,744</u>	<u>-</u>
1200 Net Change in Fund Balances	245,279	1,086,379	2,081,396	995,017
0100 Fund Balance - September 1 (Beginning)	<u>2,753,549</u>	<u>4,543,133</u>	<u>4,543,133</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 2,998,828</u>	<u>\$ 5,629,512</u>	<u>\$ 6,624,529</u>	<u>\$ 995,017</u>

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
YEAR ENDED AUGUST 31, 2017

Note 1. Stewardship, Compliance, and Accountability

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

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

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

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

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

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

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

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTE TO TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED AUGUST 31, 2017

Note 1. Stewardship, Compliance, and Accountability – continued

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

GENERAL FUND

Revenues

- \$2,149,274 increase in local revenue sources to align budget with estimated year-end totals.
- \$1,662,651 increase in state program revenue sources to align budget with estimated year-end totals.
- \$6,151,916 increase in Federal Medicaid program revenue sources to align budget with estimated year-end totals.

Expenditures and Transfers Out

- \$468,021 decrease in instruction expenditures to align budget with estimated year-end totals.
- \$46,976 decrease in instructional resources and media services expenditures to align budget with estimated year-end totals.
- \$331,561 decrease in curriculum and instructional staff development expenditures to align budget with estimated year-end totals.
- \$237,439 decrease in instructional leadership expenditures to align budget with estimated year-end totals.
- \$234,948 decrease in school leadership expenditures to align budget with estimated year-end totals.
- \$139,744 increase in guidance, counseling and evaluation expenditures to align budget with estimated year-end totals.
- \$151,061 decrease in social work services expenditures to align budget with estimated year-end totals.
- \$190,984 decrease in health services expenditures to align budget with estimated year-end totals.
- \$386,220 increase in student transportation expenditures to align budget with estimated year-end totals.
- \$185,000 increase in food services expenditures to align budget with estimated year-end totals.
- \$98,062 increase in extracurricular activities expenditures to align budget with estimated year-end totals.
- \$313,716 decrease in general administration expenditures to align budget with estimated year-end totals.
- \$1,090,838 decrease in plant maintenance and operations expenditures to align budget with estimated year-end totals.
- \$289,797 decrease in security and monitoring services expenditures to align budget with estimated year-end totals.
- \$504,046 decrease in data processing services expenditures to align budget with estimated year-end totals.
- \$119,782 decrease in community services expenditures to align budget with estimated year-end totals.
- \$31,965 decrease in payments to Juvenile Justice Alternative Ed Program expenditures to align budget with estimated year-end totals.

After appropriations were amended as described above, actual revenues were \$3,088,245 greater than final budgeted amounts due to more revenue in local, state and federal programs than final budgeted estimates. Actual expenditures were \$14,326,690 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.

GARLAND INDEPENDENT SCHOOL DISTRICT
TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED AUGUST 31, 2016

Note 1. Stewardship, Compliance, and Accountability – continued

NATIONAL BREAKFAST AND LUNCH PROGRAM

Revenues

- \$1,768,000 decrease in local revenue sources to align revenue budget with estimated year-end totals.
- \$6,356 increase in state revenue sources to align revenue budget with estimated year-end totals.
- \$1,200,000 increase in federal revenue sources to align revenue budget with estimated year-end totals.

Expenditures

- \$1,400,000 decrease in expenditures to align budget with estimated year-end totals.

After appropriations were amended as described above, actual revenues were \$698,644 greater than final budgeted amounts due to less revenue in local and intermediate sources than final budgeted estimates. Actual expenditures were \$296,373 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.

For the year ended August 31, 2017, expenditures exceeded appropriations in the following fund and function (the aggregate level of control). Those over expenditures were funded by less than anticipated expenditures in other functions or fund balance in the appropriate fund.

National Breakfast and Lunch Program	Excess of Expenditures over Appropriations
0051 Facilities Maintenance and Operations	\$ 4,431
	\$ 4,431

DEBT SERVICE FUND

Revenues

- \$748,974 increase in local revenue sources to align revenue budget with estimated year-end totals.
- \$4,230,348 increase in state revenue sources to align revenue budget with estimated year-end totals.
- \$2,003 increase in federal revenue sources to align revenue budget with estimated year-end totals.

Expenditures

- \$740,812 decrease in expenditures to align budget with estimated year-end totals.

After appropriations were amended as described above, actual revenues were \$460,182 less than final budgeted amounts due to less revenue in local and intermediate sources than final budgeted estimates. Actual expenditures were \$77,401 less than final budget amounts. The actual principal on long term debt was greater than budgeted by \$2,533,558 and actual interest on long term debt was less than budgeted by \$2,533,557. This difference is related to the capital appreciation bond included the Series 2011A Refunding Bonds.

GARLAND INDEPENDENT SCHOOL DISTRICT
TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED AUGUST 31, 2016

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

Exhibit G-3

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.3313%	0.3352%	0.2153%
District's proportionate share of the net pension liability	\$ 125,179,074	\$ 118,501,570	\$ 57,527,611
State's proportionate share of the net pension liability associated with the District	<u>204,940,921</u>	<u>203,123,426</u>	<u>179,684,773</u>
Total	<u>\$ 330,119,995</u>	<u>\$ 321,694,996</u>	<u>\$ 237,212,384</u>
District's covered-employee payroll (for Measurement Year)	\$ 344,899,599	\$ 335,610,114	\$ 322,119,883
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	36.3%	35.3%	17.9%
Plan fiduciary net position as a percentage of the total pension liability *	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered-employee payroll *	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

Note: Data not available prior to 2014.

Schedule of The District's Contributions- Last 7 Fiscal Years

Exhibit G-4

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 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>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>
District's covered employee payroll	\$ 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	3.10%	3.01%	2.95%	1.70%	1.46%	1.76%	1.93%

Note: Data not available prior to 2011

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, 2016. 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.

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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, 2017

	751 Motor Pool	752 Print Shop	753 Risk Management
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 2,237	\$ 681,162	\$ 8,666,185
Due From Other Funds			16,342
Other Receivables	-	3,661	-
Total Current Assets	<u>2,237</u>	<u>684,823</u>	<u>8,682,527</u>
Noncurrent Assets:			
Capital Assets:			
Land Purchase and Improvements			
Building and Building Improvements			7,720
Furniture and Equipment	604,990	1,722,812	149,336
Accumulated Depreciation - Other Land Improvements			
Accumulated Depreciation - Building and Building Improvements			(4,246)
Accumulated Depreciation - Furniture and Equipment	(421,729)	(1,399,129)	(139,946)
Total Noncurrent Assets	<u>183,261</u>	<u>323,683</u>	<u>12,864</u>
Total Assets	<u><u>185,498</u></u>	<u><u>1,008,506</u></u>	<u><u>8,695,391</u></u>
LIABILITIES			
Current Liabilities:			
Accounts Payable			15,302
Leases Payable			
Interest Payable			
Accrued Wages Payable		2,263	3,117
Due to Other Funds			
Claims Liability			1,525,637
Unearned Revenues	-	-	-
Total Current Liabilities	<u>-</u>	<u>2,263</u>	<u>1,544,056</u>
Noncurrent Liabilities:			
Capital Lease Payable Long-Term			
Claims Liability Long-Term	-	-	1,751,376
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>1,751,376</u>
Total Liabilities	<u>-</u>	<u>2,263</u>	<u>3,295,432</u>
NET POSITION			
Net Investment in Capital Assets	183,261	323,683	12,864
Unrestricted Net Position	2,237	682,560	5,387,095
Total Net Position	<u><u>\$ 185,498</u></u>	<u><u>\$ 1,006,243</u></u>	<u><u>\$ 5,399,959</u></u>

756 Copier Pool	757 Curtis Culwell Center	Total Internal Service Funds
\$ 410,457	\$ 558,815	\$ 10,318,856
-	2,988	16,342
<u>410,457</u>	<u>561,803</u>	<u>6,649</u>
	208,872	208,872
	258,270	265,990
3,636,975	816,182	6,930,295
	(79,550)	(79,550)
	(78,125)	(82,371)
(909,244)	(479,459)	(3,349,507)
<u>2,727,731</u>	<u>646,190</u>	<u>3,893,729</u>
<u>3,138,188</u>	<u>1,207,993</u>	<u>14,235,576</u>
120,758	34,767	170,827
718,865		718,865
6,239		6,239
	22,082	27,462
	824,802	824,802
		1,525,637
-	200,845	200,845
<u>845,862</u>	<u>1,082,496</u>	<u>3,474,677</u>
2,217,326		2,217,326
-	-	1,751,376
<u>2,217,326</u>	<u>-</u>	<u>3,968,702</u>
<u>3,063,188</u>	<u>1,082,496</u>	<u>7,443,379</u>
(214,699)	646,190	951,299
289,699	(520,693)	5,840,898
<u>\$ 75,000</u>	<u>\$ 125,497</u>	<u>\$ 6,792,197</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, 2017

	751 Motor Pool	752 Print Shop	753 Risk Management
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 39,924	\$ 981,822	\$ 1,566,421
Total Operating Revenues	<u>39,924</u>	<u>981,822</u>	<u>1,566,421</u>
OPERATING EXPENSES:			
Payroll Costs		280,478	426,787
Professional and Contracted Services	3,223	175,107	68,821
Supplies and Materials	14,383	367,471	32,118
Other Operating Costs	64,042	172,037	1,528,021
Total Operating Expenses	<u>81,648</u>	<u>995,093</u>	<u>2,055,747</u>
Operating Income (Loss)	<u>(41,724)</u>	<u>(13,271)</u>	<u>(489,326)</u>
NONOPERATING REVENUES (EXPENSES):			
Earnings from Temporary Deposits & Investments			16,600
Interest on Capital Lease			
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>16,600</u>
Income (Loss) before Transfers	(41,724)	(13,271)	(472,726)
Transfer Out	-		
Change in Net Position	<u>(41,724)</u>	<u>(13,271)</u>	<u>(472,726)</u>
Total Net Position - September 1 (Beginning)	<u>227,222</u>	<u>1,019,514</u>	<u>5,872,685</u>
Total Net Position - August 31 (Ending)	<u>185,498</u>	<u>\$ 1,006,243</u>	<u>\$ 5,399,959</u>

756 Copier Pool	757 Curtis Culwell Center	Total Internal Service Funds
\$ 1,397,637	\$ 2,401,148	\$ 6,386,952
<u>1,397,637</u>	<u>2,401,148</u>	<u>6,386,952</u>
	1,005,313	1,712,578
633,228	1,093,348	1,973,727
	149,331	563,303
<u>649,459</u>	<u>272,471</u>	<u>2,686,030</u>
<u>1,282,687</u>	<u>2,520,463</u>	<u>6,935,638</u>
<u>114,950</u>	<u>(119,315)</u>	<u>(548,686)</u>
	8,279	24,879
<u>(83,101)</u>	<u>8,279</u>	<u>(83,101)</u>
<u>(83,101)</u>	<u>8,279</u>	<u>(58,222)</u>
31,849	(111,036)	(606,908)
<u>31,849</u>	<u>(111,036)</u>	<u>-</u>
<u>43,151</u>	<u>236,533</u>	<u>7,399,105</u>
<u>\$ 75,000</u>	<u>\$ 125,497</u>	<u>\$ 6,792,197</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2017

	751 Motor Pool	752 Print Shop	753 Risk Management
Cash Flows from Operating Activities:			
Cash Received from User Charges	\$ 39,924	\$ -	\$ -
Cash Received from Assessments - Other Funds		972,775	1,550,079
Cash Payments to Employees for Services		(281,716)	(427,512)
Cash Payments for Insurance Claims			(1,254,423)
Cash Payments for Suppliers	(14,383)	(315,821)	(28,097)
Cash Payments for Other Operating Expenses		-	(13,936)
Cash Payments for Prof. and Contracted Services	(3,223)	(175,107)	(53,204)
Net Cash Provided by (Used for) Operating Activities	<u>22,318</u>	<u>200,131</u>	<u>(227,093)</u>
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets	(76,948)		
Capital Lease Payments			
Capital Lease Interest Expense	-		-
Net Cash Provided by Capital Financing Activities	<u>(76,948)</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:			
Interest and Dividends on Investments	-	-	16,600
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(54,630)</u>	<u>200,131</u>	<u>(210,493)</u>
Cash and Cash Equivalents at Beginning of the Year:	56,867	481,031	8,876,678
Cash and Cash Equivalents at the End of the Year:	<u>\$ 2,237</u>	<u>\$ 681,162</u>	<u>\$ 8,666,185</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss):	\$ (41,724)	\$ (13,271)	\$ (489,326)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	64,042	172,037	6,296
Loss on Disposal of Capital Asset		4,501	
Effect of Increases and Decreases in Current Assets and Liabilities:			
(Increase) Decrease in Due from Other Funds			(16,342)
Increase in Other Receivables		(3,661)	
(Increase) Decrease in Prepaid Items		82,649	15,617
Increase (Decrease) in Accounts Payable		(31,839)	4,021
Increase (Decrease) in Accrued Wages Payable		(1,238)	(725)
Increase (Decrease) in Due to Other Funds		(9,047)	
Increase (Decrease) in Unearned Revenue			
Increase in Claims Liability	-		253,366
Net Cash Provided by (Used for) Operating Activities	<u>\$ 22,318</u>	<u>\$ 200,131</u>	<u>\$ (227,093)</u>

756 Copier Pool	757 Curtis Culwell Center	Total Internal Service Funds
\$ 1,410,727	\$ 1,593,367	\$ 3,044,018
	890,770	3,413,624
	(1,003,901)	(1,713,129)
	(200,369)	(1,254,423)
	(97,738)	(558,670)
(539,700)	(1,093,348)	(111,674)
<u>871,027</u>	<u>(1,864,582)</u>	<u>(1,864,582)</u>
	88,781	955,164
		(76,948)
(708,512)		(708,512)
(76,862)	-	(76,862)
<u>(785,374)</u>	<u>-</u>	<u>(862,322)</u>
-	8,279	24,879
85,653	97,060	117,721
324,804	461,755	10,201,135
<u>\$ 410,457</u>	<u>\$ 558,815</u>	<u>\$ 10,318,856</u>
\$ 114,950	\$ (119,315)	\$ (548,686)
649,459	174,733	1,066,567
		4,501
13,090	267,164	263,912
	(418)	(4,079)
	10,039	108,305
93,528	(61,077)	4,633
	1,412	(551)
	(151,394)	(160,441)
	(32,363)	(32,363)
		253,366
<u>\$ 871,027</u>	<u>\$ 88,781</u>	<u>\$ 955,164</u>

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AGENCY FUNDS

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

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

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

GARLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2017

Exhibit H-4

	Balance September 1, 2016	Additions	Deductions	Balance August 31, 2017
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 378,652	\$ 3,832,206	\$ 3,843,426	\$ 367,432
Due from External Parties	-	1,355,438	1,355,373	65
Total Assets	<u>378,652</u>	<u>5,187,644</u>	<u>5,198,799</u>	<u>367,497</u>
Liabilities:				
Accounts Payable	12,753	1,229,607	1,220,082	22,278
Due to Student Groups	365,899	891,174	911,854	345,219
Total Liabilities	<u>378,652</u>	<u>2,120,781</u>	<u>2,131,936</u>	<u>367,497</u>
OTHER ACTIVITY FUND				
Assets:				
Cash and Temporary Investments	172,615	2,194,634	2,219,034	148,215
Due from External Parties	1,435	909,498	910,933	-
Total Assets	<u>174,050</u>	<u>3,104,132</u>	<u>3,129,967</u>	<u>148,215</u>
Liabilities:				
Accounts Payable	13,410	533,132	538,836	7,706
Due to Employee Groups	160,640	1,020,097	1,040,228	140,509
Total Liabilities	<u>174,050</u>	<u>1,553,229</u>	<u>1,579,064</u>	<u>148,215</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	551,267	6,026,840	6,062,460	515,647
Due from External Parties	1,435	2,264,936	2,266,306	65
Total Assets	<u>552,702</u>	<u>8,291,776</u>	<u>8,328,766</u>	<u>515,712</u>
Liabilities:				
Accounts Payable	26,163	1,762,739	1,758,918	29,984
Due to Student/Employee Groups	526,539	1,911,271	1,952,082	485,728
Total Liabilities	<u>\$ 552,702</u>	<u>\$ 3,674,010</u>	<u>\$ 3,711,000</u>	<u>\$ 515,712</u>

Required TEA Schedules Section

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2017

Last Ten Years Ended August 31	1		2	3	10
	Tax Rates		Debt Service	Net Assessed/Appraised Value For School Tax Purposes *	Beginning Balance 9/1/2016
	Maintenance				
2008 and prior	various		various	various	\$ 1,284,746
2009	1.0400		0.2133	14,069,484,561	168,385
2010	1.0400		0.2133	13,652,343,413	202,336
2011	1.0400		0.2133	13,366,036,304	238,714
2012	1.0400		0.2133	13,085,564,669	304,184
2013	1.0400		0.2133	12,971,711,641	335,827
2014	1.0400		0.2133	13,064,995,612	403,334
2015	1.0400		0.2133	13,678,153,355	680,010
2016	1.0400		0.3133	14,001,530,407	1,679,027
2017	1.0400		0.4200	15,362,186,673	-
1000 TOTALS					<u><u>\$ 5,296,563</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 8/31/2017
\$ -	\$ 60,242	\$ 11,610	\$ (248,680)	\$ 964,214
	9,353	1,918	(21,166)	135,948
	12,384	2,540	(28,584)	158,828
	11,887	2,438	(47,656)	176,733
	18,726	3,841	(89,615)	192,002
	28,303	5,805	(91,034)	210,685
	61,750	12,665	17,640	346,559
	173,606	35,606	(7,315)	463,483
	682,953	178,876	(146,576)	670,622
<u>224,287,930</u>	<u>158,418,771</u>	<u>63,970,129</u>	<u>59,842</u>	<u>1,958,872</u>
<u>\$ 224,287,930</u>	<u>\$ 159,477,975</u>	<u>\$ 64,225,428</u>	<u>\$ (603,144)</u>	<u>\$ 5,277,946</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, 2017

Exhibit J-2

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	ORIGINAL	FINAL		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 63,792,026	\$ 64,541,000	\$ 64,650,786	\$ 109,786
5800 State Program Revenues	10,652,872	14,883,220	14,313,253	(569,967)
5900 Federal Program Revenues	463,985	465,988	465,987	(1)
5020 Total Revenues	<u>74,908,883</u>	<u>79,890,208</u>	<u>79,430,026</u>	<u>(460,182)</u>
EXPENDITURES:				
Current:				
Debt Service:				
0071 Debt Service-Principal on Long Term Debt	48,839,691	51,065,000	48,531,442	2,533,558
0072 Debt Service-Interest on Long Term Debt	25,549,192	23,003,071	25,536,628	(2,533,557)
0073 Debt Service-Bond Issuance Cost and Fees	520,000	100,000	22,600	77,400
6030 Total Expenditures	<u>74,908,883</u>	<u>74,168,071</u>	<u>74,090,670</u>	<u>77,401</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	5,722,137	5,339,356	(382,781)
OTHER FINANCING SOURCES (USES):				
7915 Transfer In	-	17,444	17,444	-
7949 Other Resources	-	-	14,483	14,483
7080 Total Other Financing Uses	<u>-</u>	<u>17,444</u>	<u>31,927</u>	<u>14,483</u>
1200 Net Change in Fund Balances	-	5,739,581	5,371,283	(368,298)
0100 Fund Balance - September 1 (Beginning)	8,345,668	8,345,668	8,345,668	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 8,345,668</u>	<u>\$ 14,085,249</u>	<u>\$ 13,716,951</u>	<u>\$ (368,298)</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	72-85
These schedules contain trend information to help the reader understand how the government’s financial performance and wellbeing have changed over time.	
Revenue Capacity	86-89
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	
Debt Capacity	90-92
These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	
Demographic and Economic Information	93-94
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	
Operating Information	95-105
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			
	2008	2009	2010	2011
Governmental net position				
Net investment in capital assets	\$ 111,899,974	\$ 115,842,801	\$ 119,473,529	\$ 135,714,399
Restricted				
Food Service	1,406,758	1,032,266	2,237,555	3,572,158
Debt Service	1,590,931	2,867,279	4,692,604	5,944,130
Grant Funds				
Construction				
Unrestricted	89,688,303	95,328,280	99,789,458	118,941,802
Total governmental net position	<u>204,585,966</u>	<u>215,070,626</u>	<u>226,193,146</u>	<u>264,172,489</u>
Business-type net position				
Net investment in capital assets	31,235	25,810	21,673	17,536
Unrestricted	<u>(60,544)</u>	<u>(78,527)</u>	<u>(138,885)</u>	<u>(129,759)</u>
Total Business-type net position	<u>(29,309)</u>	<u>(52,717)</u>	<u>(117,212)</u>	<u>(112,223)</u>
Total net position				
Net investment in capital assets	111,931,209	115,868,611	119,495,202	135,731,935
Restricted				
Food Service	1,406,758	1,032,266	2,237,555	3,572,158
Debt Service	1,590,931	2,867,279	4,692,604	5,944,130
Grant Funds				
Construction				
Unrestricted	89,627,759	95,249,753	99,650,573	118,812,043
Total net position	<u>\$ 204,556,657</u>	<u>\$ 215,017,909</u>	<u>\$ 226,075,934</u>	<u>\$ 264,060,266</u>

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 150,416,165	\$ 157,656,333	\$ 162,891,590	\$ 173,975,555	\$ 186,102,148	\$ 230,598,662
5,647,011			2,753,549	4,543,133	6,624,529
5,852,827	5,689,844	5,841,400	9,556,908	8,043,823	13,172,040
4,480,338	7,594,789	9,155,138	3,926,659	11,563,497	17,492,426
		6,614,366			
140,509,657	157,811,060	163,033,042	104,414,137	90,509,434	88,318,803
<u>306,905,998</u>	<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>
14,180	11,601	9,023	6,445	-	-
(127,504)	(126,232)	(130,792)	(6,661)	-	-
<u>(113,324)</u>	<u>(114,631)</u>	<u>(121,769)</u>	<u>(216)</u>	<u>-</u>	<u>-</u>
150,430,345	157,667,934	162,900,613	173,982,000	186,102,148	230,598,662
5,647,011			2,753,549	4,543,133	6,624,529
5,852,827	5,689,844	5,841,400	9,556,908	8,043,823	13,172,040
4,480,338	10,133,840	9,155,138	3,926,659	11,563,497	17,492,426
		6,614,366			
140,382,153	155,145,777	162,902,250	104,407,476	90,509,434	88,318,803
<u>\$ 306,792,674</u>	<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>

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities				
Instruction	\$ 276,616,196	\$ 283,065,227	\$ 289,725,326	\$ 294,208,920
Instructional resource and media services	7,812,690	8,131,373	8,118,770	8,193,015
Curriculum and staff development services	6,634,975	7,796,851	7,146,831	8,581,755
Instructional leadership	8,182,808	7,439,610	10,062,924	9,757,848
School leadership	27,002,157	26,744,844	27,380,902	27,930,380
Guidance, counseling, and evaluation services	17,823,643	17,956,443	18,728,727	18,429,805
Social work services	924,492	969,118	929,902	929,097
Health services	6,728,800	5,333,060	5,619,695	5,654,397
Student transportation	7,033,092	10,101,240	10,499,734	10,811,955
Food Service	25,506,613	26,573,977	27,071,935	27,407,886
Cocurricular/Extracurricular activities	7,030,615	6,684,383	6,704,026	7,290,111
General administration	11,363,821	9,765,328	10,668,993	11,255,328
Facilities maintenance and operations	38,335,676	37,369,496	38,327,826	37,876,948
Security and monitoring services	7,638,267	3,697,044	3,847,937	3,803,372
Data processing services	9,569,934	12,164,713	16,879,163	13,777,228
Community services	4,701,421	5,546,340	5,614,407	5,289,947
Interest on long-term debt	18,332,357	16,266,467	16,555,683	15,378,492
Bond issuance cost and fees	108,891	219,929	419,457	437,694
Facilities repairs and maintenance		541,958	1,570,426	2,297,277
Payments to Fiscal Agent of Shared Services Arrangement				31,422
Payments to Juvenile Justice Alternative Education Programs	47,218	56,304	52,360	66,234
Intergovernmental Charges	-	677,662	698,644	700,543
Total governmental activities expenses	<u>481,393,666</u>	<u>487,101,367</u>	<u>506,623,668</u>	<u>510,109,654</u>
Business-type activities				
Concessions	259,104	288,814	287,235	258,978
Total business-type activities expenses	<u>259,104</u>	<u>288,814</u>	<u>287,235</u>	<u>258,978</u>
Total expenses	<u>\$ 481,652,770</u>	<u>\$ 487,390,181</u>	<u>\$ 506,910,903</u>	<u>\$ 510,368,632</u>
Program Revenues				
Governmental activities				
Charges for services				
Instruction	\$ 406,338	\$ 482,224	\$ 265,338	\$ 169,918
Curriculum and staff development				
Food service	9,934,102	10,332,066	9,803,316	9,220,579
Cocurricular/Extracurricular activities	4,896,022	4,782,751	4,667,101	4,900,323
Plant maintenance and operations	96,296	219,996	193,833	176,730
Security and monitoring services				
Community services				
Operating grants and contributions	77,211,854	84,599,937	105,829,524	132,960,615
Total governmental entities program revenue	<u>92,544,612</u>	<u>100,416,974</u>	<u>120,759,112</u>	<u>147,428,165</u>
Business-type activities				
Charges for services				
Concessions	208,111	265,406	222,740	263,967
Total governmental entities business-type revenue	<u>208,111</u>	<u>265,406</u>	<u>222,740</u>	<u>263,967</u>
Total program revenues	<u>\$ 92,752,723</u>	<u>\$ 100,682,380</u>	<u>\$ 120,981,852</u>	<u>\$ 147,692,132</u>
Net Expense				
Governmental activities	\$ (388,849,054)	\$ (386,684,393)	\$ (385,864,556)	\$ (362,681,489)
Business-type activities	(50,993)	(23,408)	(64,495)	4,989
Total net expenses	<u>\$ (388,900,047)</u>	<u>\$ (386,707,801)</u>	<u>\$ (385,929,051)</u>	<u>\$ (362,676,500)</u>

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

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 272,825,108	\$ 277,499,490	\$ 293,173,717	\$ 302,936,954	\$ 326,193,632	\$ 319,232,860	
7,368,582	7,672,838	7,897,014	8,240,779	8,476,668	8,397,550	
8,514,256	10,248,468	11,848,699	13,966,276	15,289,822	15,833,458	
8,365,560	8,659,257	9,444,098	9,476,390	9,404,380	9,239,512	
26,527,981	27,137,920	28,022,164	29,359,186	31,430,176	31,663,652	
16,939,997	17,824,829	19,318,654	21,727,176	23,134,956	23,589,312	
894,164	942,133	1,339,419	1,253,128	1,057,374	800,029	
5,329,439	5,446,268	6,228,989	6,545,294	6,867,464	6,893,327	
10,643,267	11,379,383	12,966,006	13,717,097	15,154,555	15,456,729	
26,033,888	27,886,434	31,285,050	32,701,421	31,575,592	31,390,062	
7,686,728	8,228,081	8,556,794	9,077,240	10,327,317	9,046,761	
10,252,916	11,631,845	15,141,046	15,338,293	15,353,186	16,081,858	
35,728,649	36,004,303	38,454,227	39,578,630	40,912,661	38,997,523	
3,667,174	3,812,056	4,100,656	4,348,891	6,318,189	5,970,986	
21,287,235	14,343,551	15,490,524	24,346,683	40,659,486	21,610,633	
3,086,571	2,540,248	3,198,004	3,462,272	4,063,974	3,939,824	
691,607	14,113,757	11,926,352	13,571,186	18,083,049	22,221,597	
229,464	23,786	176,140	1,486,831	434,984	1,050,341	
1,511,554	4,540,264	5,364,055	1,605,080	1,984,797	19,131	
69,224	64,011	74,889	81,790	78,603	82,925	
45,714	5,742	4,824	10,716	30,168	25,536	
658,438	664,700	662,918	667,640	692,137	745,631	
<u>468,357,516</u>	<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>	
247,054	261,762	259,754	282,724	213	-	
<u>247,054</u>	<u>261,762</u>	<u>259,754</u>	<u>282,724</u>	<u>213</u>	<u>-</u>	
<u>\$ 468,604,570</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>	
\$ 244,414	\$ 159,781	\$ 428,438	\$ 419,763	\$ 477,147	\$ 797,456	
375						
9,011,473	8,939,886	9,276,095	9,272,764	7,729,332	7,194,211	
5,096,626	5,410,308	5,261,990	4,292,064	4,974,632	4,752,685	
268,172	177,533	151,719	184,070	209,727	329,971	
91,587,206	80,546,373	90,430,370	98,476,190	114,478,252	111,116,480	
<u>106,208,266</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>	
245,953	260,455	252,564	271,241	-	-	
<u>245,953</u>	<u>260,455</u>	<u>252,564</u>	<u>271,241</u>	<u>-</u>	<u>-</u>	
<u>\$ 106,454,219</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>	
\$ (362,149,250)	\$ (395,435,483)	\$ (419,125,627)	\$ (440,854,102)	\$ (479,654,080)	\$ (458,098,434)	
(1,101)	(1,307)	(7,190)	(11,483)	(213)	-	
<u>\$ (362,150,351)</u>	<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>	

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

	Fiscal Year			
	2008	2009	2010	2011
Net Expense				
Governmental activities	\$ (388,849,054)	\$ (386,684,393)	\$ (385,864,556)	\$ (362,681,489)
Business-type activities	(50,993)	(23,408)	(64,495)	4,989
Total net expenses	<u>\$ (388,900,047)</u>	<u>\$ (386,707,801)</u>	<u>\$ (385,929,051)</u>	<u>\$ (362,676,500)</u>
General Revenues				
Governmental activities				
Taxes				
Property taxes levied for general purposes	\$ 142,436,130	\$ 146,318,903	\$ 142,764,547	\$ 138,879,794
Property taxes levied for debt service	29,029,310	29,971,347	29,284,421	28,513,656
State Aid Formula Grants	207,567,446	216,066,364	220,388,265	224,600,836
Grants and contributions not restricted	1,684,092	1,061,717	3,365,788	5,192,762
Investment earnings	6,182,740	1,445,428	692,016	250,405
Miscellaneous	867,111	2,305,294	492,039	947,721
Transfers in (out) from business-type activities				
Special Items:				
Gain (Loss) on disposal of assets	(5,173,807)			
Liquidation of Claims Liability (Note 10)				
Extraordinary Items:				
Insurance recoveries	-	-	-	2,275,658
Total governmental general revenues	<u>382,593,022</u>	<u>397,169,053</u>	<u>396,987,076</u>	<u>400,660,832</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>\$ 382,593,022</u>	<u>\$ 397,169,053</u>	<u>\$ 396,987,076</u>	<u>\$ 400,660,832</u>
Change in Net Position				
Governmental activities	\$ (6,256,032)	\$ 10,484,660	\$ 11,122,520	\$ 37,979,343
Business-type activities	(50,993)	(23,408)	(64,495)	4,989
Total primary government	<u>\$ (6,307,025)</u>	<u>\$ 10,461,252</u>	<u>\$ 11,058,025</u>	<u>\$ 37,984,332</u>

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

		Fiscal Year									
		2012	2013	2014	2015	2016	2017				
\$	(362,149,250)	\$	(395,435,483)	\$	(419,125,627)	\$	(440,854,102)	\$	(479,654,080)	\$	(458,098,434)
	(1,101)		(1,307)		(7,190)		(11,483)		(213)		-
\$	<u>(362,150,351)</u>	\$	<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>
\$	136,593,849	\$	136,374,770	\$	137,162,011	\$	143,261,249	\$	147,147,310	\$	160,752,789
	27,998,477		27,925,169		28,090,094		29,406,886		44,156,322		64,727,260
	233,715,404		254,240,046		270,830,210		278,214,031		290,555,354		280,753,101
	4,482,295		268,714		504,719		457,688		1,614,381		1,697,891
	286,150		278,338		96,855		155,049		1,152,599		2,981,631
	1,362,616		1,247,836		896,992		1,496,153		917,065		2,252,773
							(132,561)		(429)		-
	(877,204)		272,557		256,242		265,904		246,705		377,414
	703,742										
	617,430		78,284		72,014						
	<u>404,882,759</u>		<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>
					52		475				
	-		-		-		132,561		429		-
	-		-		52		133,036		429		-
\$	<u>404,882,759</u>	\$	<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>
\$	42,733,509	\$	25,250,231	\$	18,783,510	\$	12,270,297	\$	6,135,227	\$	55,444,425
	(1,101)		(1,307)		(7,138)		121,553		216		-
\$	<u>42,732,408</u>	\$	<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>

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

	Fiscal Year		
	2008	2009	2010
General Fund			
Reserved	\$ 2,888,963	\$ 2,124,945	\$ 2,096,956
Designated	9,364,540	9,693,854	9,963,746
Unreserved	59,511,619	67,782,406	79,992,042
Total general fund	<u>\$ 71,765,122</u>	<u>\$ 79,601,205</u>	<u>\$ 92,052,744</u>
All Other Governmental Funds			
Reserved			
Capital Projects fund	\$ 16,314,804	\$ 39,433,222	\$ 23,485,325
Other governmental funds	1,182,723	2,183,286	1,925,909
Debt Service Fund	1,590,931	2,932,753	4,730,024
Food Service	224,035	(972,195)	311,646
Unreserved			
Reported in Federal Special Revenue Fund	33,862	177,477	338,061
Reported in State Special Revenue Fund	2,897,965	925,300	253,868
Reported in Local Special Revenue Fund	8,055,692	7,483,279	9,923,244
Total all other governmental funds	<u>\$ 30,300,012</u>	<u>\$ 52,163,122</u>	<u>\$ 40,968,077</u>
Fund Balance Categories as Required by GASB Statement No. 54			
General Fund	2011	2012	2013
Non-Spendable - Inventories	\$ 1,463,630	\$ 1,108,597	\$ 922,154
Non-Spendable - Prepaid Items	828,738	882,579	1,742,306
Committed - Capital Expenditures for Equipment	1,963,746	2,022,659	
Committed - Self-Insurance	8,000,000	8,000,000	8,000,000
Unassigned	94,109,829	114,372,129	132,544,119
	<u>\$ 106,365,943</u>	<u>\$ 126,385,964</u>	<u>\$ 143,208,579</u>
All Other Governmental Funds			
Non-Spendable - Inventories	1,929,290	1,990,416	2,462,498
Non-Spendable - Prepaid Items			76,553
Restricted - Grant Funds	7,652,679	8,136,933	7,594,789
Restricted - Capital Acquisitions and Contractual Obligations	79,399,452	67,919,393	18,796,258
Restricted - Retirement of Long-term Debt	4,532,676	5,985,877	5,825,655
Committed - Local Special Revenue Fund	2,308,830	2,219,884	2,490,321
Assigned - Construction and Capital Expenditures	10,085,494	17,569,447	20,117,625
	<u>\$ 105,908,421</u>	<u>\$ 103,821,950</u>	<u>\$ 57,363,699</u>

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

 Fiscal Year

2014	2015	2016	2017
\$ 841,310	\$ 898,601	\$ 985,030	\$ 890,698
1,947,959	1,453,566	1,044,039	-
8,000,000	8,000,000	8,000,000	8,000,000
143,786,285	150,065,060	162,004,045	178,872,613
<u>\$ 154,575,554</u>	<u>\$ 160,417,227</u>	<u>\$ 172,033,114</u>	<u>\$ 187,763,311</u>
2,022,565	1,665,298	2,049,499	1,906,372
877,145	1,775,222	1,655,335	-
6,840,334	3,487,530	12,437,623	22,210,583
6,614,366	183,774,730	97,915,261	158,771,545
6,008,006	9,961,155	8,345,668	13,716,951
3,096,524	2,321,589	2,330,898	2,493,805
23,176,096	22,091,992	21,289,184	15,501,859
<u>\$ 48,635,036</u>	<u>\$ 225,077,516</u>	<u>\$ 146,023,468</u>	<u>\$ 214,601,115</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Local sources:				
Property taxes	\$ 172,372,176	\$ 176,569,986	\$ 172,139,992	\$ 167,273,269
Earnings on Investments	6,433,449	1,525,021	707,159	258,505
Other local sources	16,901,934	18,385,341	15,980,072	15,987,134
Total local sources	<u>195,707,559</u>	<u>196,480,348</u>	<u>188,827,223</u>	<u>183,518,908</u>
State sources:				
Per Capita	14,874,076	13,743,144	5,823,420	17,945,835
Foundation School Program	197,188,087	206,872,320	214,724,391	206,655,001
On-behalf Payments	15,865,735	16,405,646	19,652,675	19,836,443
Other State Sources	16,848,372	16,615,806	15,958,239	22,808,914
Total state sources	<u>244,776,270</u>	<u>253,636,916</u>	<u>256,158,725</u>	<u>267,246,193</u>
Federal sources:	40,436,333	47,497,219	72,967,099	95,044,989
Total revenues	<u>\$ 480,920,162</u>	<u>\$ 497,614,483</u>	<u>\$ 517,953,047</u>	<u>\$ 545,810,090</u>

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

		Fiscal Year									
		2012	2013	2014	2015	2016	2017				
\$	165,275,525	\$	164,584,996	\$	165,665,203	\$	172,925,921	\$	191,213,265	\$	225,136,669
	286,945		281,502		99,336		151,757		1,185,673		3,097,611
	17,196,383		16,155,364		17,532,397		16,158,382		15,031,358		15,651,100
	<u>182,758,853</u>		<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>
\$	13,688,849	\$	25,588,455	\$	14,229,508	\$	14,300,164	\$	9,745,185	\$	21,076,581
	220,026,555		228,651,591		256,600,702		263,762,268		280,665,610		259,534,696
	18,391,316		17,673,118		20,763,720		21,863,803		21,873,710		21,332,244
	16,285,452		11,739,565		17,349,345		20,619,462		25,246,920		26,644,134
	<u>268,392,172</u>		<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>
	60,791,256		51,107,017		51,334,853		56,740,087		56,398,403		60,268,133
\$	<u>511,942,281</u>	\$	<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>

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

	Fiscal Year			
	2008	2009	2010	2011
Expenditures				
Governmental funds				
11 Instruction	\$ 265,646,555	\$ 274,554,083	\$ 277,736,342	\$ 286,385,667
12 Instructional resources and media services	7,209,018	7,683,187	7,550,087	7,606,662
13 Curriculum and staff development services	6,678,169	7,829,424	7,085,074	8,436,124
Total function 10	<u>279,533,742</u>	<u>290,066,694</u>	<u>292,371,503</u>	<u>302,428,453</u>
21 Instructional leadership	8,218,111	7,317,361	10,051,751	9,757,128
23 School leadership	26,834,758	26,613,132	26,802,850	27,214,873
Total function 20	<u>35,052,869</u>	<u>33,930,493</u>	<u>36,854,601</u>	<u>36,972,001</u>
31 Guidance, counseling, and evaluation services	17,827,951	17,888,859	18,443,795	18,188,436
32 Social work services	928,221	971,385	919,581	916,259
33 Health services	4,979,712	5,259,870	5,469,179	5,481,977
34 Student transportation	11,708,937	11,657,475	8,330,801	8,958,596
35 Food service	24,533,327	25,601,394	25,457,357	25,590,165
36 Extracurricular activities	6,298,194	5,946,729	5,722,934	6,194,537
Total function 30	<u>66,276,342</u>	<u>67,325,712</u>	<u>64,343,647</u>	<u>65,329,970</u>
41 General administration	9,890,459	9,645,633	10,088,727	10,143,293
Total function 40	<u>9,890,459</u>	<u>9,645,633</u>	<u>10,088,727</u>	<u>10,143,293</u>
51 Facilities maintenance and operations	38,853,474	35,974,175	36,352,005	35,809,238
52 Security and monitoring services	2,966,480	3,431,654	3,557,014	3,551,656
53 Data processing services	11,953,596	11,961,227	16,369,064	18,896,247
Total function 50	<u>53,773,550</u>	<u>51,367,056</u>	<u>56,278,083</u>	<u>58,257,141</u>
61 Community service	4,094,617	4,676,956	4,680,266	4,366,739
Total function 60	<u>4,094,617</u>	<u>4,676,956</u>	<u>4,680,266</u>	<u>4,366,739</u>
71 Debt service				
Principal on long-term debt	24,471,922	21,144,985	20,565,000	21,745,000
Interest on long-term debt	18,579,782	17,752,528	16,383,178	15,536,957
Bond issuance costs and fees	108,891	1,004,521	419,457	1,164,685
Total function 70	<u>43,160,595</u>	<u>39,902,034</u>	<u>37,367,635</u>	<u>38,446,642</u>
81 Facilities acquisition/construction	17,282,121	4,724,520	11,013,287	8,513,304
Total function 80	<u>17,282,121</u>	<u>4,724,520</u>	<u>11,013,287</u>	<u>8,513,304</u>
93 Payments related to Shared Services Arrangements				31,423
95 Payments to Juvenile Justice Alternative	47,218	56,304	52,360	66,234
99 Other Intergovernmental Charges		677,662	698,644	700,543
Total function 90	<u>47,218</u>	<u>733,966</u>	<u>751,004</u>	<u>798,200</u>
Total expenditures	<u>\$ 509,111,513</u>	<u>\$ 502,373,064</u>	<u>\$ 513,748,753</u>	<u>\$ 525,255,743</u>
Debt service as a percentage of noncapital expenditures	8.9%	7.9%	7.4%	7.4%

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

Fiscal Year						
	2012	2013	2014	2015	2016	2017
\$	265,783,902	\$ 264,641,540	\$ 278,396,221	\$ 292,682,387	\$ 295,875,044	\$ 296,735,311
	6,907,353	7,200,650	7,414,899	7,635,828	7,976,025	7,715,713
	8,546,167	10,218,104	11,821,331	14,150,661	14,955,504	15,302,908
	<u>281,237,422</u>	<u>282,060,294</u>	<u>297,632,451</u>	<u>314,468,876</u>	<u>318,806,573</u>	<u>319,753,932</u>
	8,087,798	8,548,600	9,136,533	9,267,235	8,909,833	8,745,559
	26,327,408	26,963,180	27,735,396	29,106,054	30,227,932	30,381,505
	<u>34,415,206</u>	<u>35,511,780</u>	<u>36,871,929</u>	<u>38,373,289</u>	<u>39,137,765</u>	<u>39,127,064</u>
	16,815,753	17,725,446	19,203,404	21,512,159	22,461,110	22,844,915
	894,034	939,051	1,346,199	1,338,547	1,045,330	791,786
	5,240,443	5,346,833	6,132,616	6,389,549	6,618,661	6,603,999
	12,375,738	12,992,842	14,052,926	15,163,237	16,638,683	16,363,472
	24,873,220	27,046,189	30,293,793	31,790,346	29,920,357	29,606,960
	6,643,953	7,128,827	8,007,892	7,795,306	9,052,990	8,518,724
	<u>66,843,141</u>	<u>71,179,188</u>	<u>79,036,830</u>	<u>83,989,144</u>	<u>85,737,131</u>	<u>84,729,856</u>
	9,994,137	10,799,316	14,962,000	15,054,618	14,799,780	15,414,043
	<u>9,994,137</u>	<u>10,799,316</u>	<u>14,962,000</u>	<u>15,054,618</u>	<u>14,799,780</u>	<u>15,414,043</u>
	34,621,542	34,104,435	37,405,228	37,643,590	38,407,218	38,255,742
	3,459,277	3,571,740	3,821,316	4,072,994	6,123,148	5,720,961
	21,004,438	11,129,867	12,235,673	21,405,047	48,340,584	19,626,462
	<u>59,085,257</u>	<u>48,806,042</u>	<u>53,462,217</u>	<u>63,121,631</u>	<u>92,870,950</u>	<u>63,603,165</u>
	2,229,787	1,663,945	2,302,771	2,695,992	3,059,647	2,923,205
	<u>2,229,787</u>	<u>1,663,945</u>	<u>2,302,771</u>	<u>2,695,992</u>	<u>3,059,647</u>	<u>2,923,205</u>
	22,555,971	26,329,896	25,368,218	25,765,010	38,298,252	48,531,442
	15,008,901	16,053,653	14,637,796	15,807,117	20,492,629	25,536,628
	2,098,437	23,786	176,140	1,486,831	434,984	1,050,341
	<u>39,663,309</u>	<u>42,407,335</u>	<u>40,182,154</u>	<u>43,058,958</u>	<u>59,225,865</u>	<u>75,118,411</u>
	14,061,387	52,662,091	15,407,928	20,168,396	54,519,046	118,361,627
	<u>14,061,387</u>	<u>52,662,091</u>	<u>15,407,928</u>	<u>20,168,396</u>	<u>54,519,046</u>	<u>118,361,627</u>
	69,224	64,011	74,889	81,790	78,603	82,925
	45,714	5,742	4,824	10,716	30,168	25,536
	658,438	664,700	662,918	667,640	692,137	745,631
	<u>773,376</u>	<u>734,453</u>	<u>742,631</u>	<u>760,146</u>	<u>800,908</u>	<u>854,092</u>
\$	<u>508,303,022</u>	<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>
	7.8%	8.6%	7.6%	7.4%	8.9%	12.5%

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

	Fiscal Year			
	2008	2009	2010	2011
Excess of revenues over (under) expenditures	\$ (28,191,351)	\$ (4,758,581)	\$ 4,204,294	\$ 20,554,347
Other Financing Sources (Uses)				
Capital related debt issued (Bonds)		63,395,000		71,460,000
Refunding Bonds Issued				
Sale of real or personal property	83,186	232,155	52,200	71,984
Non-Current Loan Proceeds		3,525,000		
Transfers in	2,788	1,292,791	3,887,810	1,767
Premium or Discount on Issuance of Bonds		3,666,822		7,289,674
Prepaid Interest				238,982
Other Resources				
Insurance Recovery				
Transfers out	(2,788)	(1,292,791)	(6,887,810)	(10,001,767)
Payments to refunded bond escrow agents	-	(36,361,203)	-	(12,637,102)
Total other financing sources (uses)	<u>83,186</u>	<u>34,457,774</u>	<u>(2,947,800)</u>	<u>56,423,538</u>
Extraordinary Item - Insurance Recovery				2,275,658
Net change in fund balances	<u>\$ (28,108,165)</u>	<u>\$ 29,699,193</u>	<u>\$ 1,256,494</u>	<u>\$ 79,253,543</u>

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 3,639,259	\$ (30,042,836)	\$ 2,974,153	\$ (15,169,206)	\$ (67,597,541)	\$ (87,144,227)
12,485,000			193,320,000	40,560,000	150,250,000
177,560,213		26,725,000			
186,936	271,558	247,181	265,904	371,262	377,414
10,939,244	9,990,338	12,000,000	12,880,477	9,305,830	10,978,893
31,307,398		1,574,982	16,754,162	6,405,364	20,810,175
41,262	103,005	-		21,799	14,483
7,956	42,299	37,855			
(10,009,462)	(10,000,000)	(12,000,000)	(13,000,000)	(9,243,249)	(10,978,894)
(208,224,256)	-	(28,920,859)	(12,767,184)	(47,261,626)	-
14,294,291	407,200	(335,841)	197,453,359	159,380	171,452,071
\$ 17,933,550	\$ (29,635,636)	\$ 2,638,312	\$ 182,284,153	\$ (67,438,161)	\$ 84,307,844

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			
2008	4,190,178,440	10,154,721,430	1,777,817,820	2,528,589,708		13,594,127,982	1.2533
2009	4,491,799,740	10,248,877,770	2,002,138,070	2,673,331,019		14,069,484,561	1.2533
2010	4,550,703,240	10,002,025,960	1,981,784,350	2,882,170,137		13,652,343,413	1.2533
2011	4,222,557,840	9,851,742,940	1,874,995,440	2,583,259,916		13,366,036,304	1.2533
2012	4,142,736,980	9,713,208,510	1,921,285,080	2,691,665,901		13,085,564,669	1.2533
2013	4,175,283,820	9,536,561,190	1,966,053,360	2,706,186,729		12,971,711,641	1.2533
2014	4,366,481,800	9,530,491,010	1,901,121,140	2,733,098,338		13,064,995,612	1.2533
2015	4,596,551,430	9,917,340,240	1,953,899,600	2,789,637,915		13,678,153,355	1.2533
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

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
2008	1.0400	0.2133	1.2533	0.6886	0.5672	0.7472	0.5534	0.7479	0.6400
2009	1.0400	0.2133	1.2533	0.6996	0.5764	0.7472	0.6100	0.7479	0.6400
2010	1.0400	0.2133	1.2533	0.7046	0.6022	0.7472	0.7058	0.7479	0.6400
2011	1.0400	0.2133	1.2533	0.7046	0.6233	0.7472	0.7058	0.7970	0.6400
2012	1.0400	0.2133	1.2533	0.7046	0.6237	0.7472	0.7708	0.7970	0.6400
2013	1.0400	0.2133	1.2533	0.7046	0.6434	0.7472	0.7708	0.7970	0.6400
2014	1.0400	0.2133	1.2533	0.7046	0.6538	0.7472	0.7708	0.7970	0.6400
2015	1.0400	0.2133	1.2533	0.7046	0.6639	0.7872	0.7708	0.7970	0.6400
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

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	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Walmart	\$ 138,600,560	1	0.90%	\$ 106,935,110	2	0.79%
Kraft Foods/ U S Foods	108,770,000	2	0.71%	57,233,660	8	0.42%
Simon Property Group	107,300,780	3	0.70%	136,953,290	1	1.01%
WRPV XII Firewheel	70,842,090	4	0.46%			
Landmark Lakeway	68,975,720	5	0.45%			
Oncor	66,719,620	6	0.43%			
Sprint	58,234,711	7	0.38%			
Frontier Communications	51,076,270	8	0.33%			
Plastipak Packaging	50,924,899	9	0.33%	66,584,728	6	0.49%
BMEF Stoneleigh LP	49,783,000	10	0.32%			
Texas Utilities Electric				84,027,510	3	0.62%
Sears Roebuck Co.				50,339,582	9	0.37%
Interceramic				47,569,697	10	0.35%
Engineered Polymer				59,742,723	7	0.44%
Verizon/G.T.E.				75,403,990	4	0.55%
Westdale Properties				71,874,140	5	0.53%
Total	<u>\$ 771,227,650</u>		<u>5.01%</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)
2008	170,375,206	167,691,108	98.42%	1,959,918	169,651,026	99.57%
2009	176,332,850	172,938,357	98.07%	1,612,698	174,551,055	98.99%
2010	171,104,820	168,743,825	98.62%	1,242,479	169,986,304	99.35%
2011	167,516,533	164,067,348	97.94%	1,523,233	165,590,581	98.85%
2012	164,001,382	162,314,401	98.97%	1,337,995	163,652,396	99.79%
2013	162,574,462	161,649,499	99.43%	989,412	162,638,911	100.04%
2014	163,743,590	163,150,757	99.64%	740,452	163,891,209	100.09%
2015	171,428,296	170,432,734	99.42%	744,329	171,177,063	99.85%
2016	189,482,711	188,970,074	99.73%	-	188,970,074	99.73%
2017	224,287,930	222,388,900	99.15%	1,314,503	223,703,403	99.74%

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			
2008	408,608,749			\$ 408,608,749	3.01%	1,497
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

Source: Dallas Central Appraisal District and District records.

Note:

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

GARLAND INDEPENDENT SCHOOL DISTRICT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF AUGUST 31, 2017 (UNAUDITED)

Exhibit S-13

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct:			
Garland Independent School District			
General Obligation Bonds	\$ 620,993,611	100.00%	\$ 620,993,611
Capital Leases	<u>2,936,191</u>	100.00%	<u>2,936,191</u>
Total Direct Debt	623,929,802		623,929,802
Overlapping:			
City of Garland	463,205,000	90.11%	417,394,026
City of Rowlett	78,525,000	84.79%	66,581,348
City of Sachse	47,830,000	59.97%	28,683,651
City of Dallas	1,632,595,997	0.30%	4,897,788
City of Mesquite	151,445,000	0.09%	136,301
City of Richardson	271,355,000	0.04%	108,542
City of Wylie	87,375,000	0.57%	498,038
Dallas County	199,545,000	7.71%	15,384,920
Dallas County Community College District	263,140,000	7.71%	20,288,094
Dallas County Hospital District	703,770,000	7.71%	54,260,667
Dallas County Schools	<u>44,745,000</u>	7.71%	<u>3,449,840</u>
Total Overlapping Debt	<u>3,943,530,997</u>		<u>611,683,215</u>
Total Direct and Overlapping Debt	<u>\$ 4,567,460,799</u>		<u>\$ 1,235,613,017</u>
Taxable Assessed Valuation			15,362,186,673
Ratio of Direct and Overlapping Debt to taxable assessed valuation			8.04%
Direct and Overlapping Debt per Capita			\$ 4,232.19

Source: Debt outstanding and estimated percentage applicable for taxing entities other than the District was obtained from the Municipal Advisory Council of Texas.

GARLAND INDEPENDENT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)

Exhibit S-14

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

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

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

The District's debt service tax rate for fiscal year 2017 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-15

Period Ending	Estimated Population	Personal Income (hundreds of dollars)	Per Capita Personal Income (dollars)	Unemployment Rate
2008	272,967	(1)	(1)	5.1%
2009	274,211	(1)	(1)	8.5%
2010	276,552	(1)	(1)	7.9%
2011	277,833	(1)	(1)	8.3%
2012	278,785	(1)	(1)	6.9%
2013	282,501	(1)	(1)	6.4%
2014	287,049	(1)	(1)	5.6%
2015	287,927	(1)	(1)	4.1%
2016	291,956	(1)	(1)	3.9%
2017	300,347	(1)	(1)	3.1%

Sources:

Population: District estimate

Personal Income (thousands of dollars): U. S. Bureau of Economic Analysis - Dallas-Plano-Irving, TX
 Metropolitan Division

Per Capita Personal Income (dollars): U. S. Bureau of Economic Analysis - Dallas-Plano-Irving, TX
 Metropolitan Division

Unemployment Rate: U.S. Department of Labor - Bureau of Labor Statistics

Note:

(1) Data not available

GARLAND INDEPENDENT SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)

Exhibit S-16

Employer	2017			2008		
	Employees	Rank	Percentage of Employment	Employees	Rank	Percentage of Employment
Garland ISD	7,240	1	54.11%	7,254	1	35.29%
City of Garland	2,000	2	14.94%	2,500	3	12.16%
Baylor Medical Center Garland	857	3	6.41%	1,200	6	5.84%
Kraft Foods	796	4	5.95%			
US Food Service	520	5	3.89%			
Atlas Copco	460	6	3.44%	700	8	3.41%
SilverLine Window	425	7	3.18%			
Hatco (Resistol)	390	8	2.92%			
L3 Communications	350	9	2.62%			
Arrow Fabricated Tubing	340	10	2.54%			
Raytheon				3,500	2	17.03%
Wal-Mart Super Centers				1,750	4	8.51%
Sears Logistic Services				1,300	5	6.32%
Ecolab				1,000	7	4.87%
International/SST Truck				700	9	3.41%
Kingsley Tools				650	10	3.16%
Total	<u>13,378</u>		<u>100.00%</u>	<u>20,554</u>		<u>100.00%</u>

Source: Garland Chamber of Commerce

Notes:

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

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

	Full Time Equivalent Employees			
	2008	2009	2010	2011
Teachers	3,806.0	3,785.2	3,720.4	3,710.9
Professional Support				
Psychological Associate	1.0	1.0	-	-
Audiologist	3.0	3.0	3.0	3.0
Counselor	135.6	135.5	133.0	136.0
Educational Diagnostician	71.4	69.8	61.5	54.7
Librarian	77.5	77.5	80.0	79.0
Musical Therapist	-	-	-	-
Occupational Therapist	14.0	13.0	12.6	11.4
Corrective Therapist	1.0	1.0	-	-
Orientation/Mobility Instructor	1.0	2.0	2.0	2.0
Physical Therapist	7.0	5.0	7.0	6.0
School Nurse	77.0	77.4	79.4	79.0
LSSP/Psychologist	8.0	8.0	8.0	8.0
Social Worker	15.5	18.2	19.3	20.8
Speech Therapist/Speech-Language Pathologist	58.5	59.2	56.9	54.2
Visiting Teacher	5.0	5.0	5.0	5.0
Work-Based Learning Site Coordinator	-	-	10.1	6.0
Teacher Facilitator	46.0	55.7	90.0	110.4
Department Head	-	-	-	-
Athletic Trainer	-	-	8.6	2.0
Campus Professional Personnel	25.5	25.5	25.4	32.0
Non-Campus Professional Personnel	133.7	149.0	149.3	156.1
Total Professional Support	<u>680.7</u>	<u>705.8</u>	<u>751.1</u>	<u>765.6</u>
Campus Administration				
Assistant Principal	115.0	113.9	114.0	113.0
Principal	72.0	72.0	72.0	73.0
Teacher Supervisor	4.0	7.0	4.1	-
Registrar	-	-	8.0	8.0
Total Campus Administration	<u>191.0</u>	<u>192.9</u>	<u>198.1</u>	<u>194.0</u>
Central Administration				
Assistant/Assoc/Deputy Superintendent	4.5	4.5	4.5	4.5
Instructional Officer	12.4	12.4	-	-
District Instructional Program Director	-	-	17.0	17.0
Superintendent	1.0	1.0	1.0	1.0
Teacher Supervisor	43.0	60.8	41.3	29.5
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>68.9</u>	<u>86.7</u>	<u>71.8</u>	<u>60.0</u>
Educational Aides	373.1	374.3	455.5	432.1
Auxiliary Staff	2,134.1	2,242.9	2,197.4	2,182.5
Total All Full Time Equivalent Employees	<u><u>7,253.8</u></u>	<u><u>7,387.8</u></u>	<u><u>7,394.3</u></u>	<u><u>7,345.1</u></u>

Source: District records for the fall PEIMS submission

Full Time Equivalent Employees					
2012	2013	2014	2015	2016	2017
3,651.1	3,636.9	3,646.8	3,679.1	3,664.0	3,648.3
-	-	-	-	-	-
3.0	2.0	2.0	2.0	2.0	2.0
129.3	130.8	134.6	140.2	139.3	140.6
57.6	58.2	56.6	57.8	56.8	54.2
76.0	76.0	75.0	72.9	74.8	69.0
-	-	1.0	0.7	1.0	1.0
9.0	10.0	10.0	10.0	10.0	10.0
-	-	-	-	-	-
-	2.0	2.0	0.9	2.0	2.0
4.9	5.8	6.0	6.0	6.0	6.0
76.4	75.0	82.0	82.0	85.0	84.0
8.0	8.0	8.0	9.0	9.0	9.0
12.8	8.0	7.0	6.0	7.0	7.0
50.3	50.4	52.5	54.6	56.1	56.1
4.0	4.0	4.0	4.0	3.0	2.0
7.3	8.4	4.3	-	-	-
131.7	120.6	107.2	107.4	117.3	127.1
-	-	12.7	-	-	-
3.8	5.1	4.8	6.7	8.2	7.2
29.5	26.9	31.3	27.2	26.0	24.6
158.5	148.4	173.3	183.5	197.5	207.1
762.1	739.6	774.3	770.9	801.0	808.9
107.0	106.0	108.9	106.8	116.0	112.9
72.0	71.0	71.0	71.0	70.1	71.2
-	-	0.1	-	-	-
10.0	10.0	2.0	2.0	2.0	2.0
189.0	187.0	182.0	179.8	188.1	186.1
4.5	4.5	5.5	5.5	5.0	3.0
-	-	-	-	-	-
15.0	16.0	19.0	16.0	16.0	13.0
1.0	1.0	1.0	1.0	1.0	3.0
28.5	28.4	27.5	27.5	26.8	22.5
2.0	2.0	2.0	2.0	2.0	1.0
1.0	1.0	1.0	1.0	1.0	-
1.0	1.0	1.0	1.0	1.0	1.0
4.0	-	4.0	4.0	4.0	2.9
57.0	53.9	61.0	58.0	56.8	46.4
461.8	454.8	516.7	547.2	538.1	552.4
2,116.8	2,099.8	2,126.8	2,183.4	2,044.7	1,997.7
7,237.8	7,172.0	7,307.6	7,418.4	7,292.7	7,239.8

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

Exhibit S-18

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2008	57,169	383,553,961	6,709	9.55%	3,806	15.0	46.0%
2009	57,510	380,113,001	6,610	-0.90%	3,785	15.2	46.1%
2010	57,861	370,578,596	6,405	-2.51%	3,720	15.6	51.4%
2011	57,833	371,744,956	6,428	0.31%	3,711	15.6	52.9%
2012	58,151	367,647,358	6,322	-1.10%	3,651	15.9	60.5%
2013	58,059	389,695,690	6,712	6.00%	3,637	16.0	61.0%
2014	57,616	413,888,034	7,184	6.21%	3,647	15.8	60.8%
2015	57,436	432,733,720	7,534	4.55%	3,679	15.6	60.5%
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%

Source: District records

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

Exhibit S-19

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Teachers By Highest Degree Held										
No Degree	0.7%	0.4%	1.0%	0.2%	0.2%	0.2%	0.5%	0.4%	0.4%	0.4%
Bachelors	73.9%	73.7%	72.7%	72.1%	71.4%	70.8%	69.8%	69.4%	69.5%	69.2%
Masters	24.6%	24.8%	26.1%	26.7%	27.5%	28.1%	28.8%	29.3%	29.3%	29.4%
Doctorate	0.9%	1.1%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.8%	1.1%
Teachers By Years of Experience										
Beginning Teachers	6.8%	5.9%	3.1%	3.8%	3.4%	4.9%	5.3%	4.5%	5.3%	4.9%
1 - 5 Years of Experience	34.5%	34.3%	33.6%	30.2%	27.5%	23.8%	22.9%	25.0%	27.2%	28.3%
6 - 10 Years of Experience	20.9%	21.7%	23.3%	24.8%	26.7%	27.7%	27.9%	25.9%	23.1%	21.4%
11 - 20 Years of Experience	20.3%	21.2%	23.1%	24.7%	26.9%	28.2%	28.8%	29.8%	30.2%	30.7%
Over 20 Years of Experience	17.5%	16.9%	16.9%	16.4%	15.4%	15.4%	15.0%	14.8%	14.2%	14.7%
Average Salaries by Experience										
Beginning Teachers	\$ 43,836	\$ 45,508	\$ 47,308	\$ 46,839	\$ 46,605	\$46,462	\$48,899	\$50,150	\$50,862	\$52,334
1 - 5 Years of Experience	44,673	46,237	47,319	47,493	47,313	\$48,038	\$49,232	\$50,565	\$52,115	\$53,263
6 - 10 Years of Experience	46,002	47,563	48,585	48,801	48,607	\$49,331	\$50,572	\$51,730	\$53,299	\$54,415
11 - 20 Years of Experience	48,649	49,968	50,858	50,914	50,562	\$51,190	\$52,332	\$53,729	\$55,083	\$56,124
Over 20 Years of Experience	57,546	58,875	59,806	59,899	59,237	\$59,546	\$59,925	\$61,323	\$61,984	\$62,358
Student Teacher Ratio	15.0	15.2	15.6	15.6	15.9	16.0	15.8	15.6	15.7	15.6

Source: District records for the fall PEIMS submission

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

Exhibit S-20

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Schools:										
Elementary										
Buildings	47	47	47	47	47	47	47	47	47	47
Enrollment	25,901	25,938	26,395	26,330	26,471	26,364	26,351	26,135	25,971	25,579
Middle										
Buildings	12	12	12	12	12	12	12	12	12	12
Enrollment	12,473	12,568	12,742	12,842	12,789	12,871	12,715	12,754	12,595	12,757
High										
Buildings	7	7	7	7	7	7	7	7	7	9
Enrollment	16,248	16,269	16,441	17,123	16,863	17,198	16,993	17,091	17,470	17,474
Pre-K										
Buildings	2	2	2	2	2	2	2	2	2	2
Enrollment	1,390	1,520	1,427	1,395	1,453	1,467	1,217	1,098	1,132	1,086
Other										
Buildings	3	3	3	3	3	3	3	3	3	2
Enrollment	572	635	637	143	575	449	340	358	349	133
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, 2017, 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 18, 2018.

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 18, 2018

**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, 2017. 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, 2017.

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 18, 2018

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2017

Exhibit K-1

(1)	(2)	(3)	(4)	(5)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OF CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER		TOTAL FEDERAL EXPENDITURES
US Department of Education				
Passed Through State Department of Education				
ESEA Title I Part A - Improving Basic Programs	84.010A	16610101057909	211016	7,837
ESEA Title I Part A - Improving Basic Programs	84.010A	17610101057909	211017	12,940,539
ESEA Title I Part A - Improving Basic Programs	84.010A	18610101057909	211018	764,714
ESEA Title I - Priority and Focus School Grant	84.010A	17610112057909000	211017 - Task 15	22,633
Total Title I Part A				<u>13,735,723</u>
IDEA - Part B, Formula	84.027A	166600010579096600	224016	343
IDEA - Part B, Formula	84.027A	176600010579096600	224017	9,423,917
IDEA - Part B, Formula	84.027A	186600010579096600	224018	546,093
IDEA - Part B, Preschool	84.173A	176610010579096610	225017	140,955
IDEA - Part B, Preschool	84.173A	186610010579096610	225018	18,622
Total Special Education Cluster (IDEA)				<u>10,129,930</u>
Vocation Education - Basic Grant	84.048A	17420006057909	244017	648,463
Vocation Education - Basic Grant	84.048A	18420006057909	244018	44,236
Total CFDA Number 84.048A				<u>692,699</u>
ESEA Title III, Part A, LEP	84.365A	16671001057909	263016	34,841
ESEA Title III, Part A, LEP	84.365A	17671001057909	263017	1,247,958
ESEA Title III, Part A, ELA	84.365A	18671001057909	263018	76,349
ESEA Title III, Part A, Immigrant	84.365A	17671003057909	263017 - Task 5	37,947
Total CFDA Number 84.365A				<u>1,397,095</u>
ESEA Title II, Part A, Teacher & Principal Training	84.367A	16694501057909	255016	12,492
ESEA Title II, Part A, Teacher & Principal Training	84.367A	17694501057909	255017	1,004,545
ESEA Title II, Part A, Teacher & Principal Training	84.367A	18694501057909	255018	82,926
Total CFDA Number 84.367A				<u>1,099,963</u>
AP/IB Test Fee Subsidies	84.330B	51061201		19,175
Summer School LEP	84.369A	69551602	282	66,400
Total Passed Through State Department of Education				<u>27,140,985</u>
Passed Through Region 10 ESC - TEXSHEP Grant	84.196A	16-056	206	19,656
Total US Department of Education				<u>27,160,641</u>
US Department of Health & Human Services				
Passed Through State Dept of Health and Human Services				
Medical Assistance Program	93.778	529-07-0157-00128	272	184,309
Total Passed Through State Dept of Health and Commission				<u>184,309</u>
Total US Department of Health and Human Services				<u>184,309</u>
US Department of Agriculture				
Passed Through State Department of Education				
School Breakfast Program - Cash Assistance	10.553	71401701		5,071,679
National School Lunch Program - Cash Assistance	10.555	71301701		16,633,374
Total Passed Through State Department of Education				<u>21,705,053</u>
Passed Through State Department of Agriculture				
USDA Donated Commodities - Non-Cash Assistance	10.555	00279		2,200,763
Summer Food Service Program - Cash Assistance	10.559	00279		287,549
USDA Donated Commodities - Non-Cash Assistance	10.559	00279		2,846
Total Passed Through State Department of Agriculture				<u>2,491,158</u>
Total Child Nutrition Cluster				24,196,211
Child and Adult Care Food Program - Cash Assistance	10.558	00279		450,309
Total US Department of Agriculture				<u>24,646,520</u>
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-00309(0)		12,236
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-06-TX-4255-PW-00310(0)		6,347
Total Passed Through State Department of Public Safety				<u>18,583</u>
Total US Department of Homeland Security				<u>18,583</u>
Total Expenditures of Federal Awards				<u>\$ 52,010,053</u>

See Notes to Schedule of Expenditures of Federal Awards

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED AUGUST 31, 2017

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, 2017, 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	\$ 52,010,053
School Health and Related Services (SHARS)	5,610,952
E-Rate	2,181,140
Qualified School Construction Bonds Interest Subsidy	465,988
Federal Revenues Reported on Exhibit C-2	\$ 60,268,133

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2017

I. Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Numbers
<i>ESEA Title I Part A:</i>	
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010A
<i>ESEA Title I - Priority and Focus School Grant</i>	84.010A
<i>Vocation Education - Basic Grant</i>	84.048A
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$1,560,302
Auditee qualified as low-risk auditee?	Yes

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2017

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, 2017

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

Financial Statement Findings

Condition: During fiscal year 2017, we requested an attendance change report for one regular attendance day and selected a total of 25 attendance changes that moved a student to a funded category. Our sample covered a total of five campuses. One campus was unable to provide supporting documentation for two (2) changes made to a funded category, while another campus was unable to support the attendance change to a funded category for four (4) students.

Status: We noted no similar instances during the current year audit.

GARLAND INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended August 31, 2017

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