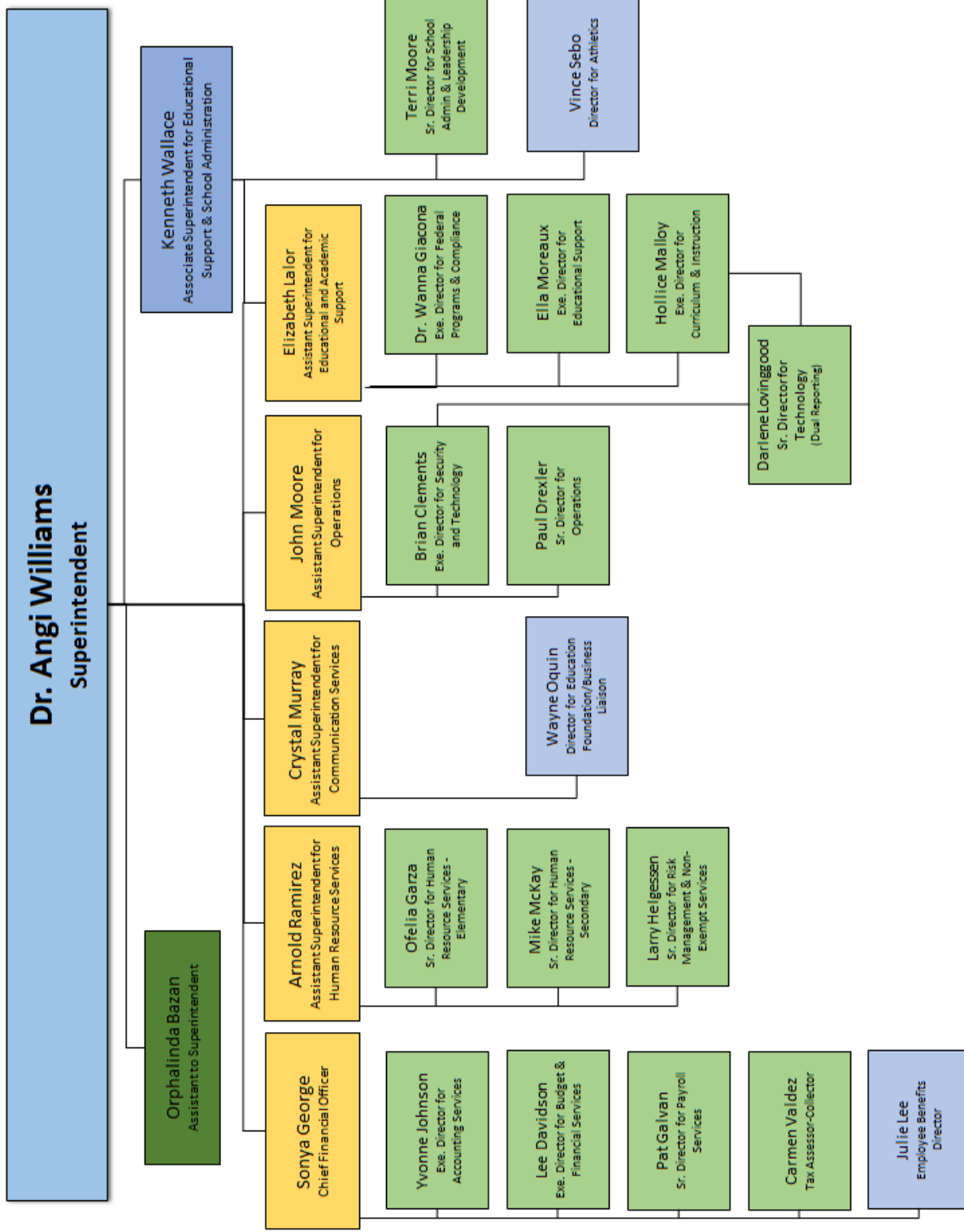


GALENA PARK INDEPENDENT SCHOOL DISTRICT ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Galena Park
Independent School District
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2013

Executive Director/CEO

GALENA PARK INDEPENDENT SCHOOL DISTRICT ORGANIZATIONAL CHART

Association of School Business Officials International



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

Galena Park Independent School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended August 31, 2013*

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



Terrie S. Simmons, RSBA, CSBO
President

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
Galena Park Independent School District
Galena Park, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Galena Park Independent School District (the "District") as of and for the year ended August 31, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit includes 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 financial statement presentation.

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of August 31, 2014. In addition, the District changed its method for accounting for prepaid items. Our opinion is not modified with respect to these matters.

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 7 through 15 and the Budgetary Comparison Schedule on page pages 51 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information (as described in the accompanying table of contents) and the other information, such as the introductory and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information (as described in the accompanying table of contents) is the responsibility of management and was derived from and relates 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, based on our audit, the procedures performed as described above, the other supplementary information (as described in the accompanying table of contents) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Trustees
Galena Park Independent School District

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Houston, Texas
December 17, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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GALENA PARK INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Galena Park Independent School District (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, 2014.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities at the close of the most recent fiscal year by \$121,218,912 (net position). Of this amount, \$57,092,596 (unrestricted net position) may be used to meet the District's ongoing obligations to students and creditors.
- The District's total net position increased by \$21,047,168.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$116,769,663, an increase of \$22,795,662 in comparison with the prior year. The increase in governmental fund balances was primarily due to the increase in the general fund and debt service fund balances of \$22,534,470 and \$1,101,333, respectively.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$37,350,825, or 21 percent of total general fund expenditures.
- The District's total bonded debt decreased by \$10,528,062 (5 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and 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, deferred outflows of resources and liabilities, with the difference reported as *net position*. 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 showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

GALENA PARK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Facilities Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Bond Issuance Costs and Fees, Facilities Acquisition and Construction, and Payments to Appraisal Districts.

The government-wide financial statements can be found on pages 18 through 19 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 District'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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains twenty-two individual governmental 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 and debt service fund, all of which are considered to be major funds. Data from the other twenty governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service fund, and Child Nutrition special revenue fund.

The basic governmental fund financial statements can be found on pages 20 through 23 of this report.

GALENA PARK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Proprietary Fund

The District maintains an internal service fund, one type of proprietary fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. The District uses an internal service fund to account for its print shop copier services. Because this service predominantly benefits governmental functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The internal service fund financial statements provide separate information for the print shop.

The basic proprietary fund financial statements can be found on pages 24 through 26 of this report.

Fiduciary Fund

The fiduciary funds are used to account for resources held for the benefit of students. The fiduciary fund is *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The Agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operation. In addition, the District's private - purpose trust fund reports a trust arrangement under which principal and income benefit individuals.

The basic fiduciary fund financial statement can be found on pages 27 through 28 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 through 47 of this report.

Required Supplementary 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. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the general fund is presented as required supplementary information. The required supplementary information can be found on pages 50 through 51 of this report.

Other Information

The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information and can be found on pages 56 through 70 of this report.

GALENA PARK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by at the close of the most recent fiscal year.

The District's investment in capital assets (e.g., capitalized bond and debt issuance costs, land, buildings and improvements, furniture and equipment, construction in progress), less any outstanding related debt used to acquire those assets totaled \$50,303,111. 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 its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Galena Park Independent School District's Net Position

	2014	2013, Restated
Current and other assets	\$ 131,448,731	\$ 107,746,123
Capital assets	250,939,169	259,092,422
Total Assets	<u>382,387,900</u>	<u>366,838,545</u>
Deferred Outflows of Resources		
Deferred Loss on Refunding	2,418,958	2,028,562
Total Deferred Outflows of Resources	<u>2,418,958</u>	<u>2,028,562</u>
Current liabilities	6,700,545	7,617,655
Long term liabilities	256,887,401	264,352,725
Total Liabilities	<u>263,587,946</u>	<u>271,970,380</u>
Net Position:		
Net investment in capital assets	50,303,111	48,447,172
Restricted	13,823,205	14,851,584
Unrestricted	57,092,596	33,597,971
Total Net Position	<u>\$ 121,218,912</u>	<u>\$ 96,896,727</u>

Net position \$13,823,205 is restricted for state, federal and local programs, debt service and campus activities. The remaining balance of *unrestricted net position* (\$57,092,596) may be used to meet the District's ongoing obligations to students and creditors. The District's net position by during the current fiscal year primarily due to the increase in property tax and state aid revenues.

GALENA PARK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Galena Park Independent School District's Changes in Net Position

	2014	2013, Restated
Program Revenues		
Charges for services	\$ 5,106,726	\$ 4,258,050
Operating grants	36,638,833	33,165,174
General Revenues		
Property taxes	101,858,021	96,263,557
State aid	104,724,697	103,793,652
Grants and contributions not restricted	86,213	7,039
Interest earnings	167,415	177,448
Other	266,551	264,545
Total Revenues	248,848,456	237,929,465
Expenses		
Instruction	113,536,472	109,987,706
Instructional resources and media services	2,543,759	2,287,463
Curriculum and instructional staff development	4,785,800	4,482,176
Instructional leadership	5,158,621	4,903,977
School leadership	11,686,374	9,893,329
Guidance, counseling, and evaluation services	5,967,337	5,941,390
Social work services	581,864	468,203
Health services	1,696,559	1,612,708
Student transportation	5,442,835	5,436,683
Food services	13,828,395	13,033,476
Extracurricular activities	4,784,559	4,115,658
General administration	6,990,616	6,412,028
Facilities, maintenance and operations	27,857,900	24,590,808
Security and monitoring services	2,778,838	2,283,366
Data processing services	2,516,556	2,431,715
Community services	1,427,226	1,408,790
Interest on long-term debt	11,978,110	12,742,302
Facilities repairs and maintenance	199,646	298,375
Payments to appraisal districts	764,804	721,839
Total Expenses	224,526,271	213,051,992
Increase (Decrease) in Net Position	24,322,185	24,877,473
Beginning Net Position, as restated	96,896,727	72,019,254
Ending Net Position	\$ 121,218,912	\$ 96,896,727

GALENA PARK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental Activities

Governmental activities the District's net position by . Key elements of this are as follows:

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling (\$141,449,743) represent 57 percent of total revenues and property taxes (\$101,858,021) represent of total revenues. The remaining \$5,540,692 is generated from charges for services, investment earnings, and miscellaneous revenues. Property tax revenues increased by approximately \$5.6 million due to higher appraised tax values. In addition, State aid increased by \$4.8 million.

The primary functional expense of the District is instruction (\$113,536,472), which represents 51 percent of total expenses. Facilities maintenance and operations (\$27,857,900) represents 12 percent of total expenses. Food services (\$13,828,395) represents 6 percent of total expenses. The remaining individual functional categories of expenses are each less than 6 percent of total expenses.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$116,769,663, an increase of \$22,795,662 in comparison with the prior year. The increase in ending governmental fund balances is primarily due to increases in the general fund and debt service fund.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$37,350,825, while total fund balance reached \$100,045,703. As a measure of the general fund's liquidity, it may be useful to compare both unassigned, fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 21 percent of total general fund expenditures, while total fund balance represents 57 percent of that same amount.

The increase in the General Fund's fund balance of \$22,534,470 was primarily due to the increase in property taxes and state funding.

The debt service fund has a total fund balance of \$10,043,759, all of which is restricted for the payment of debt service. The net increase in the debt service fund balance during the current year of \$1,101,033 was attributable to the issuance of refunding bonds and higher property taxes.

GALENA PARK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Proprietary Fund

The District's proprietary fund financial statement, internal service printing services, provides detail information about the profitability of the Print Shop Fund. At the end of the year, net position was \$96,286, an increase of \$31,367 compared to the prior year. The net change in fund's position is eliminated and allocated to the governmental expenses in the government-wide financial statements.

General Fund Budgetary Highlights

Actual expenditures were \$9.0 million below final budgeted amounts. The positive variance was primarily due to the positive variances in instruction and facilities maintenance and operations of \$3.3 million and \$1.7 million, respectively. To provide further analysis, payroll costs were lower than anticipated which allowed the district to come under budget by approximately \$1.6 million. The District's supplies expenditures were also lower than expected by approximately \$1.3 million.

Resources available were \$4.3 million over the final budgeted amounts. This favorable variance was due to higher actual revenues than final expenditures in local, state and federal revenue categories of \$1.5 million, \$1.2 million and \$1.6 million, respectively. In regards to federal revenues specifically, School Health and Related Services revenue exceeded expected amounts by approximately \$0.8 million. State aid earned was more than budgeted by \$1.0 million. Indirect costs for the Child Nutrition fund in the amount of \$0.5 million also contributed to the positive variance. The review of the final amended budget versus actual for the general fund reflected a positive budget variance in the amount of \$11.5 million, thus eliminating the need to draw upon existing fund balances.

Capital Assets and Long-term Liabilities

Capital Assets

The District's investment in capital assets for its governmental type activities as of August 31, 2014, amounts to \$250,939,169 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$8,153,253. Changes in capital assets are shown below:

Galena Park Independent School District's Capital Assets

	Balance September 1, 2013	Additions	Retirements and Transfers	Balance August 31, 2014
Land	\$ 13,519,235	\$ 31,364	\$ -	\$ 13,550,599
Building and improvements	340,745,985	2,030,601		342,776,586
Furniture and equipment	41,330,892	432,978	(1,506,867)	40,257,003
Vehicles	9,459,724	964,915	(244,097)	10,180,542
	<u>405,055,836</u>	<u>3,459,858</u>	<u>(1,750,964)</u>	<u>406,764,730</u>
Less accumulated depreciation for:				
Buildings and improvements	(114,258,455)	(8,439,560)	-	(122,698,015)
Furniture and equipment	(25,263,225)	(2,486,838)	1,384,486	(26,365,577)
Vehicle	(6,441,734)	(564,332)	244,097	(6,761,969)
	<u>(145,963,414)</u>	<u>(11,490,730)</u>	<u>1,628,583</u>	<u>(155,825,561)</u>
Governmental Capital Assets	<u>\$ 259,092,422</u>	<u>\$ (8,030,872)</u>	<u>\$ (122,381)</u>	<u>\$ 250,939,169</u>

Additional information on the District's capital assets can be found in Note 4 on pages 39 through 40 of the notes to the financial statements.

GALENA PARK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Long-term Liabilities

At the end of the current fiscal year, the District had \$256,887,401 in bonded debt outstanding, a decrease of \$7,465,324 over the previous year. The District's bonds are sold with a "AAA" rating and are guaranteed through the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy. The underlying rating of the bonds from Standard and Poor's is "A+" and from Moody's Investors Service is "Aa2" for general obligation debt.

Changes to long-term debt, for the year ended August 31, 2014 are as follows:

Galena Park Independent School District's Long-term Liabilities

	Balance September 1 , 2013	Additions	Retirements	Balance August 31, 2014
General obligation bonds	\$ 205,045,213	\$ 8,970,000	\$ (18,766,543)	\$ 195,248,670
Plus amounts for issuance premiums	6,493,751	441,141	(981,787)	5,953,105
Qualified zone academy bonds	3,574,390	-	(731,519)	2,842,871
Accreted interest on premium compound interest bonds	48,670,003	5,413,734	(2,393,457)	51,690,280
Accrued compensated absences	569,368	662,748	(79,641)	1,152,475
	<u>\$ 264,352,725</u>	<u>\$ 15,487,623</u>	<u>\$ (22,952,947)</u>	<u>\$ 256,887,401</u>

Additional information on the District's long-term liabilities can be found in Note 6 on pages 41 through 43 of the notes to the financial statements.

Economic Factors and Next Year's Budgets and Tax Rates

The District's Board of Trustees and Administrators considered a variety of factors when adopting the budget for the 2014-15 fiscal year. Those factors include property values, enrollment trends, state funding, the economy, and legislative mandates. The following assumptions were taken into account when adopting the general operating budget for 2014-15.

- Adoption of an M & O tax rate of \$1.2433 per \$100 of assessed valuation.
- Taxable values used for the 2014-15 budget are expected to increase by 11% from the 2013-14 levels. The budgeted property tax revenues were based on a taxable value of \$6.7 billion with a 100.0% collection rate.
- The district's 2014-15 average daily attendance is estimated at 20,300.

State Funding available for appropriation in the 2014-15 budget increased due to changes in the Foundation School Program funding formulas. The formula changes were included in Senate Bill 1 passed during the recent 83rd Legislative session. The bill reinstated a portion of the state funding for Texas public schools reduced during a prior state legislative session. A portion of the state funding increase for 2014-15 is one time funding related to the establishment of new Teacher Retirement System payroll taxes. In future years, the District will be responsible to fully fund the new tax.

With voter approval from a tax ratification election held in December 2007 the tax rate increased from \$1.1134 to \$1.1834 per \$100 valuation. A second successful tax ratification election in September 2012 increased the tax rate an additional .5999 cents for a total rate of \$1.2433. Both of the successful elections and resulting tax rate increases generate additional property tax revenue and maximize the amount of state aid the district can receive utilizing the current state funding formulas. The additional funds generated from these elections continue to help the district in meeting ongoing financial needs.

GALENA PARK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Amounts available for appropriation in the general fund are \$191.2 million, an increase of \$15.9 million from the previous year. Expenditures are budgeted to increase 7.7% to \$190.2 million. The majority of the increase in budgeted expenditures was to fund a salary increase for teachers and other staff.

All of these factors were considered in preparing the district's budget for the 2014-2015 fiscal year. If these estimates are realized, the District's General Fund fund balance will increase by \$1 million by August 31, 2015.

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BASIC FINANCIAL STATEMENTS

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

August 31, 2014

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and cash equivalents	\$ 108,695,814
1225	Property taxes receivables, net	8,337,969
1240	Due from other governments	13,002,623
1267	Due from fiduciary funds	49,223
1290	Other receivables, net	727,041
1300	Inventories	635,561
1490	Other current assets	500
	Capital assets not subject to depreciation:	
1510	Land	13,550,599
	Capital assets net of depreciation:	
1520	Buildings and improvements, net	220,078,571
1531	Vehicles, net	3,418,573
1530	Furniture and equipment, net	13,891,426
1000	Total Assets	382,387,900
	Deferred Outflows of Resources	
1700	Deferred loss on refunding	2,418,958
	Total Deferred Outflows of Resources	2,418,958
	Liabilities	
2110	Accounts payable	2,683,592
2140	Interest payable	455,731
2150	Payroll deductions and withholdings	831,583
2160	Accrued wages payable	2,585,681
2180	Due to other governments	5,495
2300	Unearned revenue	138,463
	Noncurrent Liabilities:	
2501	Due within one year	13,540,500
2502	Due in more than one year	243,346,901
2000	Total Liabilities	263,587,946
	Net Position	
3200	Net investment in capital assets	50,303,111
	Restricted for:	
3820	Federal and state programs	18,666
3840	Food service	4,037,135
3850	Debt service	9,767,404
3900	Unrestricted	57,092,596
3000	Total Net Position	\$ 121,218,912

See Notes to the Financial Statements

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2014

Data Control Codes	Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	Primary
					Governmental Activities
	Governmental activities:				
11	Instruction	\$ 113,536,472	\$ 1,055,658	\$ 15,077,816	\$ (97,402,998)
12	Instructional resources and media services	2,543,759	-	136,750	(2,407,009)
13	Curriculum and instructional staff development	4,785,800	-	2,687,844	(2,097,956)
21	Instructional leadership	5,158,621	-	1,275,797	(3,882,824)
23	School leadership	11,686,374	126,835	654,480	(10,905,059)
31	Guidance, counseling, and evaluation services	5,967,337	-	770,443	(5,196,894)
32	Social work services	581,864	-	136,751	(445,113)
33	Health services	1,696,559	-	1,860,724	164,165
34	Student transportation	5,442,835	-	314,189	(5,128,646)
35	Food services	13,828,395	2,748,933	10,640,800	(438,662)
36	Extracurricular activities	4,784,559	882,036	103,684	(3,798,839)
41	General administration	6,990,616	-	412,729	(6,577,887)
51	Facilities maintenance and operations	27,857,900	293,264	1,703,347	(25,861,289)
52	Security and monitoring services	2,778,838	-	80,714	(2,698,124)
53	Data processing services	2,516,556	-	97,075	(2,419,481)
61	Community services	1,427,226	-	677,713	(749,513)
72	Interest on long-term debt	11,978,110	-	-	(11,978,110)
81	Facilities repairs and maintenance	199,646	-	7,977	(191,669)
99	Payments to Appraisal District	764,804	-	-	(764,804)
TG	Total governmental activities	<u>\$ 224,526,271</u>	<u>\$ 5,106,726</u>	<u>\$ 36,638,833</u>	<u>\$ (182,780,712)</u>

Data Control Codes

General revenues:

	Taxes:	
MT	Property taxes, levied for general purposes	\$ 83,738,567
DT	Property taxes, levied for debt service	18,119,454
SF	State-aid formula grants	104,724,697
GC	Grants and contributions not restricted	86,213
IE	Investment earnings	167,415
MI	Miscellaneous	266,551
TR	Total general revenues	<u>207,102,897</u>
CN	Change in net position	24,322,185
NB	Net position - beginning	100,171,744
PA	Prior period adjustments	(3,275,017)
NE	Net position - ending	<u>\$ 121,218,912</u>

See Notes to the Financial Statements

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

BALANCE SHEET

GOVERNMENTAL FUNDS

August 31, 2014

Data Control Codes	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
1110 Cash and temporary investments	\$ 91,532,916	\$ 9,890,039	\$ 7,155,092	\$ 108,578,047
Receivables:				
1220 Delinquent property taxes receivables	8,266,809	1,500,365	-	9,767,174
1230 Allowance for uncollectible taxes (credit)	(1,227,705)	(201,500)	-	(1,429,205)
1240 Receivables from other governments	11,217,897	132,827	1,651,899	13,002,623
1260 Due from other funds	4,698,686	24,076	906,190	5,628,952
1290 Other receivables	715,871	-	11,170	727,041
1300 Inventories, at cost	307,509	-	328,052	635,561
1490 Other current assets	500	-	-	500
1000 Total Assets	\$ 115,512,483	\$ 11,345,807	\$ 10,052,403	\$ 136,910,693
Liabilities and Fund Balance				
Liabilities:				
2110 Accounts payable	\$ 2,622,766	\$ -	\$ 60,826	\$ 2,683,592
2140 Interest payable				
2150 Payroll deductions and withholdings	831,583	-	-	831,583
2160 Accrued wages payable	2,353,378	-	230,781	2,584,159
2170 Due to other funds	2,606,753	549	2,952,468	5,559,770
2180 Payable to other governments	2,861	2,634	-	5,495
2300 Unearned revenue	10,336	-	128,127	138,463
2000 Total Liabilities	8,427,677	3,183	3,372,202	11,803,062
Deferred Inflows of Resources				
2600 Unavailable revenue - property taxes	7,039,103	1,298,865	-	8,337,968
Total Deferred Inflows of Resources	7,039,103	1,298,865	-	8,337,968
Fund Balance:				
Nonspendable:				
3410 Inventories	307,509	-	328,052	635,561
Restricted				
3450 Grants	-	-	3,711,542	3,711,542
3470 Capital acquisition program	-	-	1,535,331	1,535,331
3480 Debt service	-	10,043,759	-	10,043,759
Committed				
3545 Campus activity	-	-	1,105,276	1,105,276
3590 Assigned	62,387,369	-	-	62,387,369
3600 Unassigned	37,350,825	-	-	37,350,825
3000 Total Fund Balances	100,045,703	10,043,759	6,680,201	116,769,663
4000 Total Liabilities and Fund Balance	\$ 115,512,483	\$ 11,345,807	\$ 10,052,403	\$ 136,910,693

See Notes to the Financial Statements.

GALENA PARK INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO
STATEMENT OF NET POSITION
August 31, 2014

Exhibit C-2

Data Control Codes		
	Total fund balance, governmental funds	\$ 116,769,663
	Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
1	Capital assets at historical cost, net of accumulated depreciation, where applicable	250,939,169
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).	8,337,968
3	Deferred loss on refunding	2,418,958
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds.	
	Long-term liabilities at year end consist of:	
4	General obligation bonds	(198,091,541)
5	Premiums on issuance	(5,953,105)
6	Accreted interest on premium compound interest bonds	(51,690,280)
7	Accrued compensated absences	(1,152,475)
8	Accrued interest payable	(455,731)
9	Addition of Internal Service fund net position	<u>96,286</u>
19	Total net position - governmental activities	<u><u>\$ 121,218,912</u></u>

See Notes to the Financial Statements.

GALENA PARK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2014

Exhibit C-3

Data Control Codes		General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
5700	Local, intermediate, and out-of-state	\$ 85,268,539	\$ 18,153,055	\$ 4,123,520	\$ 107,545,114
5800	State program revenues	110,152,379	2,553,951	2,932,348	115,638,678
5900	Federal program revenues	3,153,115	-	22,510,423	25,663,538
5020	Total revenues	198,574,033	20,707,006	29,566,291	248,847,330
Expenditures					
Current:					
0011	Instruction	98,366,382	-	9,869,961	108,236,343
0012	Instructional resources and media services	2,240,835	-	56,531	2,297,366
0013	Curriculum and instructional staff development	2,226,499	-	2,515,376	4,741,875
0021	Instructional leadership	3,974,785	-	1,065,466	5,040,251
0023	School leadership	11,316,964	-	178,630	11,495,594
0031	Guidance, counseling and evaluation services	5,455,701	-	444,440	5,900,141
0032	Social work services	460,278	-	118,255	578,533
0033	Health services	1,528,417	-	125,162	1,653,579
0034	Student transportation	5,630,953	-	74,925	5,705,878
0035	Food services	-	-	13,146,607	13,146,607
0036	Extracurricular activities	3,425,082	-	773,548	4,198,630
0041	General administration	6,693,818	-	130,188	6,824,006
0051	Facilities maintenance and operations	25,294,743	-	1,151,049	26,445,792
0052	Security and monitoring services	2,746,767	-	92,346	2,839,113
0053	Data processing services	2,271,575	-	295	2,271,870
0061	Community services	734,704	-	673,628	1,408,332
Debt service:					
0071	Principal on long-term debt	731,519	9,796,543	-	10,528,062
0072	Interest on long-term debt	62,400	9,809,130	-	9,871,530
0073	Bond issuance costs and fees	2,888	169,710	-	172,598
Capital outlay:					
0081	Facilities acquisition and construction expenditures	288,154	-	6,300	294,454
Intergovernmental:					
0099	Payments to appraisal district	764,804	-	-	764,804
6030	Total Expenditures	174,217,268	19,775,383	30,422,707	224,415,358
1100	Excess (deficiency) of revenues over expenditures	24,356,765	931,623	(856,416)	24,431,972
Other Financing Sources (Uses)					
7911	Refunding bonds issued	-	8,970,000	-	8,970,000
7912	Sale of real or personal property	38,958	-	2,848	41,806
7915	Transfers in	-	-	13,427	13,427
7916	Premium or discount on issuance of bonds	-	986,842	-	986,842
8911	Transfers out	(13,427)	-	-	(13,427)
8949	Payment to bond refunding escrow agent	-	(9,787,132)	-	(9,787,132)
7080	Total other financing sources and uses	25,531	169,710	16,275	211,516
1200	Net change in fund balances	24,382,296	1,101,333	(840,141)	24,643,488
0100	Fund Balance - beginning	77,511,233	8,942,426	7,520,342	93,974,001
1300	Prior period adjustment	(1,847,826)	-	-	(1,847,826)
3000	Fund Balance - ending	\$ 100,045,703	\$ 10,043,759	\$ 6,680,201	\$ 116,769,663

See Notes to the Financial Statements.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit C-4

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

For the Year Ended August 31, 2014

<u>Data Control Codes</u>		
	Net change in fund balances - total governmental funds (from C-3)	\$ 24,643,488
	Amounts reported for governmental activities in the statement of activities (B-1) are different because:	
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
1	Governmental funds capital outlay	3,459,858
2	Governmental activities depreciation expense	(11,490,730)
3	Governmental funds report the entire sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus the change in net position differs from the change in fund balance by the book value of the assets sold and disposed. The District disposed of certain assets that resulted in a loss.	(122,381)
4	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(40,680)
5	Repayment of bond principal of \$10,528,062 is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position. The District also refunded \$8,970,000 in bonds. This payment was made to the bond refunding escrow agent.	19,498,062
6	Proceeds from issuance of refunding bonds is reported as an other financing source (\$8,970,000) in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities. The premium (\$441,141) and deferred loss on refundings (\$771,305) associated with the issuance is treated as a deferred outflow of resources.	(8,594,009)
	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
7	Decrease in interest payable not recognized in fund statements	(14,457)
8	Increase in long-term portion of accrued compensated absences	(583,107)
9	Accreted interest on capital appreciation bonds, which includes its related premium of \$545,701	(5,413,734)
10	Amortization of premiums, deferred loss on refunding	555,051
11	Capital appreciation bonds matured and related accreted interest	2,393,457
12	Internal service funds are used by management to charge the costs of certain activities, such as Copy Center, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental funds. (see D-2)	<u>31,367</u>
	Change in net position of governmental activities (see B-1)	<u><u>\$ 24,322,185</u></u>

See Notes to the Financial Statements.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit D-1

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

August 31, 2014

<u>Data Control Codes</u>		<u>Governmental Activities</u>
		<u>Internal Service Fund</u>
	Assets	
	Current Assets:	
1110	Cash and cash equivalents	\$ 117,767
	Total current assets	<u>117,767</u>
	 Liabilities	
	Current Liabilities:	
2160	Accrued wages payable	1,522
2170	Due to other funds	19,959
	Total current liabilities	<u>21,481</u>
2000	Total Liabilities	<u>21,481</u>
	 Net Position	
3800	Unrestricted net position	<u>\$ 96,286</u>

See Notes to the Financial Statements.

GALENA PARK INDEPENDENT SCHOOL DISTRICT*Exhibit D-2***STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION****PROPRIETARY FUNDS***For the Year Ended August 31, 2014*

Data Control Codes		Governmental Activities
		Internal Service Fund
	Operating Revenues	
5749	Miscellaneous revenue from local sources	\$ 293,063
5020	Total Operating Revenues	<u>293,063</u>
	Operating Expenses	
6100	Payroll costs	65,480
6200	Purchased and contracted services	152,884
6300	Supplies and materials	<u>43,332</u>
6030	Total Operating Expenses	<u>261,696</u>
1200	Operating Income (Loss)	31,367
	Net Position	
0100	Net Position - September 1 (Beginning)	<u>64,919</u>
3300	Net Position - August 31 (Ending)	<u>\$ 96,286</u>

See Notes to the Financial Statements.

GALENA PARK INDEPENDENT SCHOOL DISTRICT*Exhibit D-3***STATEMENT OF CASH FLOWS****PROPRIETARY FUNDS***Year Ended August 31, 2014*

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 293,063
Cash payments to suppliers for goods and services	(216,221)
Cash payments to employees	(65,438)
Net Cash Provided by Operating Activities	<u>11,404</u>
Net Increase in Cash and Cash Equivalents	11,404
Cash and Cash Equivalents at Beginning of Year	<u>106,363</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 117,767</u></u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income	\$ 31,367
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Change in Assets and Liabilities:	
Increase (decrease) in Accounts Payable	(28,920)
Increase (increase) in Accrued Wages Payable	42
Increase (increase) in Interfund Payables	<u>8,915</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ 11,404</u></u>

See Notes to the Financial Statements.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit E-1

STATEMENT OF FIDUCIARY NET POSITION

August 31, 2014

<u>Data Control Codes</u>		<u>Private Purpose Trust Fund</u>	<u>Student Activity Fund</u>
	Assets		
1110	Cash and cash equivalents	\$ 120,687	\$ 374,658
	Receivables:		
1260	Due from other Funds	-	3,598
1290	Other receivables	-	226
1000	Total Assets	<u>120,687</u>	<u>\$ 378,482</u>
	Liabilities		
2110	Accounts payable	531	\$ 2,018
2170	Due to other funds	7,750	45,071
2190	Due to student groups	-	331,393
2000	Total Liabilities	<u>8,281</u>	<u>\$ 378,482</u>
	Net Postion		
3590	Held In Trust for Other Purposes	<u>\$ 112,406</u>	

See Notes to the Financial Statements.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended August 31, 2014

	Private Purpose Trust Fund
Additions	
Gifts and contributions	\$ 57,093
Earnings on investments	235
Total Additions	<u>57,328</u>
Deductions	
Scholarships awarded	<u>31,500</u>
Total deductions	<u>31,500</u>
Change in net position	25,828
Net position, beginning of year	<u>86,578</u>
Net position, end of year	<u><u>\$ 112,406</u></u>

See Notes to the Financial Statements.

Note 1 - Summary of Significant Accounting Policies

The Galena Park Independent School District (the “District”) is an independent public educational agency operating under applicable laws and regulations of the State of Texas. The District is autonomously governed by a seven member Board of Trustees elected by the District’s residents.

The District prepares its basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement of Auditing Standards No. 69* of the American Institute of Certified Public Accountants. Additionally, the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA) *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

Reporting Entity

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the District’s financial reporting entity. Based on these considerations, the District’s basic financial statements do not include any other entities. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the District’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District’s financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include: considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Note 1 - Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District's fiduciary funds include both agency funds and private-purpose trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds use the accrual basis of accounting to recognize receivables and payables. Private-purpose trust funds employ the same economic resources measurement focus and accrual basis of accounting as do proprietary funds.

Governmental fund financial statements are reported using 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, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, the District reports the following fund types:

- The *special revenue funds* are used to account for resources restricted to, or committed for specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of the specified project periods. With respect to the food service and campus activity funds, funds are rolled over from year to year for use in the program.

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

- The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- The *internal service funds* account for print shop services.
- The *private-purpose trust fund* is used to account for donations for scholarship funds that are received by the District that are to be awarded to current and former students for post-secondary education purposes.
- The *agency fund* is used to account for assets held by the District as an agent for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operation.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to students or users for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and investment income.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to the funds for print shop services. Operating expenses for the internal service fund include the cost of services and administrative expenses. 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 District's policy to use restricted resources first, then unrestricted resources as they are needed.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, investment pools, (TexPool, Lone Star and LOGIC), money market funds. These external pools operate like a "2a7" pool and these investments are carried at amortized cost in accordance with GASB 31.

Investments for the District are reported at fair value based on quoted market prices at August 31, 2014. The investment pools operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares.

Note 1 - Summary of Significant Accounting Policies (continued)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property tax receivables include unpaid property taxes at year-end along with penalties and interest assessed on these unpaid taxes, and are shown net of an allowance for uncollectible taxes. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements. Property values are determined by the Harris County Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

The tax rates applicable to the maintenance and operation and debt service for 2013-2014 were \$1.24330 and \$0.27010, respectively, based on a taxable value of \$6,748,726,082. Uncollected taxes are recorded as unavailable revenue in the fund financial statements net of the related allowance for uncollectible taxes.

Inventories and Prepaid Items

Inventories consisting of supplies and materials are valued at weighted average cost and they include maintenance, transportation, office and instructional supplies, and food service commodities. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Food service commodity inventory is recorded at fair market value on the date received. Commodities are recognized as revenues in the period received when all the eligibility requirements are met. Commodity inventory items are recorded as expenditures when distributed to user locations. A portion of fund balance is considered non-spendable to reflect minimum inventory quantities considered necessary for the District's continuing operations.

Beginning with 2014, the District no longer uses the consumption method as it relates to prepaid items. The District has opted to use the purchase method and in accordance with GAAP, prepaid items are not required to be recorded on the District's balance sheet.

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, furniture and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. The District's infrastructure includes parking lots and roads associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost that equals or exceeds \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Note 1 - Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40 years
Furniture, fixtures and equipment	10 years
Vehicles	10 years

Compensated Absences

The District has a vacation pay policy for non-contractual employees (administration and other full-time employees) whereby eligible employees shall receive vacation pay from one to fifteen days, dependent upon the number of years of service, after the completion of a year's service in the District. All vacation days must be used during the year and unused vacation pay cannot be carried over to future periods.

The District's sick leave policy is coordinated with a state mandated sick leave policy whereby substantially all full-time teaching and paraprofessional employees receive up to twelve days sick leave per year. State sick leave days accrue at the rate of five per year without limit to accumulation. The unused balance may be transferred to another District within the Texas public school system. All state sick leave days must be used prior to retirement from the Texas public school system to receive the benefit. The District pays for all state sick leave days used.

Additional local sick leave of up to seven days per year accrues to employees eligible to receive state mandated sick days. All employees not eligible for state mandated sick days may receive up to twelve days of local sick leave. Local sick leave may be accrued without limitation; however, the District does not pay accumulated local sick leave upon termination with the District. Employees are eligible to receive local sick leave upon qualified retirement from the District, dependent upon the number of years of service with the District. Upon retirement, under an eligible retirement plan, an employee is eligible for reimbursement of accrued local sick leave based on the following schedule:

<u>Years of Service</u>	<u>Salary Service Reimbursed</u>	<u>Maximum Reimbursement</u>
Less than 20	\$100/day for up to 50 local days	\$5,000
20-30	\$100/day for up to 75 local days	\$7,500
31-35	\$100/day for up to 100 local days	\$10,000
Over 35	\$100/day for up to 175 local days	\$17,500

Note 1 - Summary of Significant Accounting Policies (continued)

Long-term Obligations

The District's long-term obligations consist of bond indebtedness and compensated absences. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for compensated absences and Qualified Zone Academy Bonds are liquidated in the general fund.

Fund Equity

Beginning with fiscal year 2011, Galena Park Independent School District implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The Statement also clarifies the governmental fund definitions. The following fund balance classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form or are required to be maintained intact. As such, inventory has been properly classified in the Governmental Funds Balance Sheet (Exhibit C-1).

Restricted fund balance – Amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund. The District has committed 100 percent of Fund 461 Campus Activity Funds' fund balance.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. Per Board Policy, CE Local, the Board has delegated authority to the Superintendent or Chief Financial Officer to establish fund balance assignments. As of August 31, 2014, assigned fund balance is as follows:

Note 1 - Summary of Significant Accounting Policies (continued)

	General Fund
Insurance Deductibles	\$ 4,563,500
Contingency - Unanticipated Deficits or Revenue	
Reductions for Adverse Economic Conditions	26,414,779
Capital and Lifecycle Expenditures	9,200,000
Capital Expenditures - Roofing Projects	17,803,502
Campus Budget Carryover	130,588
Campus Match for Fixed Asset Replacements	275,000
Contingency Liability - Internal Revenue Service (IRS)	100,000
Technology Initiatives	3,900,000
Total Assigned Fund Balance	<u>\$ 62,387,369</u>

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund. The District strives for a minimum unassigned General Fund Balance of ten to fifteen percent of operating expenditures. In the Debt Service Fund, the District’s goal is to have a fund balance of fifteen percent of debt service expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Financial Accountability System Resource Guide. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.

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 (expense/ expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge 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. The District’s deferred loss on refunding totaled \$2,418,958.

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 only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Note 1 - Summary of Significant Accounting Policies (continued)

Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Implementation of New Standards

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

GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in re-November 30, 1989 FASB and AICPA Pronouncements* ("GASB 62"), which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements: 1) Financial Accounting Standards Board (FASB) Statements and Interpretations; 2) Accounting Principles Board Opinions; 3) Accounting Research Bulletins of the

American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. Implementation of GASB 62 is reflected in the financial statements and notes to the financial statements.

GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB 63"), amends the net asset reporting requirements in Statement No. 34 and other pronouncements by incorporating deferred outflows of the resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position rather than net assets. Implementation of GASB 63 is reflected in the financial statements.

GASB Statement 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB 65 is reflected in the financial statements.

Note 2 - Deposits and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities are approved by the Texas Education Agency and shall be 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 depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. The District's cash balance as of August 31, 2014 was properly insured and collateralized with securities held by the District's agent in the District's name.

Note 2 - Deposits and Investments (continued)

Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, collateralized mortgage obligations, no-load money market mutual funds, certain municipal securities, repurchase agreements, or investment pools.

For fiscal year 2014, the District invested in the State of Texas TexPool, Lone Star Investment Pool, and Local Government Investment Cooperative (LOGIC). TexPool is duly chartered and overseen by the State Comptroller's Office and administered by Lehman Brothers and Federated Investors, Inc. The State Street Bank is the custodial bank. The portfolio consists of U.S. T-Bills, T-Notes, collateralized repurchase and reverse repurchase agreements, and no-load money market mutual funds regulated by the Securities and Exchange Commission and rated AAA or equivalent by at least one nationally recognized rating service. The investment activities of LOGIC are administered by First Southwest Asset Management, Inc. and JPMorgan Chase.

Mutual Funds

Lone Star Corporate Overnight Plus Fund, a mutual fund, is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Public, LLC, and managed by Bank of New York Mellon and American Beacon Advisors. The Bank of New York is the custodial bank. The Corporate Overnight Plus Fund may invest in all securities authorized under the Investment Act. However, it is the Board's policy to have these additional restrictions:

- The Corporate Overnight Plus Fund shall not invest its assets in any one nongovernmental issuer in an amount that exceeds 5 percent of the total fund assets at cost.
- If an A-1 or P-1 investment is placed on the watch list with negative implications by a rating agency, the investment manager must sell the investment within one week.

At year-end, the District's cash and investments balances and the weighted average maturity of these investments were as follows:

	Fair Value	Weighted Average Maturity (Days)
Cash and deposits	\$ 5,494,080	N/A
Investments		
Local Government Investment Pools		
LOGIC	598,911	56
TexPool	2,960,951	53
Mutual Fund - Lone Star	100,137,217	49
Total Investments	<u>103,697,079</u>	49
Total Cash and Investments	<u>\$109,191,159</u>	49

Note 2 - Deposits and Investments (continued)

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 360 days, with the exception of bond proceeds that are matched to a specific cash flow; diversification; and by holding securities to maturity. In addition, the District shall not directly invest in an individual security maturing more than twenty-four months from the date of purchase.

Credit Risk:

State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. As of August 31, 2014, the District's investment in TexPool was rated AAAM by Standard and Poor's. The District's investments in Lone Star Corporate Overnight Plus Fund and LOGIC were rated AAAs and AAAM, respectively, by Standard and Poor's.

Concentration of Credit Risk:

The District's investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Note 3 - Receivables

Receivables as of year-end for the District's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Property Taxes	\$ 8,266,809	\$ 1,500,365	\$ -	\$ 9,767,174
Due from other governments	11,217,897	132,827	1,651,899	13,002,623
Other	715,871	-	11,170	727,041
Gross Receivables	<u>20,200,577</u>	<u>1,633,192</u>	<u>1,663,069</u>	<u>23,496,838</u>
Less allowance for doubtful accounts	(1,227,705)	(201,500)	-	(1,429,205)
Net Total Receivables	<u><u>\$ 18,972,872</u></u>	<u><u>\$ 1,431,692</u></u>	<u><u>\$ 1,663,069</u></u>	<u><u>\$ 22,067,633</u></u>

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 only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Note 3 - Receivables (continued)

In addition, the District records unearned revenue for grant funds received in advance but not have been earned.

At the end of the current fiscal year, the District's deferred inflows related to unavailable property taxes and unearned revenues reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 7,039,103	\$ -
Delinquent property taxes receivable (Debt Service Fund)	1,298,865	-
Grant funds received prior to meeting all eligibility requirements	-	138,463
	<u>\$ 8,337,968</u>	<u>\$ 138,463</u>

Note 4 - Capital Assets

Capital asset activity for the year ended August 31, 2014, was as follows:

	<u>Balance September 1, 2013</u>	<u>Additions</u>	<u>(Retirements) and Transfers</u>	<u>Balance August 31, 2014</u>
Capital assets, not being depreciated				
Land	\$ 13,519,235	\$ 31,364	\$ -	\$ 13,550,599
Total Capital Assets, not being depreciated	<u>13,519,235</u>	<u>31,364</u>	<u>-</u>	<u>13,550,599</u>
Capital assets, being depreciated				
Buildings and improvements	340,745,985	2,030,601	-	342,776,586
Furniture and equipment	41,330,892	432,978	(1,506,867)	40,257,003
Vehicles	9,459,724	964,915	(244,097)	10,180,542
Total Capital Assets, being depreciated	<u>391,536,601</u>	<u>3,428,494</u>	<u>(1,750,964)</u>	<u>393,214,131</u>
Less accumulated depreciation for:				
Buildings and improvements	(114,258,455)	(8,439,560)	-	(122,698,015)
Furniture and Equipment	(25,263,225)	(2,486,838)	1,384,486	(26,365,577)
Vehicles	(6,441,734)	(564,332)	244,097	(6,761,969)
Total Accumulated Depreciation	<u>(145,963,414)</u>	<u>(11,490,730)</u>	<u>1,628,583</u>	<u>(155,825,561)</u>
Governmental Capital Assets	<u>\$ 259,092,422</u>	<u>\$ (8,030,872)</u>	<u>\$ (122,381)</u>	<u>\$250,939,169</u>

Note 4 - Capital Assets (continued)

Depreciation expense was charged to functions/programs of the District as follows:

<u>Function</u>	<u>Depreciation Expense</u>
11 Instruction	\$ 4,894,856
12 Instructional resources and media services	239,814
13 Curriculum and staff development	24,904
21 Instructional leadership	99,347
23 School leadership	151,873
31 Guidance, counseling and evaluation	46,877
32 Social work services	2,296
33 Health services	37,074
34 Student transportation	530,391
35 Food Services	1,149,351
36 Extracurricular activities	608,866
41 General administration	144,621
51 Facilities maintenance and operations	2,989,701
52 Security and monitoring services	92,873
53 Data processing services	463,802
61 Community services	14,084
	<u>\$ 11,490,730</u>

Note 5 - Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll, warehouse ordering and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Activity between the debt service fund and the capital projects fund results primarily from the capital projects fund interest earnings that are used for debt service payments. Additionally, some lending/borrowing may occur between two or more non-major governmental funds.

The composition of interfund balances as of August 31, 2014, is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 4,698,686	\$ 2,606,753
Debt Service Fund	24,076	549
Nonmajor Funds	906,190	2,952,468
Internal Service Fund	-	19,959
Fiduciary Funds	3,598	52,821
	<u>\$ 5,632,550</u>	<u>\$ 5,632,550</u>

Note 5 - Interfund Receivables, Payables, and Transfers (continued)

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” The following is a summary of the District’s transfers for the year ended August 31, 2014:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Other nonmajor funds	\$ 13,427
		<u>\$ 13,427</u>

The General Fund transferred funds to Fund 461 to cover some of the excess expenditures over revenues.

Note 6 - Long-term Liabilities

Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2014, was as follows:

	<u>Balance September 1, 2013</u>	<u>Issued and Additions</u>	<u>Retired and Refunded</u>	<u>Balance August 31, 2014</u>	<u>Due Within One Year</u>
Bonds Payable					
General Obligation Bonds	\$ 205,045,213	\$ 8,970,000	\$ (18,766,543)	\$ 195,248,670	\$ 10,244,319
Plus: Premiums and discount on issuance of Bonds	6,493,751	441,141	(981,787)	5,953,105	-
Qualified Zone Academy Bonds	<u>3,574,390</u>	<u>-</u>	<u>(731,519)</u>	<u>2,842,871</u>	<u>731,519</u>
Total Bonds Payable	215,113,354	9,411,141	(20,479,849)	204,044,646	10,975,838
Accretion on Compound Interest Bonds	48,670,003	5,413,734	(2,393,457)	51,690,280	2,450,681
Compensated Absences	<u>569,368</u>	<u>662,748</u>	<u>(79,641)</u>	<u>1,152,475</u>	<u>113,981</u>
	<u>\$ 264,352,725</u>	<u>\$ 15,487,623</u>	<u>\$ (22,952,947)</u>	<u>\$ 256,887,401</u>	<u>\$ 13,540,500</u>

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities, buses, and to refund general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

GALENA PARK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Exhibit F-1

Note 6 - Long-term Liabilities (continued)

The following is a summary of changes in the general obligation bonds for the fiscal year:

Bond Series	Issue Amount	Interest Rate (%)	Matures	Amount Outstanding
1996 Unlimited Tax School Bldg & Refunding Bonds	\$ 40,054,475	4.40 - 6.425	2031	\$ 12,317,931
2002 Maintenance Tax Note ("QZAB")	8,000,000	0.65	2016	773,121
2002 Unlimited Tax School Bldg & Refunding Bonds	29,496,438	3.00 - 5.00	2032	16,626,438
2003 Maintenance Tax Note ("QZAB")	8,000,000	0.13	2019	2,069,752
2005 Unlimited Tax School Building Bonds	7,000,000	3.80 - 5.25	2026	1,730,000
2006 Unlimited Tax School Building Bonds	15,000,000	4.25 - 5.50	2033	7,335,000
2007 Unlimited Tax School Bldg & Refunding Bonds	68,790,870	3.62 - 4.54	2033	60,910,000
2008 Unlimited Tax School Building Bonds	18,000,000	4.50 - 5.25	2034	16,655,000
2010 Unlimited Tax School Building Bonds	17,000,000	4.00-5.00	2034	16,590,000
2011 Unlimited Tax School Building Bonds	9,250,000	2.00-4.00	2026	8,795,000
2012 Unlimited Tax Refunding Bonds	9,234,299	2.50-3.25	2032	9,234,299
2013 Unlimited Tax Refunding Bonds	9,440,000	3.0-3.75	2032	7,645,000
2013 Unlimited Tax Refunding Taxable Bonds	28,550,000	4.00-4.50	2021	28,550,000
2014 Unlimited Tax Refunding Bonds, Series 2014	8,970,000	2.0-3.25	2029	8,860,000
	Total Bonds Payable			198,091,541
	Plus: Unamortized Premiums on Issuance			5,953,105
				204,044,646
	Less: Current Portion			(10,975,838)
				<u>\$ 193,068,808</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending August 31,	Principal	Interest	Total
2015	\$ 10,975,838	\$ 7,513,248	\$ 18,489,086
2016	11,283,335	7,224,431	18,507,766
2017	10,037,460	6,462,872	16,500,332
2018	10,849,482	6,220,132	17,069,614
2019	11,155,712	5,873,686	17,029,398
2020-2024	54,284,777	22,657,091	76,941,868
2025-2029	41,129,672	12,440,118	53,569,790
2030-2034	48,375,265	7,259,122	55,634,387
	<u>198,091,541</u>	<u>\$ 75,650,700</u>	<u>\$ 273,742,241</u>
Less Current Portion	<u>10,975,838</u>		
Long Term Debt	<u>\$ 187,115,703</u>		

Note 8 - Defined Benefit Pension Plan (continued)

For the current fiscal year and each of the past two years, the District’s actual contributions were equal to 100 percent 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 expenditures. These contributions are the legal responsibility of the State.

Note 9 - Retiree Health Care

Plan Description

The Galena Park Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment 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 TRS. The statutory authority for the program is Texas Insurance Code, Chapter 1575 that 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. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

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 and active public school employee contribution rates were 1.0% and .65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at .55% for fiscal years 2014, 2013, and 2012. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than .25% or greater than .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 1.0%.

Contributions made by the State, District, and staff members, for the years ended August 31, 2014, 2013, and 2012, are as follows:

For the Year Ended August 31,	State TRS Care Contributions Made on Behalf of the District	District Required Contributions to TRS Care	Staff Members Contributions to TRS Care	Total Covered Payroll
2014	\$ 1,229,799	\$ 789,064	\$ 846,610	\$130,249,117
2013	577,829	746,663	819,934	126,628,389
2012	1,167,079	811,399	829,880	127,628,389

For the current fiscal year and each of the past two years, the District’s actual contributions were equal to 100 percent 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 expenditures. These contributions are the legal responsibility of the State.

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

The Special Revenue Funds are used to account for all federal, state and locally-funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational goals. Grants included in the Special Revenue Funds are described below.

Fund Number	Fund Name & Description
205	Head Start – funds used to promote the school readiness of low-income preschool children (ages 3-5), including children of migratory seasonal and farm workers, and infants and toddlers (birth through age 3) by enhancing their cognitive social and emotional development in learning environments that support their growth in language, literacy, mathematics, science, social and emotional functioning, creative art, physical skills and approaches to learning.
206	McKinney - Vento Homeless Education - to ensure the enrollment, attendance and success of homeless children and youth in school.
211	ESEA, Title I, Part A - Basic - supplemental service designed to accelerate the academic achievement of economically disadvantaged students, especially in the tested areas, to ensure that state standards are met on identified campuses.
212	ESEA Title I, Part C – for funds granted for programs benefiting children of migrant agriculture or agriculture-related workers and children of migrant fisherman.
224	IDEA, Part B - Formula - salaries and supplies to aid children with disabilities with low reading achievement.
225	IDEA, Part B - Preschool - aids preschool students with disabilities.
226	IDEA - Part B, High Cost Risk Pool - assists with high need students with disabilities whose direct special education and related services costs exceed \$25,000 per school year.
240	Child Nutrition Program – federal reimbursement revenues originating from the United States Department of Agriculture and fees from child and adult meals.
244	Vocational Education - Basic - funds are for the use of various vocationally-inclined students in regular, disadvantaged and disability classes.
255	ESEA, Title II, Part A - TPTR (Teacher and Principal Training and Recruiting) - supplements the professional development, retention and recruitment programs district-wide, specifically on high needs campuses.
263	ESEA, Title III, Part A - English Language Acquisition - provides additional educational opportunities to supplement programs for students of limited English proficiency and immigrant children by assisting the children to learn English and meet challenging
265	21st Century Community Learning Centers - provides after-school activities for students in elementary through high school.

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

Fund Number	Fund Name & Description
289	Various Federal Funds - supports and encourages the development of new, self-supporting, community anti-drug coalitions; early childhood summer programs, library grants and wetlands and water education.
397	Advanced Placement Incentives - enhancement of Advanced Placement programs on specific campuses based on student scores on Advanced Placement examinations.
410	Instructional Materials Allotment - provides funds to purchase instructional materials, technological equipment and technology-related services.
429	Other State Funded Special Revenue Funds - provides funds to help schools fund various programs including mentors and campus awards.
461	Campus Activity - proceeds from fundraising activities, vending sales, corporate and private donations to school-sponsored activities benefiting students and staff of the campus.
481	Other Local Grants - grants from local businesses or organizations to be used for educational activities.
486	Miscellaneous Donations – local donations used for specific education purposes as specified by the donor.

Capital Projects Fund

Fund Number	Fund Name & Description
699	Various capital project funds used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets

GALENA PARK INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NONMAJOR GOVERNMENTAL FUNDS

August 31, 2014

<u>Data Control Codes</u>	205	206	211
	Head Start Program	Support for Homeless Educ. Prog.	ESEA Title I, Part A Improving Basic Programs
Assets			
1110	\$ -	\$ -	\$ -
Receivables:			
1240	81,389	2,143	459,378
1260	-	-	384,177
1290	-	-	15
1310	-	-	-
1000 Total Assets	\$ 81,389	\$ 2,143	\$ 843,570
Liabilities and Fund Balance			
Liabilities:			
Current Liabilities:			
2110	\$ -	\$ -	\$ -
2160	17,166	-	64,379
2170	64,223	2,143	779,191
2300	-	-	-
2000 Total Liabilities	81,389	2,143	843,570
Fund Balances:			
Nonspendable			
3410	-	-	-
Restricted			
3450	-	-	-
3470	-	-	-
Committed			
3545	-	-	-
3000 Total Fund Balances	-	-	-
4000 Total Liabilities and Fund Balance	\$ 81,389	\$ 2,143	\$ 843,570

212	224	225	226	240	244
ESEA Title I, Part C	IDEA B Formula	IDEA B Preschool Grant	IDEA B- Discretionary	Child Nutrition	Vocational Ed -Basic
\$ -	\$ -	\$ -	\$ -	\$ 4,198,632	\$ -
19,612	651,458	3,251	-	257,803	-
24,591	237,081	3,092	-	2,225	-
61	-	-	-	6,664	-
-	-	-	-	328,052	-
<u>\$ 44,264</u>	<u>\$ 888,539</u>	<u>\$ 6,343</u>	<u>\$ -</u>	<u>\$ 4,793,376</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 60,826	\$ -
3,931	54,927	53	-	68,487	-
40,333	833,612	6,290	-	643,135	-
-	-	-	-	-	-
<u>44,264</u>	<u>888,539</u>	<u>6,343</u>	<u>-</u>	<u>772,448</u>	<u>-</u>
-	-	-	-	328,052	-
-	-	-	-	3,692,876	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,020,928</u>	<u>-</u>
<u>\$ 44,264</u>	<u>\$ 888,539</u>	<u>\$ 6,343</u>	<u>\$ -</u>	<u>\$ 4,793,376</u>	<u>\$ -</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2014

Data Control Codes	255	263	265
	Title II, Part A	Title III, Part A	21st Century Grant
Assets			
1110	\$ -	\$ -	\$ -
Receivables:			
1240	134,770	34,759	7,336
1260	76,753	159,825	-
1290	-	-	-
1310	-	-	-
1000	<u>\$ 211,523</u>	<u>\$ 194,584</u>	<u>\$ 7,336</u>
Liabilities and Fund Balance			
Liabilities:			
Current Liabilities:			
2110	\$ -	\$ -	\$ -
2160	10,636	6,617	699
2170	200,887	187,967	6,637
2300	-	-	-
2000	<u>211,523</u>	<u>194,584</u>	<u>7,336</u>
Fund Balance:			
Nonspendable			
3410	-	-	-
Restricted			
3450	-	-	-
3470	-	-	-
Committed			
3545	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 211,523</u>	<u>\$ 194,584</u>	<u>\$ 7,336</u>

289	397	410	429	461	481
Various Federal Funds	Advanced Placement Incentive	Instructional Materials Allotment	State Funded Special Revenue	Campus Activity Funds	Other Local Funds
\$ -	\$ 18,682	\$ 6,612	\$ 2,643	\$ 1,159,395	\$ 118,101
-	-	-	-	-	-
-	-	-	-	17,616	830
-	-	-	-	4,430	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 18,682</u>	<u>\$ 6,612</u>	<u>\$ 2,643</u>	<u>\$ 1,181,441</u>	<u>\$ 118,931</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	3,886	-
-	-	486	-	72,279	-
-	18,682	-	2,643	-	106,391
<u>-</u>	<u>18,682</u>	<u>486</u>	<u>2,643</u>	<u>76,165</u>	<u>106,391</u>
-	-	-	-	-	-
-	-	6,126	-	-	12,540
-	-	-	-	-	-
-	-	-	-	1,105,276	-
<u>-</u>	<u>-</u>	<u>6,126</u>	<u>-</u>	<u>1,105,276</u>	<u>12,540</u>
<u>\$ -</u>	<u>\$ 18,682</u>	<u>\$ 6,612</u>	<u>\$ 2,643</u>	<u>\$ 1,181,441</u>	<u>\$ 118,931</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2014

Exhibit H-1
Page 3 of 3

Data Control Codes		486	699	Total Nonmajor Governmental Funds
		Miscellaneous Donations	Capital Projects Fund	
Assets				
1110	Cash and temporary investments	\$ 411	\$ 1,650,616	\$ 7,155,092
Receivables:				
1240	Receivables from other governments	-	-	1,651,899
1260	Due from other funds	-	-	906,190
1290	Other receivables	-	-	11,170
1310	Inventories, at cost	-	-	328,052
1000	Total Assets	<u>\$ 411</u>	<u>\$ 1,650,616</u>	<u>\$ 10,052,403</u>
Liabilites and Fund Balance				
Liabilities:				
Current Liabilities:				
2110	Accounts payable	\$ -	\$ -	\$ 60,826
2160	Accrued wages payable	-	-	230,781
2170	Due to other funds	-	115,285	2,952,468
2300	Unearned revenues	411	-	128,127
2000	Total Liabilities	<u>411</u>	<u>115,285</u>	<u>3,372,202</u>
Fund Balance:				
Nonspendable				
3410	Inventories	-	-	328,052
Restricted				
3450	Grants	-	-	3,711,542
3470	Capital acquisition program	-	1,535,331	1,535,331
Committed				
3545	Campus activity	-	-	1,105,276
3000	Total Fund Balances	<u>-</u>	<u>1,535,331</u>	<u>6,680,201</u>
4000	Total Liabilities and Fund Balance	<u>\$ 411</u>	<u>\$ 1,650,616</u>	<u>\$ 10,052,403</u>

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GALENA PARK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2014

<u>Data Control Codes</u>		205	206	211
		<u>Head Start Program</u>	<u>Support for Homeless Educ. Prog.</u>	<u>ESEA Title I, Part A Improving Basic Programs</u>
Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	725,819	87,840	4,965,415
5020	Total revenues	<u>725,819</u>	<u>87,840</u>	<u>4,965,415</u>
Expenditures				
Current:				
0011	Instruction	-	20,667	3,254,331
0012	Instruction resources and media services	-	-	10,209
0013	Curriculum and instructional staff development	-	-	925,259
0021	Instructional leadership	124,997	947	633,781
0023	School leadership	-	-	27,265
0031	Guidance, counseling and evaluation services	-	-	-
0032	Social work services	35,405	20,718	29,096
0033	Health services	58,689	-	-
0034	Student transportation	-	45,508	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	506,728	-	85,474
Capital outlay:				
0081	Facilities acquisition and construction	-	-	-
6030	Total Expenditures	<u>725,819</u>	<u>87,840</u>	<u>4,965,415</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-
Other Financing Sources (Uses)				
7912	Sale of real or personal property	-	-	-
7915	Transfers in	-	-	-
7080	Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-
0100	Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

212	224	225	226	240	244
ESEA Title I, Part C	IDEA B Formula	IDEA B Preschool Grant	IDEA B- Discretionary	Child Nutrition	Vocational Ed -Basic
\$ -	\$ -	\$ -	\$ -	\$ 2,755,038	\$ -
-	-	-	-	73,246	-
179,310	3,857,512	63,239	69,095	10,705,922	237,255
179,310	3,857,512	63,239	69,095	13,534,206	237,255
38,357	2,728,331	63,239	28,075	-	233,825
-	-	-	-	-	-
-	512,023	-	-	-	3,430
72,690	133,007	-	-	-	-
-	1,330	-	-	-	-
-	444,440	-	-	-	-
31,354	1,682	-	-	-	-
-	25,453	-	41,020	-	-
4,670	10,138	-	-	-	-
-	-	-	-	13,146,607	-
-	-	-	-	-	-
-	-	-	-	256,480	-
-	-	-	-	-	-
-	-	-	-	-	-
32,239	1,108	-	-	-	-
-	-	-	-	-	-
179,310	3,857,512	63,239	69,095	13,403,087	237,255
-	-	-	-	131,119	-
-	-	-	-	2,848	-
-	-	-	-	-	-
-	-	-	-	2,848	-
-	-	-	-	133,967	-
-	-	-	-	3,886,961	-
\$ -	\$ -	\$ -	\$ -	\$ 4,020,928	\$ -

GALENA PARK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2014

		255	263	265
Data Control Codes		Title II, Part A	Title III, Part A	21st Century Grant
Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	723,670	544,111	253,876
5020	Total revenues	<u>723,670</u>	<u>544,111</u>	<u>253,876</u>
Expenditures				
Current:				
0011	Instruction	-	205,054	168,756
0012	Instruction resources and media services	-	-	-
0013	Curriculum and instructional staff development	711,724	324,136	-
0021	Instructional leadership	11,946	2,016	84,532
0023	School leadership	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-
0032	Social work services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	12,905	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	588
Capital outlay:				
0081	Facilities acquisition and construction	-	-	-
6030	Total Expenditures	<u>723,670</u>	<u>544,111</u>	<u>253,876</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
7912	Sale of real or personal property	-	-	-
7915	Transfers in	-	-	-
7080	Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-
0100	Fund balance - September 1 (beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - August 31 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

289	397	410	429	461	481
Various Federal Funds	Advanced Placement Incentive	Instructional Materials Allotment	State Funded Special Revenue	Campus Activity Funds	Other Local Funds
\$ -	\$ -	\$ -	\$ 5,711	\$ 1,214,440	\$ 147,295
-	24,171	2,834,175	756	-	-
97,359	-	-	-	-	-
97,359	24,171	2,834,175	6,467	1,214,440	147,295
32,280	10,821	2,826,869	650	243,419	15,287
-	-	-	107	40,054	6,161
-	13,350	-	-	1,222	24,232
-	-	295	-	1,255	-
-	-	-	-	147,035	3,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,704	-
-	-	-	-	-	-
-	-	-	-	773,548	-
-	-	-	-	44,463	85,725
1,387	-	590	-	3,944	-
63,692	-	-	-	13,587	-
-	-	295	-	-	-
-	-	-	5,710	41,199	350
-	-	-	-	5,000	-
97,359	24,171	2,828,049	6,467	1,316,430	134,755
-	-	6,126	-	(101,990)	12,540
-	-	-	-	-	-
-	-	-	-	13,427	-
-	-	-	-	13,427	-
-	-	6,126	-	(88,563)	12,540
-	-	-	-	1,193,839	-
\$ -	\$ -	\$ 6,126	\$ -	\$ 1,105,276	\$ 12,540

GALENA PARK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2014

Exhibit H-2
Page 3 of 3

Data Control Codes		486	699	Total - Nonmajor Governmental Funds
		Miscellaneous Donations	Capital Projects Fund	
Revenues				
5700	Local, intermediate, and out-of-state	\$ 232	\$ 804	\$ 4,123,520
5800	State program revenues	-	-	2,932,348
5900	Federal program revenues	-	-	22,510,423
5020	Total revenues	<u>232</u>	<u>804</u>	<u>29,566,291</u>
Expenditures				
Current:				
0011	Instruction	-	-	9,869,961
0012	Instruction resources and media services	-	-	56,531
0013	Curriculum and instructional staff development	-	-	2,515,376
0021	Instructional leadership	-	-	1,065,466
0023	School leadership	-	-	178,630
0031	Guidance, counseling and evaluation services	-	-	444,440
0032	Social work services	-	-	118,255
0033	Health services	-	-	125,162
0034	Student transportation	-	-	74,925
0035	Food services	-	-	13,146,607
0036	Extracurricular activities	-	-	773,548
0041	General administration	-	-	130,188
0051	Facilities maintenance and operations	-	888,648	1,151,049
0052	Security and monitoring services	-	15,067	92,346
0053	Data processing services	-	-	295
0061	Community services	232	-	673,628
Capital outlay:				
0081	Facilities acquisition and construction	-	1,300	6,300
6030	Total Expenditures	<u>232</u>	<u>905,015</u>	<u>30,422,707</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(904,211)</u>	<u>(856,416)</u>
Other Financing Sources (Uses)				
7912	Sale of real or personal property	-	-	2,848
7915	Transfers in	-	-	13,427
7080	Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>16,275</u>
1200	Net change in fund balances	-	(904,211)	(840,141)
0100	Fund balance - September 1 (beginning)	<u>-</u>	<u>2,439,542</u>	<u>7,520,342</u>
3000	Fund balance - August 31 (ending)	<u>\$ -</u>	<u>\$ 1,535,331</u>	<u>\$ 6,680,201</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
August 31, 2014

Exhibit H-3

	Balance September 1, 2013	Additions	Deductions	Balance August 31, 2014
Assets				
Cash and Cash Equivalents	\$ 337,119	\$ 2,887,281	\$ 2,849,742	\$ 374,658
Due From Others	4,943	93,829	95,174	3,598
Other Receivables	172	972	918	226
	<u>\$ 342,234</u>	<u>\$ 2,982,082</u>	<u>\$ 2,945,834</u>	<u>\$ 378,482</u>
Liabilities				
Accounts Payable	\$ 25,600	\$ 1,030,809	\$ 1,054,391	\$ 2,018
Due to Other Funds	54,954	2,825,341	2,835,224	45,071
Due to Student Groups	261,680	1,217,487	1,147,774	331,393
	<u>\$ 342,234</u>	<u>\$ 5,073,637</u>	<u>\$ 5,037,389</u>	<u>\$ 378,482</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

For the Year Ended August 31, 2014

<u>Last Ten Fiscal Years</u>	<u>Tax Rates</u>		<u>Net Assessed/Appraised Value For School Tax Purposes</u>	<u>Beginning Balance 9/1/13</u>
	<u>Maintenance</u>	<u>Debt Service</u>		
2005 and prior	Various	Various	Various	\$ 1,621,864
2006	1.61000	0.20500	3,800,153,223	241,704
2007	1.46750	0.24750	4,219,257,026	213,707
2008	1.18340	0.24750	4,817,270,110	234,345
2009	1.18340	0.27250	5,466,719,898	352,202
2010	1.18340	0.29500	5,682,442,359	397,936
2011	1.18340	0.33000	5,462,732,192	433,775
2012	1.18340	0.33000	5,420,068,595	574,816
2013	1.18340	0.33000	6,362,846,718	1,412,560
2014	1.24330	0.27010	6,748,726,082	
1000 Totals				<u>\$ 5,482,909</u>
9000	Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Cose (Function 97)			<u>-</u>

Exhibit J-1

20	31	32	40	50
Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 8/31/14
\$ -	\$ 43,563	\$ 5,499	\$ (57,886)	\$ 1,514,916
-	20,426	2,601	(5,708)	212,969
-	14,295	2,411	(5,565)	191,436
-	24,207	5,063	(5,823)	199,252
-	57,009	13,127	(7,534)	274,532
-	49,528	12,346	(23,878)	312,184
-	101,853	28,403	10,310	313,829
-	57,914	16,150	(118,316)	382,436
-	(61,272)	(13,311)	(844,782)	642,361
<u>101,872,657</u>	<u>82,879,136</u>	<u>17,931,741</u>	<u>337,281</u>	<u>1,399,061</u>
<u>\$ 101,872,657</u>	<u>\$ 83,186,659</u>	<u>\$ 18,004,030</u>	<u>\$ (721,901)</u>	<u>5,442,976</u>
				Penalty and interest receivable on taxes <u>4,324,198</u>
				Total taxes receivable per Governmental Fund Balance Sheet (C-1) <u>\$ 9,767,174</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit J-3

BUDGETARY COMPARISON SCHEDULE

CHILD NUTRITION FUND

For the Year Ended August 31, 2014

Data Control Codes		Budget			Variance Favorable (Unfavorable)
		Original	Final	Actual	
Revenues					
5700	Local, Intermediate, and Out-of-State	\$ 2,403,256	\$ 2,741,256	\$ 2,755,038	\$ 13,782
5800	State Program Revenues	69,000	69,000	73,246	4,246
5900	Federal Program Revenues	11,404,226	11,127,226	10,705,922	(421,304)
5020	Total Revenues	13,876,482	13,937,482	13,534,206	(403,276)
Expenditures					
Current:					
0035	Food Services	13,433,568	13,433,568	13,146,607	286,961
0051	Plant maintenance and operations	644,974	644,974	256,480	388,494
6030	Total Expenditures	14,078,542	14,078,542	13,403,087	675,455
1100	Excess (Deficiency) Revenues Over Expenditures	(202,060)	(141,060)	131,119	272,179
Other Financing Sources (Uses)					
7912	Sale of real or personal property	-	-	2,848	2,848
1200	Net change in fund balances	(202,060)	(141,060)	133,967	275,027
0100	Fund Balance - beginning	3,886,961	3,886,961	3,886,961	-
3000	Fund Balance - ending	\$ 3,684,901	\$ 3,745,901	\$ 4,020,928	\$ 275,027

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit J-4

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

For the Year Ended August 31, 2014

Data Control Codes	Budget			Variance Favorable (Unfavorable)	
	Original	Final	Actual		
Revenues					
5700	Local, Intermediate, and Out-of-State	\$ 16,192,910	\$ 18,470,000	\$ 18,153,055	\$ (316,945)
5800	State Program Revenues	1,306,000	2,284,000	2,553,951	269,951
5020	Total Revenues	<u>17,498,910</u>	<u>20,754,000</u>	<u>20,707,006</u>	<u>(46,994)</u>
Expenditures					
Current:					
Debt Service:					
0071	Principal on long-term debt	9,686,543	9,686,543	9,796,543	(110,000)
0072	Interest on long-term debt	9,936,074	9,936,074	9,809,130	126,944
0073	Bond issuance costs and fees	25,000	195,000	169,710	25,290
6030	Total Expenditures	<u>19,647,617</u>	<u>19,817,617</u>	<u>19,775,383</u>	<u>42,234</u>
1100	Excess (Deficiency) Revenues Over Expenditures	<u>(2,148,707)</u>	<u>936,383</u>	<u>931,623</u>	<u>(4,760)</u>
Other Financing Sources (Uses)					
7911	Refunding bonds issued	-	8,970,000	8,970,000	-
7915	Transfers In	2,148,707	-	-	-
7916	Premium or discount on issuance of bonds	-	986,842	986,842	-
8949	Payment to bond refunding escrow agent	-	(9,956,842)	(9,787,132)	169,710
	Total other financing sources and uses	<u>2,148,707</u>	<u>-</u>	<u>169,710</u>	<u>169,710</u>
1200	Net change in fund balances	-	936,383	1,101,333	164,950
0100	Fund Balance - beginning	<u>8,942,426</u>	<u>8,942,426</u>	<u>8,942,426</u>	<u>-</u>
3000	Fund Balance - ending	<u>\$ 8,942,426</u>	<u>\$ 9,878,809</u>	<u>\$ 10,043,759</u>	<u>\$ 164,950</u>

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STATISTICAL SECTION
(UNAUDITED)

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GALENA PARK INDEPENDENT SCHOOL DISTRICT
STATISTICAL SECTION

The statistical section of the Galena Park 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 District’s economic condition and overall financial health. To assist financial statement users, the information contained within this section is categorized as follows:

	<u>Page</u>
Financial Trends	76
These schedules contain trend information to show how the District’s financial performance and position have changed over time	
Revenue Capacity	86
These schedules contain information to help assess the factors affecting the District’s most significant local revenue source, the property tax.	
Debt Capacity	94
These schedules present information to help assess the affordability of the District’s current debt burden and its ability to issue additional debt in the future.	
Demographic and Economic Information	100
These schedules provide demographic and economic indicators to help in understanding the environment in which the District operates and to facilitate in comparisons over time.	
Operating Information	104
These schedules provide information about the District’s operations and resources to assist in using the financial statement information to better understand and assess the District’s economic condition.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental Activities:			
Net investment in capital assets	\$ 50,303,111	\$ 48,447,172	\$ 48,387,569
Restricted	13,823,205	13,023,826	10,016,278
Unrestricted	<u>57,092,596</u>	<u>33,597,971</u>	<u>10,028,641</u>
Total Governmental Activities Net Position	<u>\$ 121,218,912</u>	<u>\$ 95,068,969</u>	<u>\$ 68,432,488</u>

Table 1

2011	2010	2009	2008	2007	2006	2005
\$ 53,833,026	\$ 49,875,572	\$ 52,299,778	\$ 51,849,703	\$ 51,112,413	\$ 61,209,595	\$ 52,104,329
10,531,018	9,835,302	9,702,298	8,028,543	8,122,503	7,557,687	9,825,046
5,897,450	10,646,315	5,488,537	4,843,758	(1,221,323)	(4,191,321)	10,500,883
<u>\$ 70,261,494</u>	<u>\$ 70,357,189</u>	<u>\$ 67,490,613</u>	<u>\$ 64,722,004</u>	<u>\$ 58,013,593</u>	<u>\$ 64,575,961</u>	<u>\$ 72,430,258</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	2014	2013	2012
Expenses:			
Governmental Activities:			
Instruction	\$ 113,536,472	\$ 110,548,329	\$ 119,602,322
Instructional Resources and Media Services	2,543,759	2,421,087	2,516,129
Curriculum and Instructional Staff Development	4,785,800	4,508,432	5,345,912
Instructional Leadership	5,158,621	4,728,055	5,141,031
School Leadership	11,686,374	9,877,826	10,620,953
Guidance, Counseling, and Evaluation Services	5,967,337	5,606,717	6,634,847
Social Work Services	581,864	419,590	388,202
Health Services	1,696,559	1,641,843	1,733,425
Student (Pupil) Transportation	5,442,835	5,533,763	5,520,678
Food Services	13,828,395	12,325,411	12,428,159
Cocurricular/Extracurricular Activities	4,784,559	3,896,064	4,209,663
General Administration	6,990,616	6,445,569	6,905,251
Plant Maintenance and Operations	27,857,900	23,624,581	25,311,366
Security and Monitoring Services	2,778,838	2,013,057	1,968,539
Data Processing Services	2,516,556	2,539,098	2,289,328
Community Services	1,427,226	1,419,328	1,387,390
Debt Service - Interest on Long-term Debt	11,978,110	13,296,766	13,569,926
Debt Service - Bond Issuance Costs and Fees	-	-	2,100
Facilities Acquisition and Construction	199,646	-	-
Payments to Appraisal District	764,804	680,484	687,831
Total Governmental Activities Expenses	224,526,271	211,526,000	226,263,052
Total Primary Government Expenses	224,526,271	211,526,000	226,263,052
Program Revenues:			
Governmental Activities:			
Charges for Services:			
Instruction	1,055,658	378,481	691,838
School Leadership	126,835	92,036	108,021
Food Services	2,748,933	2,584,100	2,629,662
Cocurricular/Extracurricular Activities	882,036	776,879	755,675
General Administration	-	-	-
Plant Maintenance and Operations	293,264	29,935	145,482
Security and Monitoring Services	-	-	-
Facilities repairs and maintenance	-	-	-
Other Activities	-	-	-
Operating Grants and Contributions	36,638,833	34,920,645	47,454,168
Total Governmental Activities Program Revenues	41,745,559	38,782,076	51,784,846
Total Primary Government Program Revenues	41,745,559	38,782,076	51,784,846

Table 2
Page 1 of 2

2011	2010	2009	2008	2007	2006	2005
\$ 122,370,042	\$ 113,577,108	\$ 108,256,241	\$ 97,192,638	\$ 103,888,973	\$ 96,513,939	\$ 90,123,925
2,534,826	2,442,877	2,329,227	2,118,912	2,223,039	2,065,060	1,988,642
5,908,955	5,161,904	4,269,795	3,989,393	4,653,581	4,301,105	3,577,020
4,956,514	4,445,447	4,750,832	3,909,503	3,632,373	3,429,591	3,160,508
11,178,042	10,327,302	9,968,042	8,789,170	8,933,777	8,634,915	8,117,501
6,937,775	6,148,901	6,090,505	5,592,874	5,532,078	5,404,307	5,587,258
537,078	593,215	625,719	673,929	646,963	537,622	443,172
1,724,297	1,574,097	1,413,780	1,301,805	1,222,425	1,185,118	1,189,319
5,508,054	4,584,314	4,950,809	4,807,046	4,894,751	4,506,781	4,418,172
11,309,542	9,775,884	10,162,221	9,337,078	9,247,540	9,040,373	8,846,238
3,842,327	3,538,725	3,307,338	3,124,249	3,220,584	3,120,988	3,448,889
7,385,442	5,963,619	5,953,647	6,265,341	6,210,987	6,664,173	5,925,285
24,487,945	20,412,889	21,412,919	19,147,258	18,699,421	18,441,309	18,510,350
2,363,252	2,105,534	2,090,879	1,808,136	1,775,667	1,684,162	1,673,110
2,195,154	2,694,257	1,911,117	1,651,635	1,235,566	1,513,649	1,123,326
1,318,585	1,294,642	1,085,044	949,134	1,054,545	1,040,449	998,740
13,692,016	13,543,239	12,550,677	11,898,476	11,299,338	12,488,412	11,707,683
99,352	6,814	7,665	215,808	-	-	-
-	5,004,840	1,373,270	1,114,540	2,274,797	135,168	1,657,418
667,412	586,095	563,772	-	-	-	-
229,016,610	213,781,703	203,073,499	183,886,925	190,646,405	180,707,121	172,496,556
229,016,610	213,781,703	203,073,499	183,886,925	190,646,405	180,707,121	172,496,556
321,668	253,892	511,097	531,777	263,462	314,536	443,259
141,352	121,318	108,929	144,475	77,443	69,631	62,811
2,664,951	2,671,651	2,813,059	2,348,231	2,492,018	2,425,162	2,572,020
341,864	285,589	334,166	330,813	237,615	294,651	445,032
-	23,471	38,669	72,693	743,795	35,323	43,397
160,201	109,623	84,388	113,675	128,817	126,236	104,108
59,129	66,313	-	-	9,173	210,575	35,463
-	11,884	199,927	199,927	-	-	-
-	12,918	30,142	61,725	83,223	105,857	79,071
52,386,497	35,532,170	30,617,676	27,854,681	32,028,531	27,335,714	23,967,337
56,075,662	39,088,829	34,738,053	31,657,997	36,064,077	30,917,685	27,752,498
56,075,662	39,088,829	34,738,053	31,657,997	36,064,077	30,917,685	27,752,498

GALENA PARK INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net (Expense) / Revenue:			
Governmental Activities	\$ (182,780,712)	\$ (172,743,924)	\$ (174,478,206)
Total Primary Government Net (Expense)/Revenue	<u>(182,780,712)</u>	<u>(172,743,924)</u>	<u>(174,478,206)</u>
 General Revenues and Other Changes in Net Position			
Governmental Activities:			
Property Taxes	\$ 101,858,021	82,406,881	82,638,413
State Aid - Formula Grants	104,724,697	90,609,429	89,566,964
Unrestricted Grants and Contributions	86,213	3,524,025	3,619
Investment Earnings	167,415	195,268	226,543
Miscellaneous Income	266,551	325,679	213,661
Total Governmental Activities	<u>207,102,897</u>	<u>177,061,282</u>	<u>172,649,200</u>
Total Primary Government	<u>207,102,897</u>	<u>177,061,282</u>	<u>172,649,200</u>
 Change in Net Position			
Governmental Activities	24,322,185	4,317,358	(1,829,006)
Total Primary Government	<u>\$ 24,322,185</u>	<u>\$ 4,317,358</u>	<u>\$ (1,829,006)</u>

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ (172,940,948)	\$ (174,692,874)	\$ (168,335,446)	\$ (152,228,928)	\$ (154,582,328)	\$ (149,789,436)	\$ (144,744,058)
<u>(172,940,948)</u>	<u>(174,692,874)</u>	<u>(168,335,446)</u>	<u>(152,228,928)</u>	<u>(154,582,328)</u>	<u>(149,789,436)</u>	<u>(144,744,058)</u>
84,019,149	79,970,986	\$ 70,110,785	\$ 72,803,076	\$ 68,572,107	\$ 64,881,658	\$ 61,606,343
88,240,597	96,509,112	98,205,339	81,439,459	75,730,783	73,887,932	76,565,779
133,886	366	7,260	836,330	1,022,391	-	-
285,073	1,041,617	2,709,581	3,497,284	1,883,506	1,386,141	1,072,089
166,548	37,369	71,096	361,190	811,173	687,274	899,243
<u>172,845,253</u>	<u>177,559,450</u>	<u>171,104,061</u>	<u>158,937,339</u>	<u>148,019,960</u>	<u>140,843,005</u>	<u>140,143,454</u>
<u>172,845,253</u>	<u>177,559,450</u>	<u>171,104,061</u>	<u>158,937,339</u>	<u>148,019,960</u>	<u>140,843,005</u>	<u>140,143,454</u>
<u>(95,695)</u>	<u>2,866,576</u>	<u>2,768,615</u>	<u>6,708,411</u>	<u>(6,562,368)</u>	<u>(8,946,431)</u>	<u>(4,600,604)</u>
<u>\$ (95,695)</u>	<u>\$ 2,866,576</u>	<u>\$ 2,768,615</u>	<u>\$ 6,708,411</u>	<u>\$ (6,562,368)</u>	<u>\$ (8,946,431)</u>	<u>\$ (4,600,604)</u>

GALENA PARK INDEPENDENT SCHOOL DISTRICT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN YEARS

(Modified Accrual Basis of Accounting)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	307,509	2,197,568	2,237,057	1,671,045
Assigned	62,387,369	31,379,551	30,576,739	28,828,263
Unassigned	37,350,825	43,934,114	22,881,292	18,590,443
Total General Fund	<u>\$ 100,045,703</u>	<u>\$ 77,511,233</u>	<u>\$ 55,695,088</u>	<u>\$ 49,089,751</u>
All other governmental funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	328,052	330,573	259,018	391,839
Restricted	15,290,632	14,938,506	15,433,451	20,337,361
Committed	1,105,276	1,118,844	1,117,250	925,527
Unassigned	-	74,845	-	(2,513)
Total all other governmental funds	<u>\$ 16,723,960</u>	<u>\$ 16,462,768</u>	<u>\$ 16,809,719</u>	<u>\$ 21,652,214</u>

In fiscal year 2011, the District implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The fund balance classifications of Reserved and Unreserved are not used. The prior years were not restated.

