



Garland Independent School District
Garland, Texas

Comprehensive Annual
Financial Report

Fiscal Year Ended August 31, 2016

GARLAND INDEPENDENT SCHOOL DISTRICT
GARLAND, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
AUGUST 31, 2016

Prepared by:
The Department of
Business Operations

GARLAND INDEPENDENT SCHOOL DISTRICT
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 FOR THE YEAR ENDED AUGUST 31, 2016
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Introductory Section

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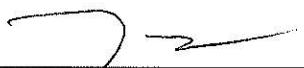
CERTIFICATE OF THE BOARD

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, 2016, at a meeting of the Board of Trustees of such school district on the 24 day of January, 2017.



Signature of Board Secretary



Signature of Board President

BOARD OF TRUSTEES

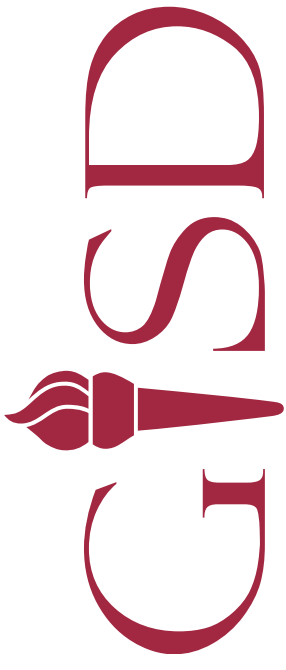
Name	Position	Place	Length of Service	Term Expires	Occupation
Larry Glick	Secretary	1	9 years	May 2019	Tax Attorney
Johnny Beach	Assistant Secretary	2	7 months	May 2019	Retired Educator
Linda Griffin	President	3	18 years	May 2019	Consultant
Jed N. Reed	Vice President	4	7 months	May 2017	Retired Educator/Administrator
Scott Luna	Member	5	11 years	May 2017	Attorney
Robert Selders, Jr.	Member	6	1 year	May 2018	Business Owner
Rick Lambert	Member	7	4 years	May 2018	Attorney

ADMINISTRATIVE OFFICIALS

Name	Position	Length of Service
* Dr. Deborah Cron	Interim Superintendent	0 years
** Dr. Bob Morrison	Superintendent	3 years
Dr. Linda Chance	Chief Officer of Human Resources	3 years
Dr. Rene Barajas	Chief Financial Officer	8 years
Dr. Jovan Wells	Associate Superintendent of Curriculum, Instruction & Assessment	3 years
Dr. Wendy Eldredge	Assistant Superintendent of Student Services and Community Relations	15 years

* Hired on December 27, 2016

** Retired on December 20, 2016



Board Clerk
Michelle Hogan
972-487-3263

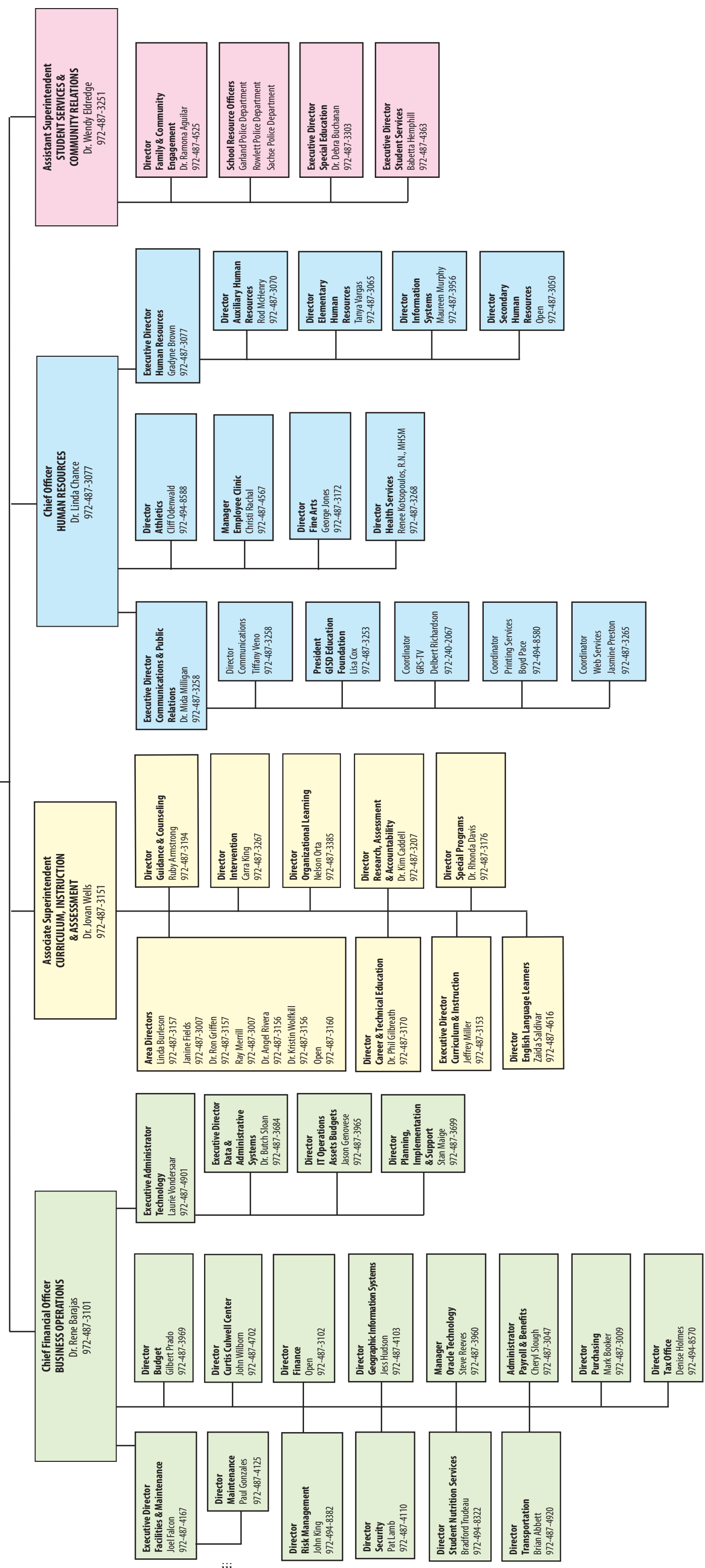
BOARD OF TRUSTEES
Place 1 Larry Glick
Place 2 Johnny Beach
Place 3 Linda Griffin
Place 4 Jed Reed
Place 5 Scott Luna
Place 6 Robert Selders Jr.
Place 7 Rick Lambert

Internal Auditor
Steve Martin
972-487-3109

INTERIM SUPERINTENDENT
Dr. Deborah Cron
972-487-3022

General Counsel
Justin Graham
972-487-3026

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





Garland Independent School District
Division of Business Operations

January 18, 2017
Board of Trustees and Citizens of the
Garland Independent School District
501 S. Jupiter
Garland, Texas 75042

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

Phone
972-487-3100

FAX
972-485-4922

Ladies and Gentlemen:

The Texas Education Agency requires that all school districts file a complete set of financial statements with the Texas Education Agency (TEA). The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Garland Independent School District (the District) for the fiscal year ended August 31, 2016.

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, 2016, 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, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The District is including all information required by the TEA as set forth in the Financial Accountability System Resource Guide. In order to comply with state-mandated audit requirements, data control codes are shown on all of the financial statements. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and independent auditor's reports on the internal control and compliance with applicable laws and regulations is included in this report and sent to the TEA.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE DISTRICT

The District was created in 1949 and is the fourteenth largest school district in Texas. Residents of the District elect a seven-member Board of Trustees (the Board), each of whom serves for three years. Semi-monthly meetings of the Board are posted and advertised as prescribed under state law so the Board may fulfill its charge to the students, parents, staff, and taxpayers of the District. Special meetings or work sessions are scheduled as needed. The Board has final control over all school matters except as limited by state law.

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

The District has seven traditional high schools serving students in grades nine through twelve. The District has a nontraditional high school program serving students in grades nine through twelve. The District has twelve middle schools, forty-seven elementary schools, two Pre-K centers, and three special learning centers.

The table below shows the demographic composition of the District during the 2005-06 and 2015-16 school years.

	<u>2005-06</u>	<u>2015-16</u>
Enrollment	56,955	57,418
White	34.6%	20.3%
Hispanic	38.6%	49.8%
African-American	19.0%	17.6%
Asian	7.3%	4.0%
Native American	0.5%	
American Indian or Alaska Native		0.4%
Native Hawaiian/Other Pacific Islander		0.1%
Two or More		2.1%
Economically Disadvantaged	45.3%	65.6%
Limited English	23.1%	26.3%
Graduates	3,088	3,938

The District's total student population has remained stable in recent years and is expected to remain relatively unchanged in 2016-17. However, the makeup of the student population continues to change. This change can require adjustments in the instructional programs. Educational research suggests economically disadvantaged students come to school with learning styles that need to be addressed through early childhood programs, accelerated instruction, and extended learning time. The District is expanding existing programs to meet these needs and studying the most effective methods to enhance learning for these children.

A challenge facing many Texas school districts is the growing number of students who do not speak English. While the majority of non-English speakers are Hispanic, the District serves students speaking more than 50 different languages. The District is continuing to expand and improve the bilingual and English-as-a-Second Language instructional programs. The growth, particularly in these two areas, is an ongoing challenge for the Garland Independent School District.

A high degree of professionalism exists among the District's employees and an on-going recognition of student and staff excellence contributes to this environment. The instructional program is geared toward having the students meet or exceed grade-level expectations. Emphasis is placed on higher-level thinking skills, including research methodologies and independent, complex, and critical thinking skills.

The District attracts highly qualified personnel because of its commitment to excellence. The following table shows the employee composition of the District during the 2005-2006 and 2015-16 school years.

	<u>2005-06</u>	<u>2015-16</u>
Total Staff	6,853	7,293
Teachers	3,692	3,664
Masters or Doctorate	24.8%	30.1%
Average Years of Experience	10.3	11.2
Student/Teacher Ratio	15.4	15.7

The District maintains budgetary controls throughout all of its financial systems. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the official budget adopted by the Board. The Board adopts an official budget for the general fund, debt service fund, and student nutrition services fund (which is included in the special revenue fund). In accordance with procedures prescribed by the Texas Education Code, budget amendments that affect the total amount in a fund or functional spending category must be approved by the Board prior to the expenditure of funds. The functional level is specified by Board policy as the legal level of budgetary control.

FINANCIAL CONDITION AND LONG RANGE PLANNING

The information presented in the financial statements is perhaps best understood when it is considered within the broader perspective of the specific environment in which the District operates.

Local Economy - The District is located approximately fourteen miles northeast of downtown Dallas. The economic condition of the area within the District’s boundaries has improved slightly from the prior year. The table below compares property values for the District.

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Certified Market Value	\$16,467,791,270	\$17,656,334,400	\$19,885,607,620
Average Market Value of Residence	\$132,829	\$138,330	\$158,284

There are signs of continued development in the District. The Bank of America building on Avenue B near Glenbrook is being converted into apartments. Jiffy Lube has opened near the intersection of Shiloh and Campbell Roads. Ricky Rockets Fuel Center is planned on former undeveloped Raytheon property at the northeast corner of Jupiter and Miller Roads. A 262 unit apartment complex has been approved north of Marketplace Drive and west of Saturn Road near Saturn Road and LBJ Freeway. My Choice Homes has started developing sixteen single family lots north of Buckingham Road on Shiloh Road. RagingWire Data Centers is building a 1,000,000 square foot 80 megawatt data center on 42 acres near Lookout Drive and the President George Bush Turnpike. Campfire Crossing consisting of 383 apartment units and sixteen townhomes is under construction near the intersection of President George Bush Turnpike and Campbell Road. Old Chicago Pizza & Taproom is complete and open for business near Winco Foods at Centerville Road and LBJ Freeway. Tru by Hilton, an eighty-seven room hotel, is under construction between the Hyatt Place and the District’s Gilbreath-Reed Career Technology Education Center, which is also under construction. Parc at Garland, an apartment complex at Waterhouse Boulevard and Bobtown Road is currently under construction. Firewheel Senior Living is nearing completion at Campbell Road and Lookout Drive. Shoal Creek Urology is under construction at Naaman Forest Boulevard and Black Swan Circle. Hollywood Feed, a holistic pet store, has gone into the old Wolf Camera location on Highway 78 at the Firewheel Town Center. Panda Express is complete and open for business between Sprouts and First Choice Emergency near the intersection of Rowlett Road and Lakeview Parkway. Valentino’s Italian Restaurant has moved from a space in a strip center near McAlisters on Lakeview Parkway to the former Krispy Kreme location on Lakeview Parkway. The builder has started clearing land for Manors on Miller a development of thirty-nine single family homes on Miller Road east of Dexham Road.

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

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

The above amounts and proposed uses are preliminary and subject to change. Actual use of bond funds will be determined by the Board of Trustees. The District has a reimbursement resolution in place so that general fund monies can be used on bond projects and be paid back upon bond issuance. This will enable the District to delay borrowing as long as possible. In June 2015 the District issued Series 2015A, Unlimited Tax School Building and Refunding Bonds, and Series 2015B, Unlimited Tax School Building Bonds, utilizing \$196,055,000 of the November 2014 voted authorization. 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 over the next 3 years depending on cash flow requirements of the bond projects.

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

	<u>Number</u>	<u>Average Age</u>
Pre-Kindergarten Centers	2	10 years
Elementary Schools	47	39 years
Middle Schools	12	42 years
High Schools	7	39 years

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

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

The 85th regular session of the Texas Legislature convenes January 10, 2017 and adjourns May 29, 2017.

Fund Balance – The unassigned fund balance in the general fund is 36.2% of general fund expenditures. This represents 4.3 months of operations in the general fund.

The District has been aware of the possibility of fluctuations in state funding for several years and has taken steps to control expenditures and increase operational efficiencies. Accordingly, the fund balance in the general fund has increased for 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 completed the first phase of the 1:1 iPad deployment, delivering 17,700 iPads to high school students in the fall of 2016. The final stage is the deployment of iPads to middle school students during the 2017-2018 school year.

As part of the process to issue the 2016 bonds, referred to above, the District sought bond ratings from Moody's Investor Services and Fitch Ratings. Moody's affirmed their AAA rating of the District. Fitch affirmed their rating of AA+ assigned to the District.

TEA is in the process of implementing revisions to the Financial Accountability Rating System of Texas (FIRST). The rating system was established during the 76th Texas Legislature. The 2014-2015 and 2015-2016 ratings are transitions years. The only two ratings a district could receive in 2014-2015 are Pass and Substandard Achievement. The District received a rating of Pass for 2014-2015. For 2015-2016 the districts could earn scores of A through F, with A being Superior and F being Substandard Achievement. The District earned a score of A (Superior) for 2015-2016. In 2016-2017 TEA will use the same indicators as 2015-2016, but it will require a higher score to achieve a rating of A (Superior).

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, 2015. 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-eight 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, 2015, 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-eight 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.

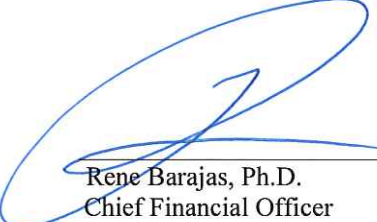
Acknowledgments - The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Finance and Budget Departments. We would like to express our appreciation to all members of the department who assisted and contributed.

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,



Deborah Cron, Ph.D.
Interim Superintendent



Rene Barajas, Ph.D.
Chief Financial Officer



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, 2015

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Garland Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended August 30, 2015.**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

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Financial Section

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Garland Independent School District
Garland, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Garland Independent School District (the "District") as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Trustees
Garland Independent School District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2016, 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 54 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 is 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, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Handwritten signature in cursive script that reads "Whitley Penn LLP".

Dallas, Texas
January 18, 2017

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Garland Independent School District
 Management's Discussion and Analysis
 Year Ended August 31, 2016

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, 2016.

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 \$300,762,035 (net position). Of this amount \$90,509,434 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 \$318,056,582, which breaks down as follows.

Non-Spendable	\$	5,733,903	1.8%
Restricted		118,698,552	37.4%
Committed		10,330,898	3.2%
Assigned		21,289,184	6.7%
Unassigned		162,004,045	50.9%
Total	\$	<u>318,056,582</u>	<u>100.0%</u>

OVERVIEW OF THE FINANCIAL STATEMENTS

Both the discussion and analysis presented are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, liabilities, and deferred outflows and inflows of resources. Net position is equal to assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information for all current year revenues and expenses regardless of when revenue is received or expenses incurred. Therefore, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) or *business-type activities* intended to recover all or a significant portion of their costs through user fees and charges. The District has only one *business-type activity*: the Concession Fund. In August 2015, the District entered into a contract with Ed Campbell Company to operate the concession stands at District Stadiums. The District's enterprise fund ceased regular operations in August 2015 and completed all entries to close out the fund in August 2016.

Component units are legally separate organizations for which the Board of Trustees of the District is legally accountable. They can also be other organizations for which the nature and significance of their relationship with the District is such that exclusion would cause the District's financial statements to be incomplete. The District has no component units for which it is financially accountable. The government-wide financial statements can be found on pages 12-14 of this report.

Fund financial statements. A *fund* is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related requirements. The *fund financial statements* provide more detailed information about the District's most significant funds, not the District as a whole. Some funds are required by State law and/or bond covenants. Other funds may be established by the Board to control and manage money for particular purposes or to show it is properly using certain taxes or grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District maintains four governmental funds all of which are considered to be major funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, and special revenue fund. Per the Texas Education Agency, the District adopts an annual appropriated budget for its general fund, debt service fund, and student nutrition services fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 15-20 of this report.
- **Proprietary funds.** *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types: enterprise and internal Service. *Enterprise funds* are used to report the same functions presented as *business-type activities* in government-wide financial statements. The District uses an *enterprise fund* to account for its concessions operations, which were outsourced in August 2015. Accordingly, the District's Enterprise Fund ceased normal operations at that time. The second type of proprietary fund is the *internal service fund*. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the *internal service fund* to report activities for its catering services, risk management, Curtis Culwell Center, print shop, motor pool, and copier pool programs. The basic proprietary fund financial statements can be found on pages 21-23 of this report.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate *statement of fiduciary assets and liabilities* that can be found on page 24. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the financial statements. The notes provide additional information essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-53 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 54-59 of this report.

Combining statements are prepared in connection with internal service funds and are presented immediately following the required supplementary information on pages 60-66 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, 2016, assets and deferred outflow of resources exceeded liabilities and deferred inflows by \$300,762,035.

The District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 404,125,733	\$ 451,256,941	\$ -	\$ (6,661)	\$ 404,125,733	\$ 451,250,280
Capital assets	533,828,201	490,089,948		6,445	533,828,201	490,096,393
Total assets	<u>937,953,934</u>	<u>941,346,889</u>	<u>-</u>	<u>(216)</u>	<u>937,953,934</u>	<u>941,346,673</u>
Total deferred outflows	76,447,874	32,985,928		-	76,447,874	32,985,928
Noncurrent liabilities	631,272,132	609,344,088			631,272,132	609,344,088
Other liabilities	73,573,361	52,764,054	-	-	73,573,361	52,764,054
Total liabilities	<u>704,845,493</u>	<u>662,108,142</u>	<u>-</u>	<u>-</u>	<u>704,845,493</u>	<u>662,108,142</u>
Total deferred inflows	8,794,280	17,597,867		-	8,794,280	17,597,867
Net investment in capital assets	186,102,148	173,975,555		6,445	186,102,148	173,982,000
Restricted	24,150,453	16,237,116		-	24,150,453	16,237,116
Unrestricted	90,509,434	104,414,137	-	(6,661)	90,509,434	104,407,476
Total net position	<u>\$ 300,762,035</u>	<u>\$ 294,626,808</u>	<u>\$ -</u>	<u>\$ (216)</u>	<u>\$ 300,762,035</u>	<u>\$ 294,626,592</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 \$186,102,148. 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 8%) of the District's net position represents resources that are subject to external restrictions on how they may be used. The *unrestricted net position* (\$90,509,434) 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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Charges for services	\$ 13,390,838	\$ 14,168,661	\$ -	\$ 271,241	\$ 13,390,838	\$ 14,439,902
Operating grants and contributions	114,478,252	98,476,190			114,478,252	98,476,190
General revenues						
Property taxes	191,303,632	172,668,135			191,303,632	172,668,135
State grants	290,555,354	278,214,031			290,555,354	278,214,031
Other	3,684,045	2,108,890	-	475	3,684,045	2,109,365
Total revenues	<u>613,412,121</u>	<u>565,635,907</u>	<u>-</u>	<u>271,716</u>	<u>613,412,121</u>	<u>565,907,623</u>
Expenses						
Instructional and						
instructional related services	349,960,122	325,144,009			349,960,122	325,144,009
Instructional and school leadership	40,834,556	38,835,576			40,834,556	38,835,576
Support services - student	88,117,258	85,021,356			88,117,258	85,021,356
Administrative support services	15,353,186	15,338,293			15,353,186	15,338,293
Support services – non-student	87,890,336	68,274,204			87,890,336	68,274,204
Community services	4,063,974	3,462,272			4,063,974	3,462,272
Debt service	18,518,033	15,058,017			18,518,033	15,058,017
Facilities repairs and maintenance	1,984,797	1,605,080			1,984,797	1,605,080
Payments to fiscal agent of						
shared services arrangement	78,603	81,790			78,603	81,790
Payments to JJAEP	30,168	10,716			30,168	10,716
Intergovernmental charges	692,137	667,640			692,137	667,640
Concessions	-	-	213	282,724	213	282,724
Total expenses	<u>607,523,170</u>	<u>553,498,953</u>	<u>213</u>	<u>282,724</u>	<u>607,523,383</u>	<u>553,781,677</u>
Excess of revenues over expenses	5,888,951	12,136,954	(213)	(11,008)	5,888,738	12,125,946
Transfers						
Special item - gain on disposal of assets	(429)	(132,561)	429	132,561	-	-
	246,705	265,904	-	-	246,705	265,904
Increase/(Decreases) in net position	6,135,227	12,270,297	216	121,553	6,135,443	12,391,850
Beginning net position	294,626,808	347,535,536	(216)	(121,769)	294,626,592	347,413,767
Prior period adjustment	-	(65,179,025)	-	-	-	(65,179,025)
Ending net position	<u>\$ 300,762,035</u>	<u>\$ 294,626,808</u>	<u>\$ -</u>	<u>\$ (216)</u>	<u>\$ 300,762,035</u>	<u>\$ 294,626,592</u>

Governmental activities. Governmental activities increased the District's net position by \$6,135,227. This increase is due to an increase in state program revenue. The total cost of all *governmental activities* this year was \$607,523,170. The amount our taxpayers paid for these activities through property taxes was \$191,303,632 or 31%.

Business-type Activities. Business-type activities increased the District's net position by \$216. The increase is due to a transfer from governmental activities to close out the fund. The District's business-type activities consist entirely of transactions related to ceasing concession operations. The District out sourced concession operations in August 2015.

Financial Analysis of the District's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$318,056,582 a decrease of \$67,438,161 from last year.

Non-Spendable - Inventories	\$ 3,034,529	1.0%
Non-Spendable - Prepaid Items	2,699,374	0.9%
Restricted - Grant Funds	12,437,623	3.9%
Restricted - Capital Acquisitions and Contractual Obligations	97,915,261	30.8%
Restricted - Retirement of Long-term Debt	8,345,668	2.6%
Committed - Self-Insurance	8,000,000	2.5%
Committed - Local Special Revenue Funds	2,330,898	0.7%
Assigned - Construction and Capital Expenditures	21,289,184	6.7%
Unassigned	162,004,045	50.9%
	<u>\$ 318,056,582</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 \$162,004,045. 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 36% of the total general fund expenditures, while total fund balance represents 38% of that same amount.

The general fund's fund balance increased \$11,615,887 during the current fiscal year. This is due to an increase in property tax revenue, as a result of increased property values, and an increase in state funding offset by an increase in expenditures.

The debt service fund has a total fund balance of \$8,345,668 all of which is restricted for the payment of debt service. The net decrease in debt services fund balance was \$1,615,487. This decrease was due to an increase in debt service requirements resulting from the issuance of Bond Series 2015A and 2015B.

The capital projects fund decreased its fund balance by \$86,874,292. This decrease is due to current year expenditures for the construction and renovation of school facilities associated with the November 2014 bond authorization.

The special revenue fund increased its fund balance by \$9,435,731. 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, 2016, amounted to \$7,399,105, a decrease of \$349,010. This is due in part to a decrease in net position of \$149,116 in the Copier Pool. The decrease was due to the termination of the capital lease for copiers. There was a \$500,161 increase in net position in the Risk Management Fund caused by better than expected workers compensation claims experience. There was a \$623,086 decrease in net position in the Curtis Culwell Center related to increased expenses. The remaining difference was the result of small increases and decreases in the other internal service funds.

Factors concerning the finances of the Concession Fund have already been addressed in the discussion of the District's business-type activities.

Budgetary Highlights

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

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

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

GENERAL FUND

Revenues

- \$4,204,649 decrease in local revenues to align budget with estimated year end totals and also as a result of the increase to the homestead exemption from \$15,000 to \$25,000 as approved by voters in the November 2015 election.
- \$5,914,479 increase in state program revenues to align budget with estimated year end totals and also as a result of the increase to the homestead exemption from \$15,000 to \$25,000 as approved by voters in the November 2015 election.
- \$4,681,833 increase in Federal Medicaid program revenues to align budget with estimated year end totals.

Expenditures and Transfers Out

- \$1,074,936 increase in instruction expenditures to align budget with estimated year end totals.
- \$878,061 increase in guidance, counseling and evaluation expenditures to align budget with year-end totals.
- \$370,528 decrease in student transportation expenditures to align budget with estimated year end totals.
- \$532,408 increase in extracurricular activities expenditures to align budget with year-end totals.
- \$900,603 decrease in general administration expenditures to align budget with estimated year end totals.
- \$1,121,383 decrease in plant maintenance and operations to align budget with estimated year end totals.

After appropriations were amended as described above, actual revenues were \$7,431,434 greater than final budgeted amounts due to more revenue in local, state and federal programs than final budgeted estimates. Actual expenditures were \$6,771,943 less than final budget amounts due to year end payroll accrual and non-payroll expenses being less than estimated. Year-end revenues were greater than expenditures, thus adding to existing fund balance.

For the year ended August 31, 2016, expenditures exceeded appropriations in the following fund and function (the aggregate level of control). Those over expenditures were funded by less than anticipated expenditures in other functions or fund balance in the appropriate fund.

General Fund	Excess of Expenditures over Appropriations
Instruction	\$ 2,244,274
	\$ 2,244,274

NATIONAL BREAKFAST AND LUNCH PROGRAM

Revenues

- \$771,228 increase in federal revenue sources to align revenue budget with estimated year end totals.

After appropriations were amended as described above, actual revenues were \$203,164 less than final budgeted amounts due to less revenue in local and intermediate sources than final budgeted estimates. Actual expenditures were \$1,165,454 less than final budget amounts due to the year-end payroll accrual being less than estimated at the time the final amended budget was submitted to the Board of Trustees for approval. Year-end expenditures were less than revenue, thus increasing existing fund balance.

Capital Asset and Debt Administration

Capital assets. The District’s investment in capital assets (net of accumulated depreciation) for governmental activities was \$533,828,201 and \$490,089,948 as of August 31, 2016 and 2015, respectively. This investment in capital assets includes land, buildings and improvements, and furniture and equipment. The District’s investment in capital assets (net of accumulated depreciation) for business-type activities was \$0 and \$6,445 as of August 31, 2016 and 2015, respectively. This investment in capital assets is made up entirely of furniture and equipment.

District’s Capital Assets (net of depreciation)

	<u>2016</u>	<u>2015</u>
Governmental Activities		
Land	\$ 14,077,107	\$ 14,077,107
Land improvements, net	21,158,447	12,679,799
Buildings and improvements, net	398,173,141	409,611,864
Furniture and equipment, net	33,614,285	34,772,834
Construction in progress	66,805,221	18,948,344
Total at historical cost	<u>\$ 533,828,201</u>	<u>\$ 490,089,948</u>
Business Type Activities		
Furniture and equipment, net	<u>\$ -</u>	<u>\$ 6,445</u>
Total at historical cost	<u>\$ -</u>	<u>\$ 6,445</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, 2016, the District had total bonded debt outstanding of \$465,376,502, a decrease of \$38,603,748 from the prior year. This decrease is due scheduled bond payments and the refunding a portion of Unlimited Tax School Building and Refunding Bonds, Series 2009A and Unlimited Tax School Building Bonds, Series 2011.

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 3.9%. The Dallas Metropolitan Division has a 4.0% unemployment rate as compared to a statewide rate of 4.7% and a national average of 4.9%.
- Inflationary trends in the region tend to be similar to the national consumer price index (CPI). The region's CPI increased 2.03%; Texas experienced a 1.2% increase in the CPI while the nation experienced a 0.11% increase.
- The District's student attendance rate has historically been approximately 96%.
- The District has appropriated revenues of \$462,406,099 and expenditures of \$466,495,952 in the 2016-17 budget of the General Fund.
- The Debt Service Fund has budgeted revenues of \$74,908,883 and expenditures of \$74,908,883 in the 2016-17 budget.
- The Student Nutrition Services Fund revenue and expenditure budgets for 2016-17 are \$31,125,140 and \$30,879,861, respectively.
- The 2016-17 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 debt service tax rate increased by \$0.1067 from 2015-16. This is the second increase in the debt rate in eleven years and is due to the sale of a portion of the \$455,500,000 of bonds approved by the voters in November 2014. The District's taxable value for 2016-17 increased 11.3% due to an increase in commercial and residential property values.
- On December 26, 2015 areas of the District in the Cities of Garland and Rowlett were struck by tornados. Homes and businesses in both cities were damaged or destroyed. Classes resumed as scheduled on January 5, 2015. The District experienced a minimal impact on the current and future budgets. The District experienced an increase in student transportation cost related to additional bus routes to transport displaced students to their campuses.

Requests for Information

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

Basic Financial Statements

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GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2016

Exhibit A-1

<u>Data</u> <u>Codes</u>	<u>Governmental</u> <u>Activities</u>
ASSETS	
1110 Cash and Cash Equivalents	\$ 375,324,677
1220 Property Taxes - Receivable - Delinquent	5,296,563
1230 Allowance for Uncollectible Taxes (Credit)	(1,268,135)
1240 Due From Other Governments	18,914,025
1290 Other Receivables, net	16,396
1300 Inventories	3,034,529
1410 Prepaid Items	2,807,678
Capital Assets:	
1510 Land and Improvements, net	35,235,554
1520 Buildings and Building Improvements, net	398,173,141
1530 Furniture and Equipment, net	33,614,285
1580 Construction in Progress	66,805,221
1000 Total Assets	<u>937,953,934</u>
DEFERRED OUTFLOWS OF RESOURCES	
1700 Deferred Charge on Refunding	18,520,153
1705 Deferred Outflow of Resources for Pension Activities	57,927,721
Total Deferred Outflows of Resources	<u>76,447,874</u>
LIABILITIES	
2110 Accounts Payable	43,935,923
2140 Interest Payable	1,017,120
2150 Payroll Deductions and Withholdings	3,090,605
2160 Accrued Wages Payable	22,350,005
2180 Due to Other Governments	7,898
2181 Due to External Parties	1,435
2200 Accrued Expenses	2,254,957
2300 Unearned Revenues	915,418
Noncurrent Liabilities:	
2501 Due Within One Year	39,591,554
2502 Due in More Than One Year	467,463,720
2531 Long-Term Capital Leases Payable	2,936,191
2540 Net Pension Liability	118,501,570
2532 Vested Vacation Benefits Payable	930,257
2591 Long-Term Claims Liability	1,848,840
2000 Total Liabilities	<u>704,845,493</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow of Resources for Pension Activities	8,794,280
	<u>8,794,280</u>
NET POSITION	
3200 Net Investment in Capital Assets	186,102,148
3850 Restricted for Debt Service	8,043,823
3860 Restricted for Grant Funds	11,563,497
3861 Restricted for Student Nutrition Services	4,543,133
3900 Unrestricted Net Position	90,509,434
3000 Total Net Position	<u>\$ 300,762,035</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, 2016

Data Control Codes	1	Program Revenues	
		3	4
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
11	Instruction	\$ 326,193,632	\$ 57,085,547
12	Instructional Resources And Media Services	8,476,668	458,780
13	Curriculum And Staff Development	15,289,822	5,725,491
21	Instructional Leadership	9,404,380	1,414,542
23	School Leadership	31,430,176	2,108,069
31	Guidance, Counseling, And Evaluation Services	23,134,956	1,875,696
32	Social Work Services	1,057,374	152,851
33	Health Services	6,867,464	5,213,215
34	Student Transportation	15,154,555	134,427
35	Food Service	31,575,592	23,592,876
36	Extracurricular Activities	10,327,317	165,209
41	General Administration	15,353,186	708,070
51	Facilities Maintenance And Operations	40,912,661	286,974
52	Security And Monitoring Services	6,318,189	11,777
53	Data Processing Services	40,659,486	723,467
61	Community Services	4,063,974	1,021,008
72	Interest On Long-Term Debt	18,083,049	13,721,650
73	Bond Issuance Costs And Fees	434,984	
81	Facilities Repairs And Maintenance	1,984,797	
93	Payments To Fiscal Agent Of Shared Services Arrangement	78,603	78,603
95	Payments To Juvenile Justice Alternative Education Programs	30,168	
99	Intergovernmental Charges	692,137	
TG	TG Total Governmental Activities	607,523,170	114,478,252
Business-Type Activities:			
01	01 Concessions	213	
TB	TB Total Business-Type Activities	213	
TP	TP Total Primary Government	\$ 607,523,383	\$ 114,478,252

Data
Control
Codes

General Revenues:

Taxes:

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

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

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (268,630,938)		\$ (268,630,938)
(8,017,888)		(8,017,888)
(9,564,331)		(9,564,331)
(7,989,838)		(7,989,838)
(29,322,107)		(29,322,107)
(21,259,260)		(21,259,260)
(904,523)		(904,523)
(1,654,249)		(1,654,249)
(15,020,128)		(15,020,128)
(253,384)		(253,384)
(5,187,476)		(5,187,476)
(14,645,116)		(14,645,116)
(40,415,960)		(40,415,960)
(6,306,412)		(6,306,412)
(39,936,019)		(39,936,019)
(3,042,966)		(3,042,966)
(4,361,399)		(4,361,399)
(434,984)		(434,984)
(1,984,797)		(1,984,797)
-		-
-		-
(30,168)		(30,168)
(692,137)	-	(692,137)
(479,654,080)	-	(479,654,080)
-	\$ (213)	(213)
-	(213)	(213)
\$ (479,654,080)	\$ (213)	\$ (479,654,293)
147,147,310		147,147,310
44,156,322		44,156,322
290,555,354		290,555,354
1,614,381		1,614,381
1,152,599		1,152,599
917,065		917,065
(429)	429	-
246,705	-	246,705
485,789,307	429	485,789,736
6,135,227	216	6,135,443
294,626,808	(216)	294,626,592
\$ 300,762,035	\$ -	\$ 300,762,035

GARLAND INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
AUGUST 31, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund
	Fund	Fund
ASSETS		
1110 Cash and Cash Equivalents	\$ 200,083,563	\$ 8,271,610
1220 Property Taxes Receivable - Delinquent	4,284,309	1,012,254
1230 Allowance for Uncollectible Taxes (Credit)	(1,037,486)	(230,649)
1240 Due From Other Governments	1,488,707	
1260 Due From Other Funds	7,228,869	
1290 Other Receivables	13,827	
1300 Inventories	985,030	
1410 Prepaid Items	1,044,039	-
1000 Total Assets	214,090,858	9,053,215
LIABILITIES		
2110 Accounts Payable	5,636,125	
2150 Payroll Deductions and Withholdings	3,090,608	
2160 Accrued Wages Payable	20,931,535	
2170 Due to Other Funds	9,256,586	
2180 Due to Other Governments	7,695	
2200 Accrued Expenditures	37,278	
2300 Unearned Revenues	116,702	-
2000 Total Liabilities	39,076,529	-
DEFERRED INFLOWS OF RESOURCES		
2600 Unavailable Revenue - Property Taxes	2,981,215	707,547
Total Deferred Inflows of Resources	2,981,215	707,547
FUND BALANCES		
3410 Non-Spendable - Inventories	985,030	
3430 Non-Spendable - Prepaid Items	1,044,039	
3450 Restricted - Grant Funds		
3470 Restricted - Capital Acquisitions and Contractual Obligations		
3480 Restricted - Retirement of Long-term Debt		8,345,668
3540 Committed - Self-Insurance	8,000,000	
3545 Committed - Local Special Revenue Funds		
3550 Assigned - Construction and Capital Expenditures		
3600 Unassigned	162,004,045	-
3000 Total Fund Balances	172,033,114	8,345,668
4000 Total Liabilities, Deferred Inflows, and Fund Balances	\$ 214,090,858	\$ 9,053,215

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

60 Capital Projects	Special Revenue Fund	Total Governmental Funds
\$ 150,086,238	\$ 6,682,130	\$ 365,123,541
		5,296,563
		(1,268,135)
	17,425,318	18,914,025
9,242,820		16,471,689
		13,827
	2,049,499	3,034,529
35,827	1,619,508	2,699,374
<u>159,364,885</u>	<u>27,776,455</u>	<u>410,285,413</u>
40,123,983	208,033	45,968,141
		3,090,608
630	2,034,368	22,966,533
	6,511,549	15,768,135
	203	7,898
	19,266	56,544
-	565,508	682,210
<u>40,124,613</u>	<u>9,338,927</u>	<u>88,540,069</u>
-	-	3,688,762
<u>-</u>	<u>-</u>	<u>3,688,762</u>
	2,049,499	3,034,529
35,827	1,619,508	2,699,374
	12,437,623	12,437,623
97,915,261		97,915,261
		8,345,668
		8,000,000
	2,330,898	2,330,898
21,289,184		21,289,184
-	-	162,004,045
<u>119,240,272</u>	<u>18,437,528</u>	<u>318,056,582</u>
<u>\$ 159,364,885</u>	<u>\$ 27,776,455</u>	<u>\$ 410,285,413</u>

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GARLAND INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2016

Exhibit C1-R

Total Fund Balances - Governmental Funds	\$	318,056,582
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net position.		7,399,105
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 (\$7,332,710) is included in the net effect of consolidation above.		928,685,372
Accumulated depreciation has not been included in the fund financial statements. The accumulated depreciation related to internal service funds (\$2,444,859) is included in the net effect of consolidation above.		(399,745,019)
Bonds payable and related premiums have not been included in the fund financial statements		(502,141,506)
Accrued liabilities for compensated absences due in more than one year have not been reflected in the fund financial statements.		(930,257)
Accreted interest on capital appreciation bonds has not been included in the fund financial statements.		(2,393,636)
Revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.		3,688,762
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		(1,009,392)
Loss on bond refunding has not been included in the fund financial statements.		18,520,153
Net pension liability has not been included in the fund financial statements		(118,501,570)
Deferred outflows of resources relating to pension activities has not been included in the fund financial statements		57,927,721
Deferred inflows of resources relating to pension activities has not been included in the fund financial statements		(8,794,280)
Net Position of Governmental Activities	\$	<u>300,762,035</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, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES:		
5700 Total local and intermediate sources	\$ 150,131,264	\$ 44,165,720
5800 State program revenues	312,429,563	13,255,162
5900 Federal program revenues	6,331,153	466,488
5020 Total Revenues	468,891,980	57,887,370
EXPENDITURES:		
Current:		
0011 Instruction	270,394,819	
0012 Instructional Resources and Media Services	7,783,675	
0013 Curriculum and Instructional Staff Development	9,834,212	
0021 Instructional Leadership	8,064,679	
0023 School Leadership	29,669,102	
0031 Guidance, Counseling, and Evaluation Services	22,006,584	
0032 Social Work Services	964,173	
0033 Health Services	6,616,875	
0034 Student (Pupil) Transportation	12,575,365	
0035 Food Services	361,717	
0036 Cocurricular/Extracurricular Activities	7,844,771	
0041 General Administration	14,710,560	
0051 Facilities Maintenance and Operations	37,897,379	
0052 Security and Monitoring Services	6,037,386	
0053 Data Processing Services	10,722,503	
0061 Community Services	2,110,411	
Debt Service:		
0071 Debt Service-Principal on Long-Term Debt		38,298,252
0072 Debt Service-Interest on Long-Term Debt		20,492,629
0073 Debt Service-Bond Issuance Cost and Fees		434,984
Capital Outlay:		
0081 Facilities Acquisition and Construction	117,342	
Intergovernmental:		
0093 Payments Related to Shared Services Arrangements		
0095 Payments to Juvenile Justice Alternative Ed Program	30,168	
0099 Other Intergovernmental Charges	692,137	-
6030 Total Expenditures	448,433,858	59,225,865
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	20,458,122	(1,338,495)
OTHER FINANCING SOURCES (USES):		
7901 Issuance of Refunding Bonds		40,560,000
7912 Sale of Real and Personal Property	335,475	
7915 Transfers In	63,010	
7916 Premium on Issuance of Bonds		6,405,364
7949 Other Resources	2,529	19,270
8911 Transfers Out	(9,243,249)	
8940 Payment to Refunded Bond Escrow Agent	-	(47,261,626)
7080 Total Other Financing Sources (Uses)	(8,842,235)	(276,992)
1200 Net Change in Fund Balances	11,615,887	(1,615,487)
0100 Fund Balance - September 1 (Beginning)	160,417,227	9,961,155
3000 Fund Balance - August 31 (Ending)	\$ 172,033,114	\$ 8,345,668

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

60 Capital Projects	Special Revenue Fund	Total Governmental Funds
\$ 515,486	\$ 12,617,826	\$ 207,430,296
	11,846,700	337,531,425
	49,600,762	56,398,403
<u>515,486</u>	<u>74,065,288</u>	<u>601,360,124</u>
478,925	25,001,300	295,875,044
60,417	131,933	7,976,025
	5,121,292	14,955,504
	845,154	8,909,833
	558,830	30,227,932
29,430	425,096	22,461,110
	81,157	1,045,330
	1,786	6,618,661
3,974,573	88,745	16,638,683
	29,558,640	29,920,357
	1,208,219	9,052,990
71,896	17,324	14,799,780
458,040	51,799	38,407,218
69,330	16,432	6,123,148
37,088,283	529,798	48,340,584
	949,236	3,059,647
		38,298,252
		20,492,629
		434,984
54,401,704		54,519,046
	78,603	78,603
		30,168
		692,137
<u>-</u>	<u>-</u>	<u>668,957,665</u>
96,632,598	64,665,344	
(96,117,112)	9,399,944	(67,597,541)
		40,560,000
	35,787	371,262
9,242,820		9,305,830
		6,405,364
		21,799
		(9,243,249)
<u>-</u>	<u>-</u>	<u>(47,261,626)</u>
9,242,820	35,787	159,380
(86,874,292)	9,435,731	(67,438,161)
206,114,564	9,001,797	385,494,743
<u>\$ 119,240,272</u>	<u>\$ 18,437,528</u>	<u>\$ 318,056,582</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, 2016

Total Net Change in Fund Balance - Governmental Funds	\$ (67,438,161)
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.	(349,010)
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 2016 capital outlays is to increase net position by total governmental activities additions (\$72,453,038) less internal service fund additions (\$3,771,810).	68,681,228
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.	(27,196,537)
Current year long-term debt principal payments, refunding, payments of accreted interest on capital appreciation bonds, and amortization of premiums are in the fund financial statements but shown as reductions in long-term debt in the government-wide financial statements.	88,537,821
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.	(585,696)
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.	(13,673)
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.	90,367
Loss on refunding of debt is not recognized in the governmental funds since it is not a use of current financial resources.	2,595,627
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.	(2,521,592)
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.	(40,560,000)
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.	(6,405,364)
Changes in the long-term vested sick leave liability is not shown in the fund financial statements. The net effect of the current year's decrease is to increase net position.	54,901
Net book value of capital assets transferred from the internal service fund to the governmental funds since it is not a source of current financial resources.	27,778
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	43,387,910
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	8,803,587
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.	(60,973,959)
Change in Net Position of Governmental Activities	\$ 6,135,227

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
AUGUST 31, 2016

Exhibit D-1

	Governmental <u>Activities</u>	Internal <u>Service Funds</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$	10,201,135
Due From Other Funds		13,090
Other Receivables		2,569
Prepaid Items		108,304
Total Current Assets		10,325,098
Noncurrent Assets:		
Capital Assets:		
Land Purchase and Improvements		208,872
Building and Building Improvements		265,990
Furniture and Equipment		6,857,848
Accumulated Depreciation-Other Land Improvements		(68,419)
Accumulated Depreciation-Building and Building Improvements		(61,830)
Accumulated Depreciation-Furniture and Equipment		(2,314,610)
Total Noncurrent Assets		4,887,851
Total Assets		15,212,949
LIABILITIES		
Current Liabilities:		
Accounts Payable		166,194
Leases Payable		700,784
Interest Payable		7,729
Accrued Wages Payable		28,012
Due to Other Funds		718,079
Claims Liability		1,174,807
Unearned Revenues		233,208
Total Current Liabilities		3,028,813
Noncurrent liabilities:		
Capital Lease Payable Long-Term		2,936,191
Claims Liability Long-Term		1,848,840
Total Noncurrent liabilities		4,785,031
Total Liabilities		7,813,844
NET POSITION		
Net Investment in Capital Assets		1,250,876
Unrestricted Net Position		6,148,229
Total Net Position	\$	7,399,105

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, 2016

Exhibit D-2

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
OPERATING REVENUES:		
Local and Intermediate Sources	\$ -	\$ 5,868,685
Total Operating Revenues	<u>-</u>	<u>5,868,685</u>
OPERATING EXPENSES:		
Payroll Costs		1,722,622
Professional and Contracted Services		2,084,815
Supplies and Materials		730,742
Other Operating Costs	213	1,454,234
Total Operating Expenses	<u>213</u>	<u>5,992,413</u>
Operating Income (Loss)	<u>(213)</u>	<u>(123,728)</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments		13,037
Interest on Capital Lease		(50,753)
Loss on Termination of Capital Lease	-	(124,556)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(162,272)</u>
Income (Loss) before Transfers	(213)	(286,000)
Transfer In	429	
Transfer Out		(63,010)
Change in Net Position	<u>216</u>	<u>(349,010)</u>
Total Net Position - September 1 (Beginning)	<u>(216)</u>	<u>7,748,115</u>
Total Net Position - August 31 (Ending)	<u>\$ -</u>	<u>\$ 7,399,105</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, 2016

Exhibit D-3

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
Cash Flows from Operating Activities:		
Cash Received from User Charges		\$ 3,079,288
Cash Received from Assessments - Other Funds		3,834,019
Cash Payments to Employees for Services		(1,726,742)
Cash Payments for Insurance Claims		(1,051,425)
Cash Payments to Suppliers		(775,579)
Cash Payments for Other Operating Expenses		(106,014)
Cash Payments for Prof. and Contracted Services		(2,134,010)
Net Cash Provided by Operating Activities	-	<u>1,119,537</u>
Cash Flows from Noncapital Financing Activities:		
Transfers from Other Funds		(41,464)
Net Cash Used for Noncapital Financing Activities	-	<u>(41,464)</u>
Cash Flows from Capital Financing Activities:		
Acquisition of Capital Assets	-	(169,655)
Capital Lease Payments		(428,317)
Capital Lease Interest Expense	-	(43,024)
Net Cash Used for Capital Financing Activities	-	<u>(640,996)</u>
Cash Flows from Investing Activities:		
Interest and Dividends on Investments		13,037
Net Increase in Cash and Cash Equivalents	-	450,114
Cash and Cash Equivalents at Beginning of the Year	-	9,751,021
Cash and Cash Equivalents at the End of the Year	-	<u><u>10,201,135</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	(213)	(123,728)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	213	800,304
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease in Due from Other Funds		283,895
Increase in Other Receivables		(1,370)
Increase in Prepaid Items		(50,122)
Decrease in Accounts Payable		(43,910)
Decrease in Accrued Wages Payable		(4,120)
Increase in Due to Other Funds		670,379
Increase in Unearned Revenue		86,189
Decrease in Claims Liability	-	(497,980)
Net Cash Provided by Operating Activities	<u>\$ -</u>	<u>\$ 1,119,537</u>
Noncash Investing, Capital, and Financing Activities:		
Borrowing Under Capital Lease		\$ 3,636,975
Transfer to Close Fund	\$ 429	
Transfer of Equipment to Another Fund		\$ (21,546)

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

GARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AUGUST 31, 2016

Exhibit E-1

	Agency Funds
	<u> </u>
ASSETS	
Cash and Cash Equivalents	\$ 551,267
Due from External Parties	<u>1,435</u>
Total Assets	<u><u>552,702</u></u>
 LIABILITIES	
Accounts Payable	26,163
Due to Student/Employee Groups	<u>526,539</u>
Total Liabilities	<u><u>\$ 552,702</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, 2016

Note 1. Summary of Significant Accounting Policies

The accounting policies of the Garland Independent School District (the “District”) conform to generally accepted accounting principles (“GAAP”) promulgated by the Governmental Accounting Standards Board (“GASB”) and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants, the rules prescribed by the Texas Education Agency (“TEA”) Financial Accountability System Resource Guide (the “Resource Guide”), and the requirements of contracts and grants of agencies from which it receives funds.

The following is a summary of the more significant policies:

Reporting Entity

In evaluating how to define the government for financial reporting purposes, the District’s management has considered all potential component units. By applying the criteria set forth in generally accepted accounting principles (“GAAP”), the District has determined that no other organizations require inclusion in its reporting entity.

Governmental Fund Financial Statements

The District has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications not only reflect the nature of funds but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the District classifies governmental fund balances as follows:

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid items, and long-term receivables.

Restricted – includes fund balance amounts constrained for specific purposes externally imposed by providers (such as creditors) or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long term debt, construction programs, and other federal and state grants.

Committed – includes fund balance amounts constrained for specific purposes internally imposed by the District through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to a resolution passed by the District’s Board of Trustees. This classification includes campus activity funds and local special revenue fund.

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

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, 2016

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 enterprise fund are charges for items sold in the concession stands (primarily food and beverages). Operating expenses for the enterprise fund include salaries and the cost of products sold. The District's enterprise fund ceased normal operations in August 2015. The principal operating revenues of the District's internal service funds are charges to customers for sales and services. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Accounting

The District reports the following major governmental funds:

The General Fund accounts for financial resources related to the general operations of the District, including financial resources not required to be accounted for in some other fund.

The Debt Service Fund is utilized to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs arising from general obligation bonds.

The Capital Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and acquisition of capital facilities.

The Special Revenue Fund is used to account, on a project basis, for funds granted from the Federal Government and the State of Texas, required by the State to be reported as a special revenue fund, and granted from local sources (including revenues raised by campuses and grants from local not-for-profits).

Proprietary Funds

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

Internal Service Funds are used to account for services provided by one department to other departments of the District on a cost-reimbursement basis. For the District, these funds are used to provide workers' compensation insurance, reproduction, catering services, print services, motor pool, and Curtis Culwell Center services. In August 2015, the District ceased regular operations of the catering internal service fund. Catering services will be accounted for in the Special Revenue Fund.

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, 2016

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.

The approved budget is filed with the Texas Education Agency (TEA).

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

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

Cash and Cash Equivalents

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

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 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, 2016

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, 2016 to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.0400 and \$0.3133 per \$100 valuation, respectively, for a total of \$1.3533 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, 2016, taxes receivable net of estimated uncollectible taxes, aggregated \$3,246,823 and \$781,605 for the General Fund and Debt Service Fund, respectively.

Inventories and Prepaid Items

Supplies and materials are recorded as expenditures when requisitioned. Inventories of supplies on the balance sheet are recorded at cost using the average cost method. Inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture and are recorded as inventory when received. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity while food commodities are used only in the Student Nutrition Services Fund.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then.

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. 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.

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2016

Note 1. Summary of Significant Accounting Policies – continued

Deferred outflows/inflows of resources (Continued)

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 are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Land Improvements	20 Years
Buildings and Improvements	10 - 45 Years
Furniture and Equipment	3 - 20 Years

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

Note 1. Summary of Significant Accounting Policies – continued

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, 2016 will change.

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

GASB Statement No. 72, Fair Value Measurement and Application, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement 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, clarifies the application of certain provisions of Statement No. 68 with regard to information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures include information about any limitations or restrictions on participant withdrawals.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

Note 2. Cash and Investments

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

At August 31, 2016, the carrying amount of the District's deposits was \$10,904,473 and the bank balance was \$2,142,963. In addition, the District had various petty cash balances held at different locations amounting to \$38,251.

The District's entire bank balance on August 31, 2016 was covered by federal depository insurance or by collateral held by the District's agent in the District's name. During the period, the District's deposits were fully secured with FDIC coverage and pledged collateral.

The District's investment policy contains the following objectives:

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

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

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

At August 31, 2016, 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-m	\$ 244,964,068	\$ 244,964,068		
Texas CLASS	AAA-m	66,326,567	66,326,567		
Lone Star	AAA	28,648,527	28,648,527		
Federal Home Loan agency discount note	Aaa, Prime-1	24,909,917	24,909,917		
Blackrock Liquidity Fund	Aaa-mf	84,141	84,141	\$ -	\$ -
Total Investments		<u>\$ 364,933,220</u>	<u>\$ 364,933,220</u>	<u>\$ -</u>	<u>\$ -</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

Note 2. Cash and Investments – continued

Investments' fair value measurements are as follows at August 31, 2016:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Federal Home Loan agency discount note	24,909,917		24,909,917	
Blackrock Liquidity Fund	84,141	\$ -	84,141	\$ -
Total Investments	<u>\$ 24,994,058</u>	<u>\$ -</u>	<u>\$ 24,994,058</u>	<u>\$ -</u>

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

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

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

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

Fully collateralized repurchase agreements that meet the following criteria: (1) have a defined termination date; (2) are secured by obligations of the United States or its agencies and instrumentalities; (3) require the securities being purchased by the 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, 2016, the fund had a weighted average maturity of 23 days.

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

Note 2. Cash and Investments – continued

TexPool is authorized for the following investments:

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

Fully collateralized repurchase agreements or reverse repurchase agreements (i) with defined termination dates, (ii) secured obligations of the United States, its agencies or its instrumentalities, including mortgage-backed securities, (iii) that require purchased securities to be pledged to the investing entity or a third party, and (iv) that are placed through primary government securities dealers or a financial institution doing business in the State of Texas. The maximum maturity on repurchase agreements may not exceed 90 days unless the repurchase agreements have a put option that allows TexPool to liquidate the position at par with no more than 7 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, 2016, TexPool had a weighted average maturity of 42 days.

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

Texas CLASS is authorized for the following investments:

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

Direct obligations of the State of Texas or its agencies and instrumentalities.

Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

Note 2. Cash and Investments – continued

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

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

Securities lending programs that comply with various limitations.

Bankers' acceptances that comply with the Investment Act

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

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

Guaranteed investment contracts that comply with the Investment Act.

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

The weighted average maturity of Texas CLASS cannot exceed 60days. As of August 31, 2016, Texas CLASS has a weighted average maturity of 47 days.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

Note 2. Cash and Investments – continued

In April of 2016, Bank of America transitioned Garland ISD's sweep product from BofA Treasury Reserves, Capital Share Class to Blackrock Liquidity Fund Institutional T-Fund. Blackrock Liquidity Fund Institutional 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 manner 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.

T-Fund seeks current income as is consistent with liquidity and stability of principal. As of August 31, 2016, Blackrock Liquidity Fund Institutional T-Fund had a weighted average maturity of 51 days.

To manage credit risk, all investments are made in the name of the Garland Independent School District. All investments other than pools and repurchase agreements are purchased with the delivery versus payment method and are recorded in the District's name on the Federal Reserve's book entry system and confirmed to the District via safekeeping receipt maintained on the books of the depository bank's safekeeping department.

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

Fair Value Measurements

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

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

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement. The fair value of the U.S. Government Agency securities on August 31, 2016 was determined based on Level 2 inputs.

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

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

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, 2016, are summarized below and are reported on the combined financial statements as Due from Other Governments.

Fund	Foundation School Program	Federal Grants	State Grants	Total
General Fund	\$ 1,488,707			\$ 1,488,707
Special Revenue Fund	-	\$ 7,691,536	\$ 9,733,782	17,425,318
Total	<u>\$ 1,488,707</u>	<u>\$ 7,691,536</u>	<u>\$ 9,733,782</u>	<u>\$ 18,914,025</u>

Note 4. Capital Assets

Capital asset activity of the District for the year ended August 31, 2016, was as follows:

Capital Assets

Governmental Activities:	Beginning Balance 9/1/2015	Additions	Retirements	Transfers	Ending Balance 8/31/2016
Non-Depreciable Assets					
Land	\$ 14,077,107				\$ 14,077,107
Construction In Progress	18,948,344	\$ 61,078,158	\$ -	\$ (13,221,281)	66,805,221
Total Non-Depreciable Assets	33,025,451	61,078,158	-	(13,221,281)	80,882,328
Depreciable Assets					
Land Improvements	34,899,136	1,280,505	-	8,767,095	44,946,736
Building & Building Improvements	683,473,819	557,398	-	4,173,292	688,204,509
Furniture & Equipment	115,861,877	9,536,979	3,728,818	314,468	121,984,506
Total Depreciable Assets	834,234,832	11,374,882	3,728,818	13,254,855	855,135,751
Less Accumulated Depreciation for:					
Land Improvements	22,219,337	1,568,952	-	-	23,788,289
Building & Building Improvements	273,861,955	16,169,413	-	-	290,031,368
Furniture & Equipment	81,089,043	10,258,476	3,004,640	27,342	88,370,221
Total Accumulated Depreciation	377,170,335	27,996,841	3,004,640	27,342	402,189,878
Governmental Activities-Capital Assets, being depreciated, net	457,064,497	(16,621,959)	724,178	13,227,513	452,945,873
Governmental Activities-Capital Assets, Net	<u>\$ 490,089,948</u>	<u>\$ 44,456,199</u>	<u>\$ 724,178</u>	<u>6,232</u>	<u>\$ 533,828,201</u>
Business Type Activities:					
Depreciable Assets					
Furniture & Equipment	\$ 33,574	\$ -	\$ -	\$ (33,574)	\$ -
Less Accumulated Depreciation for:					
Furniture & Equipment	27,129	213	-	(27,342)	-
Business Type-Capital Assets, Net	<u>\$ 6,445</u>	<u>\$ (213)</u>	<u>\$ -</u>	<u>\$ (6,232)</u>	<u>\$ -</u>

Total Governmental Activities - Capital Assets include cost of assets held in internal service funds and related accumulated depreciation amounting to \$7,332,710 and \$2,444,859 respectively.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

Note 4. Capital Assets – continued

Depreciation expense was charged to governmental functions as follows:

11 Instruction	\$	14,121,062
12 Instructional Resources and Media Services		499,272
13 Curriculum Development and Instructional Staff Development		13,975
21 Instructional Leadership		241,277
23 School Leadership		270,527
31 Guidance, Counseling and Evaluation Services		102,013
33 Health Services		100,024
34 Student (Pupil) Transportation		2,345,897
35 Food Services		1,421,890
36 Cocurricular/Extracurricular Activities		1,337,095
41 General Administration		252,150
51 Plant Maintenance and Operations		2,857,813
52 Security and Monitoring Services		290,153
53 Data Processing Services		2,456,625
61 Community Services		886,764
Internal Service Fund Depreciation		800,304
		\$ 27,996,841

Depreciation expense of \$215 was charged to the Enterprise Fund and is included in other operating costs.

As of August 31, 2016, the District had the following major commitments with respect to unfinished major capital projects.

	Project Authorization	Remaining Commitment
HVAC Equipment	\$ 4,050,000	\$ 3,868,335
District Flooring	5,008,667	4,544,575
District Roofing	4,304,242	4,157,649
Garland HS Renovations	19,614,780	18,811,840
Lakeview HS Renovations	20,068,309	9,133,395
Naaman Forest HS Renovation	17,894,745	14,650,626
Career & Technology HS	34,438,200	28,597,628
Austin Academy Renovations	7,100,091	6,666,471
Bussey MS Addition/Renovation	8,598,935	8,319,551
Sam Houston MS Renovations	5,226,822	4,706,294
Brandenburg Add/Renovation	5,945,200	5,730,027
Sellers MS Renovations	6,228,787	5,975,265
Webb MS Addition/Renovation	6,232,726	6,006,332
Coyle Middle School	6,346,633	6,345,093
Back ES Renovations	4,286,680	3,216,745
Natatorium	28,551,070	27,363,186
MAN/WAN	25,000,000	18,840,853
Softball/Baseball Fields	12,314,482	2,004,866
LAN/WiFi	18,906,395	17,076,264
Technology Update	15,697,016	14,057,151
Total	\$ 255,813,781	\$ 210,072,146

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

Note 5. Unearned Revenue

Governmental funds unearned revenue at August 31, 2016 consisted of the following:

	General Fund	Special Revenue Fund	Total
Athletic and Other Local	\$ 116,702	\$ -	\$ 116,702
Food Service Meals	-	539,545	539,545
Grants	-	25,963	25,963
	\$ 116,702	\$ 565,508	\$ 682,210

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, 2016:

	September 1, 2015 Obligations	New Obligations Incurred	Obligations Retired or Transferred	August 31, 2016 Obligations	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General obligation bonds	\$ 501,756,118	\$ 40,560,000	\$ 79,333,252	\$ 462,982,866	\$ 36,396,442
Accreted interest	2,224,132	585,696	416,192	2,393,636	674,980
Premium on bond issuance	41,541,653	6,405,364	8,788,377	39,158,640	-
Total Bonds and Notes Payable	545,521,903	47,551,060	88,537,821	504,535,142	37,071,422
Other Liabilities:					
Net Pension Liability	57,527,611	60,973,959		118,501,570	
Workers compensation self-insurance liability	3,521,627	557,722	1,055,702	3,023,647	1,174,807
Capital Leases	1,055,034	3,636,975	1,055,034	3,636,975	700,784
Vested sick leave	1,717,913	487,011	630,126	1,574,798	644,541
Total Other Liabilities	63,822,185	65,655,667	2,740,862	126,736,990	2,520,132
Total Governmental Activities Long-term Liabilities	\$ 609,344,088	\$ 113,206,727	\$ 91,278,683	\$ 631,272,132	\$ 39,591,554

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, 2016

Note 6. Long-Term Obligations – continued

Bonds payable and contractual obligations at August 31, 2016 are composed of the following individual issues:

Description	Interest Rate	Amounts Original Issue	Amounts Outstanding at September 1, 2015	Issued	Retired/ Refunded	Accumulated Interest Accretion	Amounts Outstanding at August 31, 2016
School Building and Refunding							
Bonds - 2009A							
Matures 2009 - 2029	4.0% to 5.0%	\$ 53,210,000	\$ 43,150,000		\$ 10,685,000		\$ 32,465,000
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	6,115,000		2,895,000		3,220,000
Unlimited Tax School Building							
Series - 2011							
Matures 2012 - 2031	2.0% to 5.0%	61,615,000	47,520,000		37,290,000		10,230,000
Unlimited Tax Refunding							
Series - 2011A							
Matures 2012 - 2023	0.5% to 2.9%	52,335,609	42,571,118		4,568,252	2,393,636	40,396,502
Unlimited Tax Refunding							
Series - 2012							
Matures 2016 - 2028	2.0% to 5.0%	99,425,000	99,425,000		6,760,000		92,665,000
Unlimited Tax Refunding							
Series - 2012A							
Matures 2013 - 2024	0.35% to 3.0%	25,799,604	20,410,000		1,800,000		18,610,000
Qualified School Construction							
Bonds - 2012							
Matures 2022 - 2031	4.009%	12,485,000	12,485,000				12,485,000
Unlimited Tax Refunding							
Series - 2014							
Matures 2015 - 2024	4.00%	26,725,000	26,625,000		3,720,000		22,905,000
Unlimited Tax Building and Refunding							
Series - 2015A							
Matures 2016 - 2035	2.0% to 5.0%	185,740,000	185,740,000		5,035,000		180,705,000
Unlimited Tax School Building							
Bonds - 2015B							
Matures 2016 - 2017	2.0% to 3.0%	7,580,000	7,580,000		6,580,000		1,000,000
Unlimited Tax Refunding							
Bonds - 2016							
Matures 2020 - 2031	2.5% to 5.0%	<u>40,560,000</u>	<u>-</u>	<u>40,560,000</u>	<u>-</u>	<u>-</u>	<u>40,560,000</u>
Total		<u>\$ 585,505,213</u>	<u>\$ 501,756,118</u>	<u>\$ 40,560,000</u>	<u>\$ 79,333,252</u>	<u>\$ 2,393,636</u>	465,376,502
Accumulated Interest Accretion							<u>(2,393,636)</u>
Total Principal Outstanding - August 31, 2016							<u>\$ 462,982,866</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

Note 6. Long-Term Obligations - continued

These bonds and accreted interest are secured by ad valorem taxes levied against all taxable property and are serviced by the Debt Service Fund with an apportionment of the ad valorem tax levy. Interest rates on the bonds range from 0.00% to 5.00% and are due through 2035. At August 31, 2016, \$8,781,090 was available in the Debt Service Fund to service these bonds. Arbitrage rebates are paid from interest earnings of the Capital Projects Fund. Sick leave is paid from the General.

In May 2016, the District issued \$40,560,000 of Unlimited Tax Refunding Bonds, Series 2016. All of the proceeds (\$40,560,000), plus a District contribution of \$713,126, were used to provide resources to purchase U.S. Agency securities that were placed in an irrevocable trust for the purpose of generating resources for debt service payments of \$9,901,763 on Unlimited Tax School Building and Refunding Bonds, Series 2009A as of the February 2019 call date and \$38,892,000 on Unlimited Tax School Building Bonds, Series 2011. As a result the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price was more than the net carrying amount of the old debt resulting in a loss on refunding of \$2,595,627. This loss is netted with previous losses on refunding and carried as a deferred outflow of resources and amortized over the remaining life of the refunded debt which is the same as the new debt. This advance refunding decreased total debt service payment over the next sixteen years by \$4,878,357 and resulted in an economic gain of \$4,157,857. The issuance cost of \$416,864 was expensed. The premium received of \$6,405,364 is being amortized over the life of the refunded debt which is the same as the new debt. Series 2016 bears interest at rates between 2.5% and 5.0% and matures in 2031.

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, 2016 and is composed of the following:

<u>Refunding Bond Series</u>	<u>Refunded Bond Series</u>	<u>Redemption Date</u>	<u>Principal in Escrow</u>
Unlimited Tax Refunding Series - 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, 2016 are as follows:

<u>Year Ended August 31</u>	<u>Principal</u>	<u>Interest (including accreted interest)</u>	<u>Requirements</u>
2017	\$ 36,396,442	\$ 20,673,637	\$ 57,070,079
2018	34,721,334	20,788,579	55,509,913
2019	31,755,090	19,325,547	51,080,637
2020	32,765,000	14,891,017	47,656,017
2021	35,475,000	13,327,936	48,802,936
2022 - 2026	152,185,000	44,107,650	196,292,650
2027 - 2031	90,005,000	19,700,506	109,705,506
2032 - 2035	49,680,000	4,031,795	53,711,795
	<u>\$ 462,982,866</u>	<u>\$ 156,846,667</u>	<u>\$ 619,829,533</u>

As of August 31, 2016, the District has \$259,445,000 of authorized but unissued general obligation bonds from the November 2014 voted authorization. Accreted interest of \$2,393,636 is included in the interest column.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

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 \$1,574,798. Of this amount, \$644,541 is recorded in the General Fund in accrued wages for the amount expected to be utilized in the next fiscal year.

Note 8. Interfund Receivables, Payables, and Transfers

Interfund balances at August 31, 2016 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	\$ 6,510,790	
General Fund	Internal Service Funds	<u>718,079</u>	
Total General Fund			\$ 7,228,869
Capital Projects	General Fund	<u>9,242,820</u>	
Total Capital Projects			9,242,820
Internal Service Funds	General Fund	<u>13,090</u>	
Total Internal Service Funds			13,090
Agency Funds	General Fund	676	
Agency Funds	Special Revenue Fund	<u>759</u>	
Total Agency Funds			<u>1,435</u>
Total Due From Other Funds			<u><u>\$ 16,486,214</u></u>
FROM	TO		
General Fund	Capital Projects	\$9,242,820	
General Fund	Internal Service Funds	13,090	
General Fund	Agency Funds	<u>676</u>	
Total General Fund			\$9,256,586
Special Revenue Fund	General Fund	6,510,790	
Special Revenue Fund	Agency Funds	<u>759</u>	
Total Special Revenue Fund			6,511,549
Internal Service Funds	General Fund	<u>718,079</u>	
Total Internal Service Funds			<u>718,079</u>
Total Due To Other Funds			<u><u>\$ 16,486,214</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, 2016

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

Transfers In/Out for the year-ended August 31, 2016 were as follows:

	Transfers In			Transfers Out
	General Fund	Capital Projects	Enterprise Fund	
FROM				
General Fund	\$ -	\$ 9,242,820	\$ 429	\$ 9,243,249
Motor Pool	21,546			21,546
Catering Services	41,464	-	-	41,464
	\$ 63,010	\$ 9,242,820	\$ 429	\$ 9,306,259

In the fund financial statements, \$9,242,820 was transferred out of the General Fund to Capital Projects Fund for the acquisition of equipment or for renovations. \$429 was transferred out of the General Fund into the Enterprise Fund to dissolve the Enterprise Fund, as the District outsourced concession operations beginning in August 2015. Vehicles with a net book value of \$21,546 were transferred from the motor pool to the General Fund. \$41,464 was transferred from the Catering Internal Service Fund to the General Fund to finalize the dissolution of the Catering Internal Service 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	\$ 147,077,843	\$ 44,135,422			\$ 191,213,265
Other intermediate	2,456,802			\$ 4,842,383	7,299,185
Food service				7,729,332	7,729,332
Investment earning	596,619	30,298	\$ 515,486	46,111	1,188,514
Total	\$ 150,131,264	\$ 44,165,720	\$ 515,486	\$ 12,617,826	\$ 207,430,296

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, 2016, 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, 2016

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, 2016, 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.

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, 2016, was \$3,023,647 and is recorded as an accrued expenditure in the Risk Management Internal Service Fund.

In fiscal years 2016 and 2015, 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>
2015 - Risk Management	3,675,767	1,315,008	(1,469,148)	3,521,627
2016 - Risk Management	3,521,627	557,722	1,055,702	3,023,647

At August 31, 2016, the District held \$8,876,678 in temporary cash and investments in the Risk Management Internal Service Fund designated for payment of workers' compensation.

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

Note 10. Risk Management - continued

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. 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 \$2,500 deductible.

The District maintains Educator Leaders liability coverage with a \$1,000,000 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 a general liability coverage with a \$1,000,000 limit and a per occurrence deductible of \$10,000 and an annual aggregate of \$2,000,000.

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

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

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, 2016

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 2015 and 2016. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	Contribution Rates	
	Plan Fiscal Year	
	2015	2016
Member	6.7%	7.2%
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)	\$ 22,485,878	\$ -	\$ 24,545,648
Non-employer contributing agency (State)	17,020,035	28,941,819	17,102,506
District	9,926,491	19,186,184	10,403,722

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2016

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, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
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, 2016

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, 2015 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, 2016

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 2015 Net Pension Liability.

	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
District's proportional share of the net pension liability	\$ 185,669,625	\$ 118,501,570	\$ 62,554,755

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

At August 31, 2016, the District reported a liability of \$118,501,570 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	\$ 118,501,570
State's proportional share of the net pension liability associated with the district	<u>203,123,426</u>
Total	<u>\$321,624,996</u>

The net pension liability was measured as of August 31, 2015 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, 2015.

At August 31, 2015 the employer's proportion of the collective net pension liability was 0.3352% which was substantially the same from its proportion measured as of August 31, 2014 of 0.2153%.

Changes since the Prior Actuarial Valuation

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

New actuarial assumptions were adopted by the Teacher Retirement System of Texas' Board of Trustees on September 24, 2015 and are effective with this valuation as of August 31, 2015. 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%.

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

For the year ended August 31, 2016, the District recognized pension expense of \$19,186,184 as well as revenue of \$28,941,819 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, 2016

Note 11. Retirement Plan - continued

At August 31, 2016, 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	\$ 739,919	\$ (4,554,121)
Changes of assumptions	3,109,901	(4,227,617)
Net difference between projected and actual earnings on pension plan investments	15,997,208	
Changes in proportion and differences between District contributions and proportionate share of contributions	27,676,971	(12,542)
District contributions subsequent to the measurement date	<u>10,403,722</u>	<u>-</u>
Total	<u>\$ 57,927,721</u>	<u>\$ (8,794,280)</u>

The \$10,403,722 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, 2017. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31	Amount
2017	(\$6,878,069)
2018	(6,878,069)
2019	(6,878,069)
2020	(11,273,766)
2021	(3,931,555)
2022	(2,890,192)

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2016

Note 12. Retiree Health Plan

Plan Description

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

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee, and public school contributions, respectively. The 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 2015, 2014, and 2013. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For staff members funded by federal programs, the federal programs are required to contribute 1.00%. The District contributed 100% of the annual required contribution for fiscal year 2015, 2014, and 2013.

Contributions made by the State, District and staff members for the fiscal years ended August 31 2016, 2015, and 2014, 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
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
2014	3,030,964	1,991,034	2,093,784	322,119,883

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, 2016, 2015, and 2014, the subsidy payments received by TRS-Care on-behalf of the District are as follows:

Fiscal Year	Medicare Part D
2016	\$ 1,324,284
2015	1,436,082
2014	884,400

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

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, 2016 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, 2016.

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

<u>Year Ending August 31,</u>	<u>Warehouse</u>	<u>Clinic</u>
2017	108,075	78,821
2018	108,075	78,821
2019	108,075	78,821
2020	108,075	39,411
2021	90,063	-
Total	<u>\$ 522,363</u>	<u>\$ 275,874</u>

Note 15. Capital Leases

In August 2016, the District terminated its capital lease for copier equipment and did not exercise the bargain renewal option. The equipment under capital lease and capital lease liability were written off resulting in a loss on termination of \$124,556.

In August 2016, the District entered into capital lease agreements for copier equipment. The agreement expires in August 2019 and contain 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>(259,784)</u>
Net book value	<u>\$ 3,377,191</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2016

Note 15. Capital Leases- continued

Future minimum commitments under the capital leases are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 700,784	\$ 84,590	\$ 785,374
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>\$ 3,636,975</u>	<u>\$ 252,199</u>	<u>\$ 3,889,174</u>

Note 16. Deferred Outflows of Resources

For governmental activities, the unrestricted net position of \$89,707,167 includes the effect of deferring the recognition of losses on bond refundings. The \$18,520,152 balance of the deferred outflow of resources at August 31, 2016 will be recognized as an expense and will decrease unrestricted net position over the next 16 years.

	September 1, 2015 Balance	New Obligations Incurred	Obligations Retired or Transferred	August 31, 2016 Balance
Deferred Outflows of Resources:				
Deferred charge on refunding	<u>\$ 18,446,117</u>	<u>\$ 2,595,627</u>	<u>\$ 2,521,592</u>	<u>\$ 18,520,152</u>
Total Deferred Outflows of Resources	<u>\$ 18,446,117</u>	<u>\$ 2,595,627</u>	<u>\$ 2,521,592</u>	<u>\$ 18,520,152</u>

Note 17. Subsequent Events

In October, 2016, the District issued \$150,250,000 of Unlimited Tax School Building Bonds, Series 2016 for the construction, renovation, acquisition and equipment of school buildings.

On December, 20 2016, Dr. Bob Morrison announced his retirement and resignation as Superintendent of Schools for the District. On December 27, 2016, the Board of Trustees selected Dr. Deborah Cron as Interim Superintendent of Schools.

The District evaluated all subsequent events through January 18, 2017, 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, 2016

Exhibit G-1

	<u>Budgeted Amounts</u>		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	ORIGINAL	FINAL		Positive or (Negative)
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 153,506,705	\$ 149,302,056	\$ 150,131,264	\$ 829,208
5800 State Program Revenues	300,762,178	306,676,657	312,429,563	5,752,906
5900 Federal Program Revenues	800,000	5,481,833	6,331,153	849,320
5020 Total Revenues	<u>455,068,883</u>	<u>461,460,546</u>	<u>468,891,980</u>	<u>7,431,434</u>
EXPENDITURES:				
Current:				
0011 Instruction	267,075,609	268,150,545	270,394,819	(2,244,274)
0012 Instructional Resources and Media Services	7,750,378	7,992,052	7,783,675	208,377
0013 Curriculum and Instructional Staff Development	10,301,623	10,664,282	9,834,212	830,070
0021 Instructional Leadership	9,149,716	9,117,523	8,064,679	1,052,844
0023 School Leadership	29,648,079	29,925,112	29,669,102	256,010
0031 Guidance, Counseling, and Evaluation Services	21,861,175	22,739,236	22,006,584	732,652
0032 Social Work Services	1,256,754	1,365,345	964,173	401,172
0033 Health Services	6,890,515	6,954,911	6,616,875	338,036
0034 Student (Pupil) Transportation	13,720,802	13,350,274	12,575,365	774,909
0035 Food Services	300,000	402,214	361,717	40,497
0036 Cocurricular/Extracurricular Activities	7,524,770	8,057,178	7,844,771	212,407
0041 General Administration	16,413,822	15,513,219	14,710,560	802,659
0051 Facilities Maintenance and Operations	40,204,764	39,083,381	37,897,379	1,186,002
0052 Security and Monitoring Services	6,574,843	6,393,860	6,037,386	356,474
0053 Data Processing Services	12,113,966	12,165,966	10,722,503	1,443,463
0061 Community Services	2,023,220	2,387,198	2,110,411	276,787
Debt Service:				
0071 Debt Service - Principal on Long-Term Debt	285,000	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	10,000	168,500	117,342	51,158
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed Program	75,000	75,000	30,168	44,832
0099 Other Intergovernmental Charges	700,000	700,000	692,137	7,863
6030 Total Expenditures	<u>453,880,036</u>	<u>455,205,796</u>	<u>448,433,858</u>	<u>6,771,938</u>
1100 Excess of Revenues Over Expenditures	1,188,847	6,254,750	20,458,122	14,203,372
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property		338,003	335,475	(2,528)
7915 Transfers In			63,010	63,010
7949 Other Resources			2,529	2,529
8911 Transfers Out	(9,250,000)	(9,250,000)	(9,243,249)	6,751
7080 Total Other Financing Uses	<u>(9,250,000)</u>	<u>(8,911,997)</u>	<u>(8,842,235)</u>	<u>69,762</u>
1200 Net Change in Fund Balances	(8,061,153)	(2,657,247)	11,615,887	14,273,134
0100 Fund Balance - September 1 (Beginning)	160,417,227	160,417,227	160,417,227	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 152,356,074</u>	<u>\$ 157,759,980</u>	<u>\$ 172,033,114</u>	<u>\$ 14,273,134</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, 2016

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	\$ 8,768,000	\$ 8,768,000	\$ 7,831,514	\$ (936,486)
5800 State Program Revenues	155,000	155,000	310,941	155,941
5900 Federal Program Revenues	21,869,778	22,641,006	23,218,387	577,381
5020 Total Revenues	<u>30,792,778</u>	<u>31,564,006</u>	<u>31,360,842</u>	<u>(203,164)</u>
EXPENDITURES:				
Current:				
0035 Food Services	30,327,999	30,327,999	29,558,640	769,359
0051 Facilities Maintenance and Operations	444,500	444,500	48,405	396,095
6030 Total Expenditures	<u>30,772,499</u>	<u>30,772,499</u>	<u>29,607,045</u>	<u>1,165,454</u>
1100 Excess of Revenues Over Expenditures	20,279	791,507	1,753,797	962,290
OTHER FINANCING SOURCES:				
7912 Sale of Real and Personal Property	-	35,786	35,787	1
7080 Total Other Financing Sources	<u>-</u>	<u>35,786</u>	<u>35,787</u>	<u>1</u>
1200 Net Change in Fund Balances	<u>20,279</u>	<u>827,293</u>	<u>1,789,584</u>	<u>962,291</u>
0100 Fund Balance - September 1 (Beginning)	<u>2,753,549</u>	<u>2,753,549</u>	<u>2,753,549</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 2,773,828</u>	<u>\$ 3,580,842</u>	<u>\$ 4,543,133</u>	<u>\$ 962,291</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, 2016

Note 1. Stewardship, Compliance, and Accountability

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

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

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

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

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

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

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

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

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

GARLAND INDEPENDENT SCHOOL DISTRICT
 NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
 YEAR ENDED AUGUST 31, 2016

Note 1. Stewardship, Compliance, and Accountability – continued

GENERAL FUND

Revenues

- \$4,204,649 decrease in local revenues to align budget with estimated year end totals and also as a result of the increase to the homestead exemption from \$15,000 to \$25,000 as approved by voters in the November 2015 election.
- \$5,914,479 increase in state program revenues to align budget with estimated year end totals and also as a result of the increase to the homestead exemption from \$15,000 to \$25,000 as approved by voters in the November 2015 election.
- \$4,681,833 increase in Federal Medicaid program revenues to align budget with estimated year end totals.

Expenditures and Transfers Out

- \$1,074,936 increase in instruction expenditures to align budget with estimated year end totals.
- \$878,061 increase in guidance, counseling and evaluation expenditures to align budget with year-end totals.
- \$370,528 decrease in student transportation expenditures to align budget with estimated year end totals.
- \$532,408 increase in extracurricular activities expenditures to align budget with year-end totals.
- \$900,603 decrease in general administration expenditures to align budget with estimated year end totals.
- \$1,121,383 decrease in plant maintenance and operations to align budget with estimated year end totals.

After appropriations were amended as described above, actual revenues were \$7,431,434 greater than final budgeted amounts due to more revenue in state and federal programs than final budgeted estimates. Actual expenditures were \$6,771,943 less than final budget amounts due to year end payroll accrual and non payroll expenses being less than estimated. Year end revenues were greater than expenditures, thus adding to existing fund balance.

For the year ended August 31, 2016, expenditures exceeded appropriations in the following fund and function (the aggregate level of control). Those over expenditures were funded by less than anticipated expenditures in other functions or fund balance in the appropriate fund.

General Fund	Excess of Expenditures over Appropriations
Instruction	\$ 2,244,274
	\$ 2,244,274

NATIONAL BREAKFAST AND LUNCH PROGRAM

Revenues

- \$771,228 increase in federal revenue sources to align revenue budget with estimated year end totals.

After appropriations were amended as described above, actual revenues were \$203,164 less than final budgeted amounts due to less revenue in local and intermediate sources than final budgeted estimates. Actual expenditures were \$1,165,454 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.

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 Two Measurement Years

Exhibit G-3

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.3352%	0.2153%
District's proportionate share of the net pension liability	\$ 118,501,570	\$ 57,527,611
State's proportionate share of the net pension liability associated with the District	<u>203,123,426</u>	<u>179,684,773</u>
Total	<u>\$ 321,694,996</u>	<u>\$ 237,212,384</u>
District's covered-employee payroll (for Measurement Year)	\$ 335,610,114	\$ 322,119,883
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	35.3%	17.9%
Plan fiduciary net position as a percentage of the total pension liability *	78.43%	83.25%
Plan's net pension liability as a percentage of covered-employee payroll *	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 a 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 6 Fiscal Years

Exhibit G-4

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contributions	\$ 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>10,403,722</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>
District's covered employee payroll	\$ 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	3.01%	2.95%	1.70%	1.46%	1.76%	1.93%

Note: Data not available prior to 2011.

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

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, 2015. 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.

Catering Services – this fund is used to record catering service costs for schools and various organizations within the District. Operations of this fund were moved to the Student Nutrition Services fund beginning September 1, 2015.

GARLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2016

	751 Motor Pool	752 Print Shop	753 Risk Management
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 56,867	\$ 481,031	\$ 8,876,678
Due From Other Funds			
Other Receivables			
Prepaid Items	-	82,649	15,616
Total Current Assets	<u>56,867</u>	<u>563,680</u>	<u>8,892,294</u>
Noncurrent Assets:			
Capital Assets:			
Land Purchase and Improvements			
Building and Building Improvements			7,720
Furniture and Equipment	528,042	1,727,313	149,336
Accumulated Depreciation - Other Land Improvements			
Accumulated Depreciation - Building and Building Improvements			(3,474)
Accumulated Depreciation - Furniture and Equipment	(357,687)	(1,227,091)	(134,422)
Total Noncurrent Assets	<u>170,355</u>	<u>500,222</u>	<u>19,160</u>
Total Assets	<u><u>227,222</u></u>	<u><u>1,063,902</u></u>	<u><u>8,911,454</u></u>
LIABILITIES			
Current Liabilities:			
Accounts Payable		31,840	11,281
Leases Payable			
Interest Payable			
Accrued Wages Payable		3,501	3,841
Due to Other Funds		9,047	
Claims Liability			1,174,807
Unearned Revenues	-	-	-
Total Current Liabilities	<u>-</u>	<u>44,388</u>	<u>1,189,929</u>
Noncurrent Liabilities:			
Capital Lease Payable Long-Term			
Claims Liability Long-Term	-	-	1,848,840
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>1,848,840</u>
Total Liabilities	<u>-</u>	<u>44,388</u>	<u>3,038,769</u>
NET POSITION			
Net Investment in Capital Assets	170,355	500,222	19,160
Unrestricted Net Position	56,867	519,292	5,853,525
Total Net Position	<u><u>\$ 227,222</u></u>	<u><u>\$ 1,019,514</u></u>	<u><u>\$ 5,872,685</u></u>

756 Copier Pool	757 Curtis Culwell Center	758 Catering Services	Total Internal Service Funds
\$ 324,804	\$ 461,755	\$ -	\$ 10,201,135
13,090		-	13,090
	2,569		2,569
-	10,039	-	108,304
<u>337,894</u>	<u>474,363</u>	<u>-</u>	<u>10,325,098</u>
	208,872		208,872
	258,270		265,990
3,636,975	816,182	-	6,857,848
	(68,419)		(68,419)
	(58,356)		(61,830)
(259,784)	(335,626)	-	(2,314,610)
<u>3,377,191</u>	<u>820,923</u>	<u>-</u>	<u>4,887,851</u>
<u>3,715,085</u>	<u>1,295,286</u>	<u>-</u>	<u>15,212,949</u>
	95,843	-	166,194
27,230		-	700,784
700,784		-	7,729
7,729	20,670		28,012
	709,032		718,079
			1,174,807
-	233,208	-	233,208
<u>735,743</u>	<u>1,058,753</u>	<u>-</u>	<u>3,028,813</u>
2,936,191		-	2,936,191
-	-	-	1,848,840
<u>2,936,191</u>	<u>-</u>	<u>-</u>	<u>4,785,031</u>
<u>3,671,934</u>	<u>1,058,753</u>	<u>-</u>	<u>7,813,844</u>
(259,784)	820,923	-	1,250,876
302,935	(584,390)	-	6,148,229
<u>\$ 43,151</u>	<u>\$ 236,533</u>	<u>\$ -</u>	<u>\$ 7,399,105</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, 2016

	751 Motor Pool	752 Print Shop	753 Risk Management
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 41,073	\$ 870,446	\$ 1,587,693
Total Operating Revenues	<u>41,073</u>	<u>870,446</u>	<u>1,587,693</u>
OPERATING EXPENSES:			
Payroll Costs		275,118	416,750
Professional and Contracted Services		119,059	73,778
Supplies and Materials	8,530	351,191	36,906
Other Operating Costs	23,876	147,704	573,135
Total Operating Expenses	<u>32,406</u>	<u>893,072</u>	<u>1,100,569</u>
Operating Income (Loss)	<u>8,667</u>	<u>(22,626)</u>	<u>487,124</u>
NONOPERATING REVENUES (EXPENSES):			
Earnings from Temporary Deposits & Investments			13,037
Interest on Capital Lease			
Loss on Termination of Capital Lease			
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>13,037</u>
Income (Loss) before Transfers	8,667	(22,626)	500,161
Transfer Out	(21,546)		
Change in Net Position	<u>(12,879)</u>	<u>(22,626)</u>	<u>500,161</u>
Total Net Position - September 1 (Beginning)	<u>240,101</u>	<u>1,042,140</u>	<u>5,372,524</u>
Total Net Position - August 31 (Ending)	<u>227,222</u>	<u>\$ 1,019,514</u>	<u>\$ 5,872,685</u>

756 Copier Pool	757 Curtis Culwell Center	758 Catering Services	Total Internal Service Funds
\$ 919,107	\$ 2,450,366	\$ -	\$ 5,868,685
<u>919,107</u>	<u>2,450,366</u>	<u>-</u>	<u>5,868,685</u>
	1,030,754		1,722,622
450,956	1,441,022		2,084,815
	334,115		730,742
<u>441,958</u>	<u>267,561</u>	<u>-</u>	<u>1,454,234</u>
<u>892,914</u>	<u>3,073,452</u>	<u>-</u>	<u>5,992,413</u>
<u>26,193</u>	<u>(623,086)</u>	<u>-</u>	<u>(123,728)</u>
			13,037
(50,753)			(50,753)
(124,556)			(124,556)
<u>(175,309)</u>	<u>-</u>	<u>-</u>	<u>(162,272)</u>
(149,116)	(623,086)	-	(286,000)
		(41,464)	(63,010)
<u>(149,116)</u>	<u>(623,086)</u>	<u>(41,464)</u>	<u>(349,010)</u>
192,267	859,619	41,464	7,748,115
<u>\$ 43,151</u>	<u>\$ 236,533</u>	<u>\$ -</u>	<u>\$ 7,399,105</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

	751 Motor Pool	752 Print Shop	753 Risk Management
Cash Flows from Operating Activities:			
Cash Received from User Charges	\$ 41,300	\$ -	\$ -
Cash Received from Assessments - Other Funds		947,068	1,706,492
Cash Payments to Employees for Services		(274,625)	(425,736)
Cash Payments for Insurance Claims			(1,051,425)
Cash Payments for Suppliers	(8,530)	(379,457)	(45,256)
Cash Payments for Other Operating Expenses		(523)	(13,394)
Cash Payments for Prof. and Contracted Services	-	(119,059)	(71,089)
Net Cash Provided by (Used for) Operating Activities	32,770	173,404	99,592
Cash Flows from Noncapital Financing Activities:			
Transfers to Other Funds	-	-	-
Net Cash Used for Noncapital Financing Activities	-	-	-
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets	(117,945)	(51,710)	
Capital Lease Payments			
Capital Lease Interest Expense	-		-
Net Cash Used for Capital Financing Activities	(117,945)	(51,710)	-
Cash Flows from Investing Activities:			
Interest and Dividends on Investments	-	-	13,037
Net Increase (Decrease) in Cash and Cash Equivalents	(85,175)	121,694	112,629
Cash and Cash Equivalents at Beginning of the Year:	142,042	359,337	8,764,049
Cash and Cash Equivalents at the End of the Year:	\$ 56,867	\$ 481,031	\$ 8,876,678
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss):	\$ 8,667	\$ (22,626)	\$ 487,124
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	23,876	147,181	6,296
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease in Due from Other Funds	227	81,028	118,944
Increase in Other Receivables			
(Increase) Decrease in Prepaid Items		(54,362)	2,689
Increase (Decrease) in Accounts Payable		26,096	(8,350)
Increase (Decrease) in Accrued Wages Payable		493	(8,986)
Increase (Decrease) in Due to Other Funds		(4,406)	(145)
Increase in Unearned Revenue			
Decrease in Claims Liability	-		(497,980)
Net Cash Provided by (Used for) Operating Activities	\$ 32,770	\$ 173,404	\$ 99,592
Noncash Investing, Capital, and Financing Activities:			
Borrowing Under Capital Lease			
Transfer of Equipment to another Fund	(21,546)		

756 Copier Pool	757 Curtis Culwell Center	758 Catering Services	Total Internal Service Funds
\$ 1,002,803	\$ 2,035,185	\$ -	\$ 3,079,288
	1,180,459		3,834,019
	(1,026,381)		(1,726,742)
	(342,336)		(1,051,425)
	(86,568)	(5,529)	(775,579)
(502,840)	(1,441,022)		(106,014)
499,963	319,337	(5,529)	(2,134,010)
			1,119,537
-	-	(41,464)	(41,464)
-	-	(41,464)	(41,464)
			(169,655)
(428,317)			(428,317)
(43,024)	-	-	(43,024)
(471,341)	-	-	(640,996)
-	-	-	13,037
28,622	319,337	(46,993)	450,114
296,182	142,418	46,993	9,751,021
\$ 324,804	\$ 461,755	\$ -	\$ 10,201,135
\$ 26,193	\$ (623,086)	\$ -	\$ (123,728)
441,958	180,993		800,304
83,696			283,895
	(1,370)		(1,370)
	1,551		(50,122)
(51,884)	(9,772)		(43,910)
	4,373		(4,120)
	680,459	(5,529)	670,379
	86,189		86,189
		-	(497,980)
\$ 499,963	\$ 319,337	\$ (5,529)	\$ 1,119,537
\$ 3,636,975			\$ 3,636,975
			\$ (21,546)

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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, 2016

Exhibit H-4

	Balance September 1, 2015	Additions	Deductions	Balance August 31, 2016
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 923,781	\$ 5,010,992	\$ 5,556,121	\$ 378,652
Total Assets	<u>923,781</u>	<u>5,010,992</u>	<u>5,556,121</u>	<u>378,652</u>
Liabilities:				
Accounts Payable	14,478	2,118,733	2,120,458	12,753
Due to External Parties	509,003	4,813,708	5,322,711	-
Due to Student Groups	400,300	4,575,679	4,610,080	365,899
Total Liabilities	<u>923,781</u>	<u>11,508,120</u>	<u>12,053,249</u>	<u>378,652</u>
OTHER ACTIVITY FUND				
Assets:				
Cash and Temporary Investments	491,574	2,935,451	3,254,410	172,615
Due from External Parties	17,959	1,177,818	1,194,342	1,435
Total Assets	<u>509,533</u>	<u>4,113,269</u>	<u>4,448,752</u>	<u>174,050</u>
Liabilities:				
Accounts Payable	14,033	971,418	972,041	13,410
Due to External Parties	321,329	1,308,173	1,629,502	-
Due to Employee Groups	174,171	835,353	848,884	160,640
Total Liabilities	<u>509,533</u>	<u>3,114,944</u>	<u>3,450,427</u>	<u>174,050</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	1,415,355	7,946,443	8,810,531	551,267
Due from External Parties	17,959	1,177,818	1,194,342	1,435
Total Assets	<u>1,433,314</u>	<u>9,124,261</u>	<u>10,004,873</u>	<u>552,702</u>
Liabilities:				
Accounts Payable	28,511	3,090,151	3,092,499	26,163
Due to External Parties	830,332	6,121,881	6,952,213	-
Due to Student/Employee Groups	574,471	5,411,032	5,458,964	526,539
Total Liabilities	<u>\$ 1,433,314</u>	<u>\$ 14,623,064</u>	<u>\$ 15,503,676</u>	<u>\$ 552,702</u>

Required TEA Schedules Section

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2016

Last Ten Years Ended August 31	1		2	3	10
	Tax Rates		Debt Service	Net Assessed/Appraised Value For School Tax Purposes	Beginning Balance 9/1/2015
	Maintenance				
2007 and prior	various		various	various	\$ 1,182,177
2008	1.3316		0.2133	13,594,127,982	157,039
2009	1.0400		0.2133	14,069,484,561	179,920
2010	1.0400		0.2133	13,652,343,413	215,644
2011	1.0400		0.2133	13,366,036,304	260,715
2012	1.0400		0.2133	13,085,564,669	340,564
2013	1.0400		0.2133	12,971,711,641	406,011
2014	1.0400		0.2133	13,064,995,612	563,778
2015	1.0400		0.2133	13,678,153,355	1,757,024
2016	1.0400		0.3133	14,001,530,407	-
1000 TOTALS					<u>\$ 5,062,872</u>

20 Current Year's Total Levy	31 Maintenance Total Collections	32 Debt Service Total Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2016
\$ -	\$ 27,715	\$ 5,020	\$ (12,391)	\$ 1,137,051
	6,400	1,313	(1,631)	147,695
	8,239	1,690	(1,606)	168,385
	10,225	2,097	(986)	202,336
	18,203	3,733	(65)	238,714
	30,165	6,187	(28)	304,184
	60,250	12,357	2,423	335,827
	123,051	25,237	(12,156)	403,334
	617,651	126,678	(332,685)	680,010
<u>189,482,711</u>	<u>145,265,117</u>	<u>43,704,957</u>	<u>1,166,390</u>	<u>1,679,027</u>
<u>\$ 189,482,711</u>	<u>\$ 146,167,016</u>	<u>\$ 43,889,269</u>	<u>\$ 807,265</u>	<u>\$ 5,296,563</u>

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

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	\$ 45,307,514	\$ 44,307,514	\$ 44,165,720	\$ (141,794)
5800 State Program Revenues	11,403,527	12,403,527	13,255,162	851,635
5900 Federal Program Revenues	464,486	464,486	466,488	2,002
5020 Total Revenues	<u>57,175,527</u>	<u>57,175,527</u>	<u>57,887,370</u>	<u>711,843</u>
EXPENDITURES:				
Current:				
Debt Service:				
0071 Debt Service-Principal on Long Term Debt	38,298,253	38,298,253	38,298,252	1
0072 Debt Service-Interest on Long Term Debt	21,209,207	21,213,207	20,492,629	720,578
0073 Debt Service-Bond Issuance Cost and Fees	100,000	520,000	434,984	85,016
6030 Total Expenditures	<u>59,607,460</u>	<u>60,031,460</u>	<u>59,225,865</u>	<u>805,595</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,431,933)	(2,855,933)	(1,338,495)	1,517,438
OTHER FINANCING SOURCES (USES):				
7911 Refunding Bonds Issued	-	40,600,000	40,560,000	(40,000)
7916 Premium on Issuance of Bonds		6,410,000	6,405,364	(4,636)
7949 Other Resources			19,270	19,270
8940 Payment to Refunded bond Escrow Agent		(47,300,000)	(47,261,626)	38,374
7080 Total Other Financing Uses	<u>-</u>	<u>(290,000)</u>	<u>(276,992)</u>	<u>13,008</u>
1200 Net Change in Fund Balances	(2,431,933)	(3,145,933)	(1,615,487)	1,530,446
0100 Fund Balance - September 1 (Beginning)	9,961,155	9,961,155	9,961,155	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 7,529,222</u>	<u>\$ 6,815,222</u>	<u>\$ 8,345,668</u>	<u>\$ 1,530,446</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	73-86
These schedules contain trend information to help the reader understand how the government’s financial performance and wellbeing have changed over time.	
Revenue Capacity	87-90
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	
Debt Capacity	91-93
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	94-95
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	96-107
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			
	2007	2008	2009	2010
Governmental net position				
Net investment in capital assets	\$ 98,260,626	\$ 111,899,974	\$ 115,842,801	\$ 119,473,529
Restricted				
Food Service	2,417,197	1,406,758	1,032,266	2,237,555
Debt Service	2,662,244	1,590,931	2,867,279	4,692,604
Grant Funds				
Construction				
Unrestricted	107,501,931	89,688,303	95,328,280	99,789,458
Total governmental net position	<u>210,841,998</u>	<u>204,585,966</u>	<u>215,070,626</u>	<u>226,193,146</u>
Business-type net position				
Net investment in capital assets	7,014	31,235	25,810	21,673
Unrestricted	14,670	(60,544)	(78,527)	(138,885)
Total Business-type net position	<u>21,684</u>	<u>(29,309)</u>	<u>(52,717)</u>	<u>(117,212)</u>
Total net position				
Net investment in capital assets	98,267,640	111,931,209	115,868,611	119,495,202
Restricted				
Food Service	2,417,197	1,406,758	1,032,266	2,237,555
Debt Service	2,662,244	1,590,931	2,867,279	4,692,604
Grant Funds				
Construction				
Unrestricted	107,516,601	89,627,759	95,249,753	99,650,573
Total net position	<u>\$ 210,863,682</u>	<u>\$ 204,556,657</u>	<u>\$ 215,017,909</u>	<u>\$ 226,075,934</u>

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

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 135,714,399	\$ 150,416,165	\$ 157,656,333	\$ 162,891,590	\$ 173,975,555	\$ 186,102,148
3,572,158	5,647,011			2,753,549	4,543,133
5,944,130	5,852,827	5,689,844	5,841,400	9,556,908	8,043,823
	4,480,338	7,594,789	9,155,138	3,926,659	11,563,497
			6,614,366		
118,941,802	140,509,657	157,811,060	163,033,042	104,414,137	90,509,434
<u>264,172,489</u>	<u>306,905,998</u>	<u>328,752,026</u>	<u>347,535,536</u>	<u>294,626,808</u>	<u>300,762,035</u>
17,536	14,180	11,601	9,023	6,445	-
(129,759)	(127,504)	(126,232)	(130,792)	(6,661)	-
<u>(112,223)</u>	<u>(113,324)</u>	<u>(114,631)</u>	<u>(121,769)</u>	<u>(216)</u>	<u>-</u>
135,731,935	150,430,345	157,667,934	162,900,613	173,982,000	186,102,148
3,572,158	5,647,011			2,753,549	4,543,133
5,944,130	5,852,827	5,689,844	5,841,400	9,556,908	8,043,823
	4,480,338	10,133,840	9,155,138	3,926,659	11,563,497
			6,614,366		
118,812,043	140,382,153	155,145,777	162,902,250	104,407,476	90,509,434
<u>\$ 264,060,266</u>	<u>\$ 306,792,674</u>	<u>\$ 328,637,395</u>	<u>\$ 347,413,767</u>	<u>\$ 294,626,592</u>	<u>\$ 300,762,035</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities				
Instruction	\$ 249,442,304	\$ 276,616,196	\$ 283,065,227	\$ 289,725,326
Instructional resource and media services	6,914,200	7,812,690	8,131,373	8,118,770
Curriculum and staff development services	6,732,763	6,634,975	7,796,851	7,146,831
Instructional leadership	6,845,017	8,182,808	7,439,610	10,062,924
School leadership	24,991,290	27,002,157	26,744,844	27,380,902
Guidance, counseling, and evaluation services	16,640,146	17,823,643	17,956,443	18,728,727
Social work services	865,761	924,492	969,118	929,902
Health services	4,751,649	6,728,800	5,333,060	5,619,695
Student transportation	8,981,233	7,033,092	10,101,240	10,499,734
Food Service	23,011,684	25,506,613	26,573,977	27,071,935
Cocurricular/Extracurricular activities	6,162,935	7,030,615	6,684,383	6,704,026
General administration	10,118,411	11,363,821	9,765,328	10,668,993
Facilities maintenance and operations	36,459,999	38,335,676	37,369,496	38,327,826
Security and monitoring services	2,562,847	7,638,267	3,697,044	3,847,937
Data processing services	16,493,955	9,569,934	12,164,713	16,879,163
Community services	5,022,107	4,701,421	5,546,340	5,614,407
Interest on long-term debt	19,028,178	18,332,357	16,266,467	16,555,683
Bond issuance cost and fees	78,282	108,891	219,929	419,457
Facilities repairs and maintenance	3,623,119		541,958	1,570,426
Payments to Fiscal Agent of Shared Services Arrangement				
Payments to Juvenile Justice Alternative Education Programs	99,014	47,218	56,304	52,360
Intergovernmental Charges	-	-	677,662	698,644
Total governmental activities expenses	<u>448,824,894</u>	<u>481,393,666</u>	<u>487,101,367</u>	<u>506,623,668</u>
Business-type activities				
Concessions	254,655	259,104	288,814	287,235
Total business-type activities expenses	<u>254,655</u>	<u>259,104</u>	<u>288,814</u>	<u>287,235</u>
Total expenses	<u>\$ 449,079,549</u>	<u>\$ 481,652,770</u>	<u>\$ 487,390,181</u>	<u>\$ 506,910,903</u>
Program Revenues				
Governmental activities				
Charges for services				
Instruction	\$ 397,819	\$ 406,338	\$ 482,224	\$ 265,338
Curriculum and staff development				
Food service	9,098,542	9,934,102	10,332,066	9,803,316
Cocurricular/Extracurricular activities	4,966,084	4,896,022	4,782,751	4,667,101
Plant maintenance and operations	144,015	96,296	219,996	193,833
Security and monitoring services				
Community services				
Operating grants and contributions	73,767,745	77,211,854	84,599,937	105,829,524
Total governmental entities program revenue	<u>88,374,205</u>	<u>92,544,612</u>	<u>100,416,974</u>	<u>120,759,112</u>
Business-type activities				
Charges for services				
Concessions	272,416	208,111	265,406	222,740
Total governmental entities business-type revenue	<u>272,416</u>	<u>208,111</u>	<u>265,406</u>	<u>222,740</u>
Total program revenues	<u>\$ 88,646,621</u>	<u>\$ 92,752,723</u>	<u>\$ 100,682,380</u>	<u>\$ 120,981,852</u>
Net Expense				
Governmental activities	\$ (360,450,689)	\$ (388,849,054)	\$ (386,684,393)	\$ (385,864,556)
Business-type activities	17,761	(50,993)	(23,408)	(64,495)
Total net expenses	<u>\$ (360,432,928)</u>	<u>\$ (388,900,047)</u>	<u>\$ (386,707,801)</u>	<u>\$ (385,929,051)</u>

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

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 294,208,920	\$ 272,825,108	\$ 277,499,490	\$ 293,173,717	\$ 302,936,954	\$ 326,193,632	
8,193,015	7,368,582	7,672,838	7,897,014	8,240,779	8,476,668	
8,581,755	8,514,256	10,248,468	11,848,699	13,966,276	15,289,822	
9,757,848	8,365,560	8,659,257	9,444,098	9,476,390	9,404,380	
27,930,380	26,527,981	27,137,920	28,022,164	29,359,186	31,430,176	
18,429,805	16,939,997	17,824,829	19,318,654	21,727,176	23,134,956	
929,097	894,164	942,133	1,339,419	1,253,128	1,057,374	
5,654,397	5,329,439	5,446,268	6,228,989	6,545,294	6,867,464	
10,811,955	10,643,267	11,379,383	12,966,006	13,717,097	15,154,555	
27,407,886	26,033,888	27,886,434	31,285,050	32,701,421	31,575,592	
7,290,111	7,686,728	8,228,081	8,556,794	9,077,240	10,327,317	
11,255,328	10,252,916	11,631,845	15,141,046	15,338,293	15,353,186	
37,876,948	35,728,649	36,004,303	38,454,227	39,578,630	40,912,661	
3,803,372	3,667,174	3,812,056	4,100,656	4,348,891	6,318,189	
13,777,228	21,287,235	14,343,551	15,490,524	24,346,683	40,659,486	
5,289,947	3,086,571	2,540,248	3,198,004	3,462,272	4,063,974	
15,378,492	691,607	14,113,757	11,926,352	13,571,186	18,083,049	
437,694	229,464	23,786	176,140	1,486,831	434,984	
2,297,277	1,511,554	4,540,264	5,364,055	1,605,080	1,984,797	
31,422	69,224	64,011	74,889	81,790	78,603	
66,234	45,714	5,742	4,824	10,716	30,168	
700,543	658,438	664,700	662,918	667,640	692,137	
<u>510,109,654</u>	<u>468,357,516</u>	<u>490,669,364</u>	<u>524,674,239</u>	<u>553,498,953</u>	<u>607,523,170</u>	
258,978	247,054	261,762	259,754	282,724	213	
<u>258,978</u>	<u>247,054</u>	<u>261,762</u>	<u>259,754</u>	<u>282,724</u>	<u>213</u>	
<u>\$ 510,368,632</u>	<u>\$ 468,604,570</u>	<u>\$ 490,931,126</u>	<u>\$ 524,933,993</u>	<u>\$ 553,781,677</u>	<u>\$ 607,523,383</u>	
\$ 169,918	\$ 244,414	\$ 159,781	\$ 428,438	\$ 419,763	\$ 477,147	
	375					
9,220,579	9,011,473	8,939,886	9,276,095	9,272,764	7,729,332	
4,900,323	5,096,626	5,410,308	5,261,990	4,292,064	4,974,632	
176,730	268,172	177,533	151,719	184,070	209,727	
<u>132,960,615</u>	<u>91,587,206</u>	<u>80,546,373</u>	<u>90,430,370</u>	<u>98,476,190</u>	<u>114,478,252</u>	
<u>147,428,165</u>	<u>106,208,266</u>	<u>95,233,881</u>	<u>105,548,612</u>	<u>112,644,851</u>	<u>127,869,090</u>	
263,967	245,953	260,455	252,564	271,241	-	
<u>263,967</u>	<u>245,953</u>	<u>260,455</u>	<u>252,564</u>	<u>271,241</u>	<u>-</u>	
<u>\$ 147,692,132</u>	<u>\$ 106,454,219</u>	<u>\$ 95,494,336</u>	<u>\$ 105,801,176</u>	<u>\$ 112,916,092</u>	<u>\$ 127,869,090</u>	
\$ (362,681,489)	\$ (362,149,250)	\$ (395,435,483)	\$ (419,125,627)	\$ (440,854,102)	\$ (479,654,080)	
4,989	(1,101)	(1,307)	(7,190)	(11,483)	(213)	
<u>\$ (362,676,500)</u>	<u>\$ (362,150,351)</u>	<u>\$ (395,436,790)</u>	<u>\$ (419,132,817)</u>	<u>\$ (440,865,585)</u>	<u>\$ (479,654,293)</u>	

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

	Fiscal Year			
	2007	2008	2009	2010
Net Expense				
Governmental activities	\$ (360,450,689)	\$ (388,849,054)	\$ (386,684,393)	\$ (385,864,556)
Business-type activities	17,761	(50,993)	(23,408)	(64,495)
Total net expenses	<u>\$ (360,432,928)</u>	<u>\$ (388,900,047)</u>	<u>\$ (386,707,801)</u>	<u>\$ (385,929,051)</u>
General Revenues				
Governmental activities				
Taxes				
Property taxes levied for general purposes	\$ 172,127,966	\$ 142,436,130	\$ 146,318,903	\$ 142,764,547
Property taxes levied for debt service	27,545,122	29,029,310	29,971,347	29,284,421
State Aid Formula Grants	165,397,418	207,567,446	216,066,364	220,388,265
Grants and contributions not restricted	1,648,225	1,684,092	1,061,717	3,365,788
Investment earnings	12,078,415	6,182,740	1,445,428	692,016
Miscellaneous	1,004,703	867,111	2,305,294	492,039
Transfers in (out) from business-type activities	14,400			
Special Items:				
Gain (Loss) on disposal of assets		(5,173,807)		
Liquidation of Claims Liability (Note 10)				
Extraordinary Items:				
Insurance recoveries	-	-	-	-
Total governmental general revenues	<u>379,816,249</u>	<u>382,593,022</u>	<u>397,169,053</u>	<u>396,987,076</u>
Business-type activities				
Investment earnings				
Transfers in/(out) to governmental activities	(14,400)	-	-	-
Total business-type general revenues	<u>(14,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government general revenues	<u>\$ 379,801,849</u>	<u>\$ 382,593,022</u>	<u>\$ 397,169,053</u>	<u>\$ 396,987,076</u>
Change in Net Position				
Governmental activities	\$ 19,365,560	\$ (6,256,032)	\$ 10,484,660	\$ 11,122,520
Business-type activities	3,361	(50,993)	(23,408)	(64,495)
Total primary government	<u>\$ 19,368,921</u>	<u>\$ (6,307,025)</u>	<u>\$ 10,461,252</u>	<u>\$ 11,058,025</u>

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

		Fiscal Year							
		2011	2012	2013	2014	2015	2016		
\$	(362,681,489)	\$	(362,149,250)	\$	(395,435,483)	\$	(440,854,102)	\$	(479,654,080)
	4,989		(1,101)		(1,307)		(7,190)		(11,483)
\$	<u>(362,676,500)</u>	\$	<u>(362,150,351)</u>	\$	<u>(395,436,790)</u>	\$	<u>(440,865,585)</u>	\$	<u>(479,654,293)</u>
\$	138,879,794	\$	136,593,849	\$	136,374,770	\$	137,162,011	\$	143,261,249
	28,513,656		27,998,477		27,925,169		28,090,094		29,406,886
	224,600,836		233,715,404		254,240,046		270,830,210		278,214,031
	5,192,762		4,482,295		268,714		504,719		457,688
	250,405		286,150		278,338		96,855		155,049
	947,721		1,362,616		1,247,836		896,992		1,496,153
			(877,204)		272,557		256,242		265,904
			703,742						
	2,275,658		617,430		78,284		72,014		
	<u>400,660,832</u>		<u>404,882,759</u>		<u>420,685,714</u>		<u>437,909,137</u>		<u>453,124,399</u>
							52		475
	-		-		-		-		132,561
	-		-		-		52		133,036
\$	<u>400,660,832</u>	\$	<u>404,882,759</u>	\$	<u>420,685,714</u>	\$	<u>437,909,189</u>	\$	<u>453,257,435</u>
\$	37,979,343	\$	42,733,509	\$	25,250,231	\$	18,783,510	\$	12,270,297
	4,989		(1,101)		(1,307)		(7,138)		121,553
\$	<u>37,984,332</u>	\$	<u>42,732,408</u>	\$	<u>25,248,924</u>	\$	<u>18,776,372</u>	\$	<u>12,391,850</u>
									6,135,227
									216
									6,135,443

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

	Fiscal Year		
	2006	2007	2008
General Fund			
Reserved	\$ 1,944,047	\$ 2,616,046	\$ 2,888,963
Designated	8,384,211	9,092,630	9,364,540
Unreserved	64,979,308	69,108,105	59,511,619
Total general fund	<u>\$ 75,307,566</u>	<u>\$ 80,816,781</u>	<u>\$ 71,765,122</u>
All Other Governmental Funds			
Reserved			
Capital Projects fund	\$ 80,944,482	\$ 28,863,213	\$ 16,314,804
Other governmental funds		1,702,220	1,182,723
Debt Service Fund	5,075,415	2,662,244	1,590,931
Food Service	3,974,252	714,977	224,035
Unreserved			
Reported in Federal Special Revenue Fund			33,862
Reported in State Special Revenue Fund			2,897,965
Reported in Local Special Revenue Fund	9,248,511	15,413,864	8,055,692
Total all other governmental funds	<u>\$ 99,242,660</u>	<u>\$ 49,356,518</u>	<u>\$ 30,300,012</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			
		2009	2010		
\$	2,124,945	\$	2,096,956		
	9,693,854		9,963,746		
	67,782,406		79,992,042		
\$	<u>79,601,205</u>	\$	<u>92,052,744</u>		
\$	39,433,222	\$	23,485,325		
	2,183,286		1,925,909		
	2,932,753		4,730,024		
	(972,195)		311,646		
	177,477		338,061		
	925,300		253,868		
	7,483,279		9,923,244		
\$	<u>52,163,122</u>	\$	<u>40,968,077</u>		
		2014	2015	2016	
\$	841,310	\$	898,601	\$	985,030
	1,947,959		1,453,566		1,044,039
	8,000,000		8,000,000		8,000,000
	143,786,285		150,065,060		162,004,045
\$	<u>154,575,554</u>	\$	<u>160,417,227</u>	\$	<u>172,033,114</u>
	2,022,565		1,665,298		2,049,499
	877,145		1,775,222		1,655,335
	6,840,334		3,487,530		12,437,623
	6,614,366		183,774,730		97,915,261
	6,008,006		9,961,155		8,345,668
	3,096,524		2,321,589		2,330,898
	23,176,096		22,091,992		21,289,184
\$	<u>48,635,036</u>	\$	<u>225,077,516</u>	\$	<u>146,023,468</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Local sources:				
Property taxes	\$ 199,545,024	\$ 172,372,176	\$ 176,569,986	\$ 172,139,992
Earnings on Investments	12,397,819	6,433,449	1,525,021	707,159
Other local sources	16,168,053	16,901,934	18,385,341	15,980,072
Total local sources	<u>228,110,896</u>	<u>195,707,559</u>	<u>196,480,348</u>	<u>188,827,223</u>
State sources:				
Per Capita	20,818,371	14,874,076	13,743,144	5,823,420
Foundation School Program	144,579,047	197,188,087	206,872,320	214,724,391
On-behalf Payments	16,066,710	15,865,735	16,405,646	19,652,675
Other State Sources	21,435,300	16,848,372	16,615,806	15,958,239
Total state sources	<u>202,899,428</u>	<u>244,776,270</u>	<u>253,636,916</u>	<u>256,158,725</u>
Federal sources:	36,642,349	40,436,333	47,497,219	72,967,099
Total revenues	<u>\$ 467,652,673</u>	<u>\$ 480,920,162</u>	<u>\$ 497,614,483</u>	<u>\$ 517,953,047</u>

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

		Fiscal Year				
	2011	2012	2013	2014	2015	2016
\$	167,273,269	\$ 165,275,525	\$ 164,584,996	\$ 165,665,203	\$ 172,925,921	\$ 191,213,265
	258,505	286,945	281,502	99,336	151,757	1,185,673
	15,987,134	17,196,383	16,155,364	17,532,397	16,158,382	15,031,358
	<u>183,518,908</u>	<u>182,758,853</u>	<u>181,021,862</u>	<u>183,296,936</u>	<u>189,236,060</u>	<u>207,430,296</u>
	17,945,835	\$ 13,688,849	\$ 25,588,455	\$ 14,229,508	\$ 14,300,164	\$ 9,745,185
	206,655,001	220,026,555	228,651,591	256,600,702	263,762,268	280,665,610
	19,836,443	18,391,316	17,673,118	20,763,720	21,863,803	21,873,710
	22,808,914	16,285,452	11,739,565	17,349,345	20,619,462	25,246,920
	<u>267,246,193</u>	<u>268,392,172</u>	<u>283,652,729</u>	<u>308,943,275</u>	<u>320,545,697</u>	<u>337,531,425</u>
	95,044,989	60,791,256	51,107,017	51,334,853	56,740,087	56,398,403
\$	<u>545,810,090</u>	<u>511,942,281</u>	<u>515,781,608</u>	<u>543,575,064</u>	<u>566,521,844</u>	<u>601,360,124</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Expenditures				
Governmental funds				
11 Instruction	\$ 242,950,503	\$ 265,646,555	\$ 274,554,083	\$ 277,736,342
12 Instructional resources and media services	6,838,200	7,209,018	7,683,187	7,550,087
13 Curriculum and staff development services	6,734,791	6,678,169	7,829,424	7,085,074
Total function 10	<u>256,523,494</u>	<u>279,533,742</u>	<u>290,066,694</u>	<u>292,371,503</u>
21 Instructional leadership	6,636,002	8,218,111	7,317,361	10,051,751
23 School leadership	24,841,538	26,834,758	26,613,132	26,802,850
Total function 20	<u>31,477,540</u>	<u>35,052,869</u>	<u>33,930,493</u>	<u>36,854,601</u>
31 Guidance, counseling, and evaluation services	16,638,259	17,827,951	17,888,859	18,443,795
32 Social work services	863,828	928,221	971,385	919,581
33 Health services	4,699,752	4,979,712	5,259,870	5,469,179
34 Student transportation	9,550,651	11,708,937	11,657,475	8,330,801
35 Food service	22,176,948	24,533,327	25,601,394	25,457,357
36 Extracurricular activities	5,670,446	6,298,194	5,946,729	5,722,934
Total function 30	<u>59,599,884</u>	<u>66,276,342</u>	<u>67,325,712</u>	<u>64,343,647</u>
41 General administration	9,898,251	9,890,459	9,645,633	10,088,727
Total function 40	<u>9,898,251</u>	<u>9,890,459</u>	<u>9,645,633</u>	<u>10,088,727</u>
51 Facilities maintenance and operations	35,270,590	38,853,474	35,974,175	36,352,005
52 Security and monitoring services	2,540,258	2,966,480	3,431,654	3,557,014
53 Data processing services	16,964,593	11,953,596	11,961,227	16,369,064
Total function 50	<u>54,775,441</u>	<u>53,773,550</u>	<u>51,367,056</u>	<u>56,278,083</u>
61 Community service	3,992,523	4,094,617	4,676,956	4,680,266
Total function 60	<u>3,992,523</u>	<u>4,094,617</u>	<u>4,676,956</u>	<u>4,680,266</u>
71 Debt service				
Principal on long-term debt	21,565,040	24,471,922	21,144,985	20,565,000
Interest on long-term debt	21,871,202	18,579,782	17,752,528	16,383,178
Bond issuance costs and fees	78,283	108,891	1,004,521	419,457
Total function 70	<u>43,514,525</u>	<u>43,160,595</u>	<u>39,902,034</u>	<u>37,367,635</u>
81 Facilities acquisition/construction	52,232,367	17,282,121	4,724,520	11,013,287
Total function 80	<u>52,232,367</u>	<u>17,282,121</u>	<u>4,724,520</u>	<u>11,013,287</u>
93 Payments related to Shared Services Arrangements				
95 Payments to Juvenile Justice Alternative	99,014	47,218	56,304	52,360
99 Other Intergovernmental Charges			677,662	698,644
Total function 90	<u>99,014</u>	<u>47,218</u>	<u>733,966</u>	<u>751,004</u>
Total expenditures	<u>\$ 512,113,039</u>	<u>\$ 509,111,513</u>	<u>\$ 502,373,064</u>	<u>\$ 513,748,753</u>
Debt service as a percentage of noncapital expenditures	9.5%	9.3%	8.1%	7.5%

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

		Fiscal Year									
		2011	2012	2013	2014	2015	2016				
\$	286,385,667	\$	265,783,902	\$	264,641,540	\$	278,396,221	\$	292,682,387	\$	295,875,044
	7,606,662		6,907,353		7,200,650		7,414,899		7,635,828		7,976,025
	8,436,124		8,546,167		10,218,104		11,821,331		14,150,661		14,955,504
	302,428,453		281,237,422		282,060,294		297,632,451		314,468,876		318,806,573
	9,757,128		8,087,798		8,548,600		9,136,533		9,267,235		8,909,833
	27,214,873		26,327,408		26,963,180		27,735,396		29,106,054		30,227,932
	36,972,001		34,415,206		35,511,780		36,871,929		38,373,289		39,137,765
	18,188,436		16,815,753		17,725,446		19,203,404		21,512,159		22,461,110
	916,259		894,034		939,051		1,346,199		1,338,547		1,045,330
	5,481,977		5,240,443		5,346,833		6,132,616		6,389,549		6,618,661
	8,958,596		12,375,738		12,992,842		14,052,926		15,163,237		16,638,683
	25,590,165		24,873,220		27,046,189		30,293,793		31,790,346		29,920,357
	6,194,537		6,643,953		7,128,827		8,007,892		7,795,306		9,052,990
	65,329,970		66,843,141		71,179,188		79,036,830		83,989,144		85,737,131
	10,143,293		9,994,137		10,799,316		14,962,000		15,054,618		14,799,780
	10,143,293		9,994,137		10,799,316		14,962,000		15,054,618		14,799,780
	35,809,238		34,621,542		34,104,435		37,405,228		37,643,590		38,407,218
	3,551,656		3,459,277		3,571,740		3,821,316		4,072,994		6,123,148
	18,896,247		21,004,438		11,129,867		12,235,673		21,405,047		48,340,584
	58,257,141		59,085,257		48,806,042		53,462,217		63,121,631		92,870,950
	4,366,739		2,229,787		1,663,945		2,302,771		2,695,992		3,059,647
	4,366,739		2,229,787		1,663,945		2,302,771		2,695,992		3,059,647
	21,745,000		22,555,971		26,329,896		25,368,218		25,765,010		38,298,252
	15,536,957		15,008,901		16,053,653		14,637,796		15,807,117		20,492,629
	1,164,685		2,098,437		23,786		176,140		1,486,831		434,984
	38,446,642		39,663,309		42,407,335		40,182,154		43,058,958		59,225,865
	8,513,304		14,061,387		52,662,091		15,407,928		20,168,396		54,519,046
	8,513,304		14,061,387		52,662,091		15,407,928		20,168,396		54,519,046
	31,423		69,224		64,011		74,889		81,790		78,603
	66,234		45,714		5,742		4,824		10,716		30,168
	700,543		658,438		664,700		662,918		667,640		692,137
	798,200		773,376		734,453		742,631		760,146		800,908
\$	525,255,743	\$	508,303,022	\$	545,824,444	\$	540,600,911	\$	581,691,050	\$	668,957,665
	7.7%		8.3%		8.7%		7.7%		7.4%		8.9%

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

	Fiscal Year			
	2007	2008	2009	2010
Excess of revenues over (under) expenditures	\$ (44,460,366)	\$ (28,191,351)	\$ (4,758,581)	\$ 4,204,294
Other Financing Sources (Uses)				
Capital related debt issued (Bonds)			63,395,000	
Refunding Bonds Issued				
Sale of real or personal property	69,039	83,186	232,155	52,200
Non-Current Loan Proceeds			3,525,000	
Transfers in	10,014,400	2,788	1,292,791	3,887,810
Premium or Discount on Issuance of Bonds			3,666,822	
Prepaid Interest				
Other Resources				
Insurance Recovery				
Transfers out	(10,000,000)	(2,788)	(1,292,791)	(6,887,810)
Payments to refunded bond escrow agents	-	-	(36,361,203)	-
Total other financing sources (uses)	83,439	83,186	34,457,774	(2,947,800)
Extraordinary Item - Insurance Recovery				
Net change in fund balances	<u>\$ (44,376,927)</u>	<u>\$ (28,108,165)</u>	<u>\$ 29,699,193</u>	<u>\$ 1,256,494</u>

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

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 20,554,347	\$ 3,639,259	\$ (30,042,836)	\$ 2,974,153	\$ (15,169,206)	\$ (67,597,541)	
71,460,000	12,485,000			193,320,000	40,560,000	
71,984	177,560,213		26,725,000			
	186,936	271,558	247,181	265,904	371,262	
1,767	10,939,244	9,990,338	12,000,000	12,880,477	9,305,830	
7,289,674	31,307,398		1,574,982	16,754,162	6,405,364	
238,982						
	41,262	103,005	-		21,799	
	7,956	42,299	37,855			
(10,001,767)	(10,009,462)	(10,000,000)	(12,000,000)	(13,000,000)	(9,243,249)	
(12,637,102)	(208,224,256)	-	(28,920,859)	(12,767,184)	(47,261,626)	
56,423,538	14,294,291	407,200	(335,841)	197,453,359	159,380	
2,275,658						
<u>\$ 79,253,543</u>	<u>\$ 17,933,550</u>	<u>\$ (29,635,636)</u>	<u>\$ 2,638,312</u>	<u>\$ 182,284,153</u>	<u>\$ (67,438,161)</u>	

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

Exhibit S-8

Fiscal Year	Appraised Value					Total Estimated Taxable Value	Total Direct Rate(1)
	Commercial Real Property	Residential Real Property	Business Personal Property	Less: Exemptions			
2007	3,610,309,650	9,848,443,080	1,570,168,560	1,989,676,234		13,039,245,056	1.5449
2008	4,190,178,440	10,154,721,430	1,777,817,820	2,528,589,708		13,594,127,982	1.2533
2009	4,491,799,740	10,248,877,770	2,002,138,070	2,673,331,019		14,069,484,561	1.2533
2010	4,550,703,240	10,002,025,960	1,981,784,350	2,882,170,137		13,652,343,413	1.2533
2011	4,222,557,840	9,851,742,940	1,874,995,440	2,583,259,916		13,366,036,304	1.2533
2012	4,142,736,980	9,713,208,510	1,921,285,080	2,691,665,901		13,085,564,669	1.2533
2013	4,175,283,820	9,536,561,190	1,966,053,360	2,706,186,729		12,971,711,641	1.2533
2014	4,366,481,800	9,530,491,010	1,901,121,140	2,733,098,338		13,064,995,612	1.2533
2015	4,596,551,430	9,917,340,240	1,953,899,600	2,789,637,915		13,678,153,355	1.2533
2016	4,912,097,630	10,770,670,000	1,973,566,770	3,654,803,993		14,001,530,407	1.3533

Source: Appraised Value - Dallas Central Appraisal District
 Total Direct Rate - District Information

Notes:

- * The Garland ISD Tax Office is the collecting agent for the District
- * Property is appraised at full market value. Properties are reappraised at least once every three years.
- * Represents total appraised value before exemptions.

(1) Per \$1,000 of assessed value

GARLAND INDEPENDENT SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS (UNAUDITED)

Exhibit S-9

Fiscal Year	Garland Independent School District			Overlapping Rates					
	Maintenance and Operations	Debt Service	Total	City of Garland	Dallas County	City of Rowlett	City of Sachse	City of Dallas	City of Mesquite
2007	1.3316	0.2133	1.5449	0.6786	0.5539	0.7472	0.5534	0.7292	0.6200
2008	1.0400	0.2133	1.2533	0.6886	0.5672	0.7472	0.5534	0.7479	0.6400
2009	1.0400	0.2133	1.2533	0.6996	0.5764	0.7472	0.6100	0.7479	0.6400
2010	1.0400	0.2133	1.2533	0.7046	0.6022	0.7472	0.7058	0.7479	0.6400
2011	1.0400	0.2133	1.2533	0.7046	0.6233	0.7472	0.7058	0.7970	0.6400
2012	1.0400	0.2133	1.2533	0.7046	0.6237	0.7472	0.7708	0.7970	0.6400
2013	1.0400	0.2133	1.2533	0.7046	0.6434	0.7472	0.7708	0.7970	0.6400
2014	1.0400	0.2133	1.2533	0.7046	0.6538	0.7472	0.7708	0.7970	0.6400
2015	1.0400	0.2133	1.2533	0.7046	0.6639	0.7872	0.7708	0.7970	0.6400
2016	1.0400	0.3133	1.3533	0.7046	0.6628	0.7872	0.7573	0.7970	0.6400

Source: Appropriate government entities' tax departments.

Note: Tax rates are per \$1,000 of assessed value.

GARLAND INDEPENDENT SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS
 LAST TEN FISCAL YEARS (UNAUDITED)

Exhibit S-10

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Walmart	\$ 146,516,120	1	1.05%	\$ 101,729,650	1	0.82%
Simon Property Group	138,278,000	2	0.99%	83,546,730	3	0.67%
Kraft Foods/ U S Foods	108,295,965	3	0.77%	53,647,104	6	0.43%
Verizon/G.T.E.	71,361,960	4	0.51%	62,001,190	4	0.50%
Oncor	66,639,770	5	0.48%			
Landmark Lakeway	65,909,350	6	0.47%			
Engineered Polymer	49,736,039	7	0.36%	38,706,581	10	0.31%
Plastipak Packaging	47,544,434	8	0.34%	56,429,845	5	0.45%
BMEF Stoneleigh LP	47,210,340	9	0.34%			0.00%
OMNINET Town Center	43,562,000	10	0.31%			
Texas Utilities Electric				84,843,400	2	0.68%
Sears Roebuck Co.				47,001,483	7	0.38%
Interceramic				42,248,944	8	0.34%
Simpson Financing				41,666,800	9	0.33%
Total	<u>\$ 785,053,978</u>		<u>5.62%</u>	<u>\$ 611,821,727</u>		<u>4.91%</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)
2007	195,980,635	194,382,179	99.18%	3,020,320	197,402,499	100.73%
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%

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 (1)	Notes Payable	Capital Lease			
2007	433,838,174			\$ 433,838,174	3.33%	1,601
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			\$ 504,535,143	3.60%	1,728

Source: Dallas Central Appraisal District and District records.

Note:

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

GARLAND INDEPENDENT SCHOOL DISTRICT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF AUGUST 31, 2015 (UNAUDITED)

Exhibit S-13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Direct:			
Garland Independent School District			
General Obligation Bonds	\$ 504,535,142	100.00%	\$ 504,535,142
Capital Leases	3,636,975	100.00%	3,636,975
Total Direct Debt	508,172,117		508,172,117
Overlapping:			
City of Garland	201,656,669	90.94%	183,386,575
City of Rowlett	58,155,330	84.79%	49,309,904
City of Sachse	35,803,022	59.97%	21,471,072
City of Dallas	1,774,890,086	0.32%	5,679,648
City of Mesquite	149,429,206	0.09%	134,486
City of Richardson	185,850,563	0.04%	74,340
City of Wylie	67,811,569	0.57%	386,526
Dallas County	227,980,000	7.71%	17,577,258
Dallas County Community College District	294,050,000	7.71%	22,671,255
Dallas County Hospital District	713,947,070	7.71%	55,045,319
Dallas County Schools	50,405,000	7.71%	3,886,226
Total Overlapping Debt	3,759,978,515		359,622,609
Total Direct and Overlapping Debt	\$ 4,268,150,632		\$ 867,794,726
Taxable Assessed Valuation			14,001,530,407
Ratio of Direct and Overlapping Debt to taxable assessed valuation			6.20%
Direct and Overlapping Debt per Capita			\$ 2,972.35

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 2016 is \$0.3133 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
2007	270,963	(1)	(1)	4.0%
2008	272,967	(1)	(1)	5.1%
2009	274,211	(1)	(1)	8.5%
2010	276,552	(1)	(1)	7.9%
2011	277,833	(1)	(1)	8.3%
2012	278,785	(1)	(1)	6.9%
2013	282,501	(1)	(1)	6.4%
2014	287,049	(1)	(1)	5.6%
2015	287,927	(1)	(1)	4.1%
2016	291,956	(1)	(1)	3.9%

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 EIGHT YEARS AGO (UNAUDITED)

Exhibit S-16

Employer	2016			2008		
	Employees	Rank	Percentage of Employment	Employees	Rank	Percentage of Employment
Garland ISD	7,514	1	51.16%	7,254	1	35.29%
City of Garland	2,000	2	13.62%	2,500	3	12.16%
Wal-Mart Super Centers	1,500	3	10.21%	1,750	4	8.51%
Baylor Medical Center Garland	1,185	4	8.07%	1,200	6	5.84%
US Food Service	520	5	3.54%			
APEX Tool Group	467	6	3.18%			
Hatco (Resistol)	401	7	2.73%			
SilverLine Window	400	8	2.72%			
City of Rowlett	362	9	2.46%			
Home Depot	339	10	2.31%			
Raytheon				3,500	2	17.03%
Sears Logistic Services				1,300	5	6.32%
Ecolab				1,000	7	4.87%
Atlas Copco				700	8	3.41%
International/SST Truck				700	9	3.41%
Kingsley Tools				650	10	3.16%
Total	<u>14,688</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			
	2007	2008	2009	2010
Teachers	3,773.7	3,806.0	3,785.2	3,720.4
Professional Support				
Psychological Associate	1.0	1.0	1.0	-
Audiologist	3.0	3.0	3.0	3.0
Counselor	127.8	135.6	135.5	133.0
Educational Diagnostician	77.4	71.4	69.8	61.5
Librarian	75.0	77.5	77.5	80.0
Musical Therapist	-	-	-	-
Occupational Therapist	13.0	14.0	13.0	12.6
Corrective Therapist	0.5	1.0	1.0	-
Orientation/Mobility Instructor	1.0	1.0	2.0	2.0
Physical Therapist	8.0	7.0	5.0	7.0
School Nurse	75.0	77.0	77.4	79.4
LSSP/Psychologist	8.0	8.0	8.0	8.0
Social Worker	16.8	15.5	18.2	19.3
Speech Therapist/Speech-Language Pathologist	53.7	58.5	59.2	56.9
Visiting Teacher	6.0	5.0	5.0	5.0
Work-Based Learning Site Coordinator	-	-	-	10.1
Teacher Facilitator	48.0	46.0	55.7	90.0
Department Head	-	-	-	-
Athletic Trainer	-	-	-	8.6
Campus Professional Personnel	8.5	25.5	25.5	25.4
Non-Campus Professional Personnel	116.2	133.7	149.0	149.3
Total Professional Support	<u>638.9</u>	<u>680.7</u>	<u>705.8</u>	<u>751.1</u>
Campus Administration				
Assistant Principal	112.0	115.0	113.9	114.0
Principal	70.0	72.0	72.0	72.0
Teacher Supervisor	0.5	4.0	7.0	4.1
Registrar	-	-	-	8.0
Total Campus Administration	<u>182.5</u>	<u>191.0</u>	<u>192.9</u>	<u>198.1</u>
Central Administration				
Assistant/Assoc/Deputy Superintendent	4.3	4.5	4.5	4.5
Instructional Officer	13.0	12.4	12.4	-
District Instructional Program Director	-	-	-	17.0
Superintendent	0.9	1.0	1.0	1.0
Teacher Supervisor	32.5	43.0	60.8	41.3
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>58.7</u>	<u>68.9</u>	<u>86.7</u>	<u>71.8</u>
Educational Aides	279.1	373.1	374.3	455.5
Auxiliary Staff	2,176.6	2,134.1	2,242.9	2,197.4
Total All Full Time Equivalent Employees	<u><u>7,109.5</u></u>	<u><u>7,253.8</u></u>	<u><u>7,387.8</u></u>	<u><u>7,394.3</u></u>

Source: District records for the fall PEIMS submission

Full Time Equivalent Employees					
2011	2012	2013	2014	2015	2016
3,710.9	3,651.1	3,636.9	3,646.8	3,679.1	3,664.0
-	-	-	-	-	-
3.0	3.0	2.0	2.0	2.0	2.0
136.0	129.3	130.8	134.6	140.2	139.3
54.7	57.6	58.2	56.6	57.8	56.8
79.0	76.0	76.0	75.0	72.9	74.8
-	-	-	1.0	0.7	1.0
11.4	9.0	10.0	10.0	10.0	10.0
-	-	-	-	-	-
2.0	-	2.0	2.0	0.9	2.0
6.0	4.9	5.8	6.0	6.0	6.0
79.0	76.4	75.0	82.0	82.0	85.0
8.0	8.0	8.0	8.0	9.0	9.0
20.8	12.8	8.0	7.0	6.0	7.0
54.2	50.3	50.4	52.5	54.6	56.1
5.0	4.0	4.0	4.0	4.0	3.0
6.0	7.3	8.4	4.3	-	-
110.4	131.7	120.6	107.2	107.4	117.3
-	-	-	12.7	-	-
2.0	3.8	5.1	4.8	6.7	8.2
32.0	29.5	26.9	31.3	27.2	26.0
156.1	158.5	148.4	173.3	183.5	197.5
765.6	762.1	739.6	774.3	770.9	801.0
113.0	107.0	106.0	108.9	106.8	116.0
73.0	72.0	71.0	71.0	71.0	70.1
-	-	-	0.1	-	-
8.0	10.0	10.0	2.0	2.0	2.0
194.0	189.0	187.0	182.0	179.8	188.1
4.5	4.5	4.5	5.5	5.5	5.0
-	-	-	-	-	-
17.0	15.0	16.0	19.0	16.0	16.0
1.0	1.0	1.0	1.0	1.0	1.0
29.5	28.5	28.4	27.5	27.5	26.8
2.0	2.0	2.0	2.0	2.0	2.0
1.0	1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0	1.0
4.0	4.0	-	4.0	4.0	4.0
60.0	57.0	53.9	61.0	58.0	56.8
432.1	461.8	454.8	516.7	547.2	538.1
2,182.5	2,116.8	2,099.8	2,126.8	2,183.4	2,044.7
7,345.1	7,237.8	7,172.0	7,307.6	7,418.4	7,292.7

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
2007	56,955	350,129,255	6,147	10.01%	3,774	15.1	47.7%
2008	57,169	383,553,961	6,709	9.55%	3,806	15.0	46.0%
2009	57,510	380,113,001	6,610	-0.90%	3,785	15.2	46.1%
2010	57,861	370,578,596	6,405	-2.51%	3,720	15.6	51.4%
2011	57,833	371,744,956	6,428	0.31%	3,711	15.6	52.9%
2012	58,151	367,647,358	6,322	-1.10%	3,651	15.9	60.5%
2013	58,059	389,695,690	6,712	6.00%	3,637	16.0	61.0%
2014	57,616	413,888,034	7,184	6.21%	3,647	15.8	60.8%
2015	57,436	432,733,720	7,534	4.55%	3,679	15.6	60.5%
2016	57,517	448,433,858	7,797	3.63%	3,664	15.7	65.6%

Source: District records

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

Exhibit S-19

	2007	2008	2009	2010	Fiscal Year 2011	2012	2013	2014	2015	2016
Teachers By Highest Degree Held										
No Degree	0.6%	0.7%	0.4%	1.0%	0.2%	0.2%	0.2%	0.5%	0.4%	0.4%
Bachelors	74.1%	73.9%	73.7%	72.7%	72.1%	71.4%	70.8%	69.8%	69.4%	69.5%
Masters	24.3%	24.6%	24.8%	26.1%	26.7%	27.5%	28.1%	28.8%	29.3%	29.3%
Doctorate	1.0%	0.9%	1.1%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	80.0%
Teachers By Years of Experience										
Beginning Teachers	12.4%	6.8%	5.9%	3.1%	3.8%	3.4%	4.9%	5.3%	4.5%	5.3%
1 - 5 Years of Experience	29.6%	34.5%	34.3%	33.6%	30.2%	27.5%	23.8%	22.9%	25.0%	27.2%
6 - 10 Years of Experience	20.2%	20.9%	21.7%	23.3%	24.8%	26.7%	27.7%	27.9%	25.9%	23.1%
11 - 20 Years of Experience	20.5%	20.3%	21.2%	23.1%	24.7%	26.9%	28.2%	28.8%	29.8%	30.2%
Over 20 Years of Experience	17.3%	17.5%	16.9%	16.9%	16.4%	15.4%	15.4%	15.0%	14.8%	14.2%
Average Salaries by Experience										
Beginning Teachers	\$ 47,321	\$ 43,836	\$ 45,508	\$ 47,308	\$ 46,839	\$ 46,605	\$46,462	\$48,899	\$50,150	\$50,862
1 - 5 Years of Experience	44,228	44,673	46,237	47,319	47,493	47,313	\$48,038	\$49,232	\$50,565	\$52,115
6 - 10 Years of Experience	45,302	46,002	47,563	48,585	48,801	48,607	\$49,331	\$50,572	\$51,730	\$53,299
11 - 20 Years of Experience	48,417	48,649	49,968	50,858	50,914	50,562	\$51,190	\$52,332	\$53,729	\$55,083
Over 20 Years of Experience	56,456	57,546	58,875	59,806	59,899	59,237	\$59,546	\$59,925	\$61,323	\$61,984
Student Teacher Ratio	15.1	15.0	15.2	15.6	15.6	15.9	16.0	15.8	15.6	15.7

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Schools:										
Elementary										
Buildings	47	47	47	47	47	47	47	47	47	47
Enrollment	26,066	25,901	25,938	26,395	26,330	26,471	26,364	26,351	26,135	25,971
Middle										
Buildings	12	12	12	12	12	12	12	12	12	12
Enrollment	12,453	12,473	12,568	12,742	12,842	12,789	12,871	12,715	12,754	12,595
High										
Buildings	7	7	7	7	7	7	7	7	7	7
Enrollment	16,113	16,248	16,269	16,441	17,123	16,863	17,198	16,993	17,091	17,470
Pre-K										
Buildings	2	2	2	2	2	2	2	2	2	2
Enrollment	1,308	1,390	1,520	1,427	1,395	1,453	1,467	1,217	1,098	1,132
Other										
Buildings	3	3	3	3	3	3	3	3	3	3
Enrollment	503	572	635	637	143	575	449	340	358	349
Student Services										
Buildings:										
Enrollment Center	1	1	1	1	1	1	1	1	1	1
Transportation	1	1	1	1	1	1	1	1	1	1
Infant Center	1	1	1	1	1	1	1	1	1	1
Other										
Buildings:										
Administration	1	1	1	1	1	1	1	1	1	1
Tax Office	1	1	1	1	1	1	1	1	1	1
Technology	1	1	1	1	1	1	1	1	1	1
Professional Development Center	1	1	1	1	1	1	1	1	1	1
Curtis Culwell Center	1	1	1	1	1	1	1	1	1	1
Facility Services	1	1	1	1	1	1	1	1	1	1
Agriculture Training Center	1	1	1	1	1	1	1	1	1	1
Athletics										
Stadiums (includes Athletic Office)	2	2	2	2	2	2	2	2	2	2
Running Tracks	7	7	7	7	7	7	7	7	7	7
Tennis Courts	7	7	7	7	7	7	7	7	7	7
Softball Fields	7	7	7	7	7	7	7	7	7	7
Baseball Fields	7	7	7	7	7	7	7	7	7	7

Source: District records

Federal Awards Section

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Garland Independent School District
Garland, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Garland Independent School District's (the "District") as of and for the year ended August 31, 2016, 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, 2017.

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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency and is listed as item #2016-001.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item #2016-001.

The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, 2017

**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, 2016. 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, 2016.

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, 2017

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2016

Exhibit K-1

(1)	(2)	(3)	(4)	(5)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OF CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES	INDIRECT COSTS
US Department of Education				
Passed Through State Department of Education				
ESEA Title I Part A - Improving Basic Programs	84.010A	15610101057909	140,205	4,189
ESEA Title I Part A - Improving Basic Programs	84.010A	16610101057909	12,391,065	359,588
ESEA Title I Part A - Improving Basic Programs	84.010A	17610101057909	420,172	14,011
ESEA Title I - Priority and Focus School Grant	84.010A	16610112057909043	26,313	789
Total Title I Part A			12,977,755	378,577
IDEA - Part B, Formula	84.027A	156600010579096600	5,833	(42)
IDEA - Part B, Formula	84.027A	166600010579096600	9,249,271	273,854
IDEA - Part B, Formula	84.027A	176600010579096600	169,956	2,780
IDEA - Part B, Preschool	84.173A	156610010579096610	3,140	44
IDEA - Part B, Preschool	84.173A	166610010579096610	160,280	4,554
IDEA - Part B, Preschool	84.173A	176610010579096610	13,556	385
Total Special Education Cluster (IDEA)			9,602,036	281,575
Vocation Education - Basic Grant	84.048A	16420006057909	578,987	11,633
Vocation Education - Basic Grant	84.048A	17420006057909	41,302	786
Total CFDA Number 84.048A			620,289	12,419
ESEA Title III, Part A, LEP	84.365A	15671001057909	8,554	72
ESEA Title III, Part A, LEP	84.365A	16671001057909	1,499,629	30,315
ESEA Title III, Part A, LEP	84.365A	1771001057909	37,645	930
ESEA Title III, Part A, Immigrant	84.365A	16671003057909	77,349	1,547
ESEA Title III, Part A, ELA Grant for UC & Y	84.365B	156711037110023	39,551	-
Total CFDA Number 84.365A			1,662,728	32,864
ESEA Title II, Part A, Teacher & Principal Training	84.367A	15694501057909	29,721	659
ESEA Title II, Part A, Teacher & Principal Training	84.367A	16694501057909	1,004,023	20,152
ESEA Title II, Part A, Teacher & Principal Training	84.367A	17694501057909	73,737	1,470
Total CFDA Number 84.367A			1,107,481	22,281
AP/IB Test Fee Subsidies	84.330B	51061401	33,985	
Summer School LEP	84.369A	69551502	58,993	
Total Passed Through State Department of Education			26,063,267	727,716
Passed Through Region 10 ESC - TEXSHEP Grant	84.196A	16-056	20,162	
Total US Department of Education			26,083,429	727,716
US Department of Health & Human Services				
Passed Through State Dept of Health and Human Services				
Medical Assistance Program	93.778	529-07-0157-00128	298,944	
Total Passed Through State Dept of Health and Commission			298,944	
Total US Department of Health and Human Services			298,944	
US Department of Agriculture				
Passed Through State Department of Education				
School Breakfast Program - Cash Assistance	10.553	71401601	4,578,248	186,095
National School Lunch Program - Cash Assistance	10.555	71301601	16,331,132	682,348
Total Passed Through State Department of Education			20,909,380	868,443
Passed Through State Department of Agriculture				
USDA Donated Commodities - Non-Cash Assistance	10.555	00279	1,921,099	
Summer Food Service Program - Cash Assistance	10.559	00279	206,559	8,606
Total Child Nutrition Cluster			23,037,038	877,049
Child and Adult Care Food Program - Cash Assistance	10.558	00279	176,351	9,117
NSLP Training Assistance Grant	10.560	00279	5,000	
Total US Department of Agriculture			23,218,389	886,166
Total Expenditures of Federal Awards			\$ 49,600,762	\$ 1,613,882
				\$51,214,644

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, 2016

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 Circular A-133 Compliance Supplement.

Note 4. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at August 31, 2016, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 5. Reconciliation to the Basic Financial Statements

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

Total Expenditures of Federal Awards	\$ 51,214,644
School Health and Related Services (SHARS)	4,717,271
Qualified School Construction Bonds Interest Subsidy	466,488
Federal Revenues Reported on Exhibit C-2	<u><u>\$ 56,398,403</u></u>

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2016

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?	Yes; Finding #2016-001
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>Special Education Cluster (IDEA):</i>	
<i>IDEA – Part B, Formula</i>	84.027A
<i>IDEA – Part B, Preschool</i>	84.173A
<i>ESEA Title III, Part A, LEP</i>	84.365A
<i>ESEA Title II, Part A, Teacher & Principal Training</i>	84.367A
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$1,536,439
Auditee qualified as low-risk auditee?	Yes

GARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2016

II. Financial Statement Findings

Finding # 2016-001 – Supporting Documentation for Attendance Changes

Criteria: Per sections 2.3.5 and 3.6.3 of the Texas Education Agency’s Student Attendance Accounting Handbook (SAAH), school districts must maintain proper documentation when changing a student’s attendance record from “Absent” to “Present” for Foundation School Program (FSP) funding purposes.

Condition: During fiscal year 2016, 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.

Cause: One campus had turnover at the attendance clerk level and supporting documentation was not found after several attempts were made by the district to locate the documentation. For another campus, documentation was not found by the campus personnel.

Effect: The District is not in compliance with the Texas Education Agency’s SAAH’s documentation requirements and the lack of documentation could negatively affect the District’s FSP funding levels.

Recommendation: The District should ensure that all attendance changes are properly documented, maintained by the campuses, and is readily available for audit purposes.

III. Federal Awards Findings and Questioned Costs

No current year findings noted.

IV. Summary Schedule of Prior Audit Findings

No prior year findings.

V. Corrective Action

Response: The Student Services Department will implement procedures for documenting all funded attendance codes entered in Skyward. In addition the attendance administrator team will continue to provide training to Attendance Clerks, Data Clerks, and Campus Administrators responsible for attendance. The team will participate in the District’s annual records management training to ensure all campus personnel can understand proper attendance documentation and storage. The attendance administrator team will implement an audit of attendance records for all campuses.

Responsible Party: Executive Director of Student Services.

Estimated Completion: August 31, 2017.