

GONZALES INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2014



Gonzales Independent School District
Annual Financial Report
For The Year Ended August 31, 2014

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CERTIFICATE OF BOARD

Gonzales Independent School District
Name of School District

Gonzales
County

089-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2014, at a meeting of the board of trustees of such school district on the 8th day of December, 2014.


Signature of Board Secretary


Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

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Financial Section

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FLOYD AND GINDLER, PC
CERTIFIED PUBLIC ACCOUNTANTS
421 ST. JAMES-PO BOX 638
Gonzales, TX 78629

Independent Auditor's Report

To the Board of Trustees
Gonzales Independent School District
926 St. Lawrence
Gonzales, Texas 78629

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 Gonzales Independent School District ("the District") as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Gonzales Independent School 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 accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2014, Gonzales Independent School District adopted new accounting guidance, Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gonzales Independent School District's basic financial statements. The introductory section and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

The introductory section has 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 8, 2014 on our consideration of Gonzales Independent School 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 Gonzales Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Floyd & Gindler, PC". The signature is stylized and cursive.

Floyd & Gindler, PC

Gonzales, Texas
December 8, 2014

GONZALES INDEPENDENT SCHOOL DISTRICT

GONZALES, TEXAS

926 St. Lawrence
Gonzales, Texas 78629
Telephone: (830) 672-9551
Fax: (830) 672-7159

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Gonzales Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2014. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$30,105,973 at August 31, 2014.
- During the year, the District's expenses were \$4,095,609 less than the \$31,483,773 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$12,804,448.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the basic *financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide* financial statements that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as self-funded medical insurance.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. These statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources—are one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets*, that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government wide financial statements because the District cannot use these assets to finance its operation.

- *Internal service fund*—The District uses an internal service fund to report the activity of its Print Shop Fund that provides services for the District’s other programs and activities.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District’s combined net position was \$30,105,973 at August 31, 2014.

Table A-1
Gonzales Independent
School District’s Net Position
(In thousand dollars)

	Governmental Activities		Total Percentage Change 2014-2013
	2014	2013	
Assets			
Current assets:			
Cash, equivalents and investments	\$ 27,010	\$ 10,304	162.13
Receivables, net of allow.	647	624	3.69
Due from other governments	690	1,115	(38.12)
Other receivables, net	1	-	n/a
Inventories	65	72	(9.72)
Total current assets	<u>28,413</u>	<u>12,115</u>	<u>134.53</u>
Noncurrent assets:			
Bond issue cost (net)	-	156	(100.00)
Building, furniture & equipment net of accumulated depreciation	21,488	21,694	(0.95)
Land and construction in progress	3,393	650	422.00
Total noncurrent assets	<u>24,881</u>	<u>22,500</u>	<u>10.58</u>
Total assets	<u>53,294</u>	<u>34,615</u>	<u>53.96</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	1,838	1,556	18.12
Due to other governments	23	176	(86.93)
Due to student groups	-	1	n/a
Unearned revenues	1	26	(96.15)
Current portion debt	1,763	811	117.39
Total current liabilities	<u>3,625</u>	<u>2,570</u>	<u>41.05</u>
Long-term liabilities:			
General obligation bonds	19,521	5,879	232.05
Total noncurrent liabilities	<u>19,521</u>	<u>5,879</u>	<u>232.05</u>
Total liabilities	<u>23,146</u>	<u>8,449</u>	<u>173.95</u>
Deferred Inflows			
Deferred revenues	43	-	n/a
	<u>43</u>	<u>-</u>	<u>n/a</u>
Net position			
Investment in capital assets	16,677	15,810	5.48
Restricted	471	374	25.94
Unrestricted	12,958	9,982	29.81
Total net position	<u>\$ 30,106</u>	<u>\$ 26,166</u>	<u>15.06</u>

The District’s restricted net position represent proceeds from local taxes that are restricted for debt service and capital construction. Unrestricted net position represents resources available to fund programs of the District next year.

Changes in net position. The District's total revenues were \$31,480,773. The major components of the District's revenues are as follows: 57.9% from local property taxes, 39.6% from Texas Education Agency and Federal Government grants, 0.2% from investment income, and 2.3% from other sources. The total cost of all programs and services was \$27,388,164 as follows: 58.0% for instruction and instruction related services, 16.7% for support services-students, 10.9% for support services-nonstudent based, 6.8% for instructional and school leadership, and 7.6% for all other.

Governmental Activities

Total property tax rates for maintenance and operating (M&O) and debt service (I&S) decreased from \$0.9724 in 2013 to \$0.9677 in 2014. Property values increased 28.8% from the prior year. These two factors combined to cause property tax revenues, both M&O and I&S, to increase \$6,480,177 or 55.2%.

The Oil and Gas values within the Gonzales taxing entity have continued to dominate the District's financial situation. This increase may continue dramatically while we experience the oil and gas drilling growth. As indicated above, the property values have consequently grown dramatically as compared to the less than 10% historical increases. This caused the District to become classified as a preliminarily Chapter 41, or property rich, district. As a result, the District will have to send funds to the State in the near future.

Table A-2
Changes in Gonzales Independent
School District's Net Position
(In thousand dollars)

	Governmental Activities		Total Percentage Change
	2014	2013	2014-2013
Revenues			
Program revenues:			
Charges for services	\$ 414	\$ 337	22.85
Operating grants	4,115	3,937	4.52
General revenues:			
Property taxes	18,238	11,783	54.78
State aid-Formula	8,352	11,732	(28.81)
Investment income	76	25	204.00
Other income	286	107	167.29
Total revenues	<u>31,481</u>	<u>27,921</u>	12.75
Expenses			
Instruction	15,112	14,080	7.33
Instructional resources and media services	353	401	(11.97)
Curriculum dev. & instructional staff dev.	403	437	(7.78)
Instructional leadership	323	239	35.15
School leadership	1,535	1,451	5.79
Guidance, counseling and evaluation services	878	853	2.93
Social work services	-	26	(100.00)
Health services	285	262	8.78
Student transportation	1,169	1,089	7.35
Food services	1,288	1,312	(1.83)
Cocurricular/extracurricular activities	964	916	5.24
General administration	1,167	966	20.81
Plant maintenance & oper.	2,636	2,475	6.51
Security & monitoring	101	47	114.89
Data processing services	248	226	9.73
Community services	66	72	(8.33)
Interest on long term debt	368	137	168.61
Bond issuance cost	181	23	686.96
Capital outlay	-	38	(100.00)
Other intergovernmental charges	311	312	(0.32)
Total expenses	<u>27,388</u>	<u>25,362</u>	7.99
Increase in net position	4,093	2,559	59.95
Beginning net position	26,166	23,607	10.84
Prior period adjustment	(156)	-	
Ending net position	<u>\$ 30,103</u>	<u>\$ 26,166</u>	15.05

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and inter-governmental aid). The net cost reflects what state revenues as well as local tax dollars funded.

- The cost of all governmental activities this year was \$27,388,164.
- The amount that taxpayers paid for these activities through property taxes was \$18,237,618.

Table A-3
Net Cost of Selected District Functions
(In thousand dollars)

	Total Cost of Services		Total Percentage Change	Net Cost of Services		Total Percentage Change
	2014	2013	2014-2013	2014	2013	2014-2013
Instruction	\$ 15,112	\$ 14,080	7.33	\$ 12,875	\$ 12,149	5.98
School leadership	1,535	1,451	5.79	1,457	1,399	4.15
Student transportation	1,169	1,089	7.35	1,127	1,042	8.16
Food service	1,288	1,312	(1.83)	104	39	(166.67)
General administration	1,167	966	20.81	1,131	931	21.48
Plant maintenance & oper.	2,691	2,475	8.73	2,622	2,385	9.94

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from government fund types totaled \$31,416,869; a 12.7% increase from the preceding year. This is a direct result of the increased property values due to the oil and gas activities within the District's taxing entity. While investment interest rates have improved, they remain low enough as to not contribute a significant amount to the overall revenue picture; the District's student enrollment decreased slightly from the prior year. The result of increased property tax revenue from oil and gas activities is less State revenue. The State's funding formula drives the State's share of District revenue down as local revenues increase.

In November 2013, the voters of the District approved a bond issuance totaling \$24,985,000. The District issued \$14,590,000 of this in March 2014 with plans to sell the remaining authorization during the 2014 – 2015 fiscal year. Using a portion of the bond proceeds, the district purchased a piece of property located in downtown Gonzales which led to a 12.4% increase in spending from the preceding year. This property will be used for an early childhood center that is expected to be open for enrollment during the 2015 – 2016 school year. Expenses from all governmental fund types totaled \$30,660,792.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget. With these adjustments, the General Fund's budgeted expenditures, plus operating transfers, was \$1,190,353 less than the final budgeted amounts. The General Fund balance increased by \$3,572,108. This increase in fund balance is expected to help offset the costs of recapture when the district officially becomes a Chapter 41 district.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the District had invested \$24,881,137 in a broad range of capital assets, including land, equipment, buildings, and vehicles, net of accumulated depreciation. (See Table A-4, stated in thousands).

Table A-4
District's Capital Assets
(In thousand dollars)

	Governmental Activities		Total Percentage Change
	2014	2013	2014-2013
Land	\$ 1,424	\$ 640	122.50
Construction in progress	1,968	10	19,580.00
Buildings & improvements	36,857	36,702	0.42
Vehicles	2,878	2,447	17.61
Equipment	1,193	1,131	5.48
Total capital assets	44,320	40,930	8.28
Accumulated depreciation	(19,439)	(18,588)	4.58
Net capital assets	\$ 24,881	\$ 22,342	11.36

Additional information on the District's capital assets can be found in the Notes to the Financial Statements.

Long Term Debt

At year-end the District had \$21,283,524 in bonds and notes outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the Notes to the Financial Statements.

District's Long Term Debt
(In thousand dollars)

	Governmental Activities		Total Percentage Change
	2014	2013	2013-2012
General bonded indebtedness	\$ 20,469	\$ 6,690	205.96
Bond premium	814	-	
Total long term debt	\$ 21,283	\$ 6,690	218.13

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Appraisal District continues to predict that the District will see a continued growth in local property values due to the expansion of oil and gas values in Gonzales County. We just do not know exactly how much. The District must remain cautious so that we do not either over build in response to the enrollment trends or over spend as we watch what the oil growth does within the county.
- The District is faced with a decrease in State revenue because, as local values increase, State Revenues to the District will decrease. Due to the impact of the oil activity on property values, we have been deemed preliminarily a Chapter 41 District. We anticipate having to send dollars to the State in the 2014-2015 school year. Budgeting will need to be cautious as it is impossible to predict the oil and gas impact to net property values.
- The District passed a \$24,985,000 bond in the November 2013 election. The District has started the construction planning process that will go through the 2015-2016 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Services Department.

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Basic Financial Statements

GONZALES INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 AUGUST 31, 2014

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 3,384,464
1120	Current Investments	23,626,215
1225	Property Taxes Receivable (Net)	647,463
1240	Due from Other Governments	689,744
1290	Other Receivables (Net)	512
1300	Inventories	64,580
Capital Assets:		
1510	Land	1,424,396
1520	Buildings and Improvements, Net	20,056,279
1530	Furniture and Equipment, Net	1,432,014
1580	Construction in Progress	1,968,447
1000	Total Assets	<u>53,294,114</u>
LIABILITIES:		
2110	Accounts Payable	852,169
2165	Accrued Liabilities	985,071
2180	Due to Other Governments	23,091
2300	Unearned Revenue	900
Noncurrent Liabilities:		
2501	Due Within One Year	1,763,094
2502	Due in More Than One Year	19,520,505
2000	Total Liabilities	<u>23,144,830</u>
DEFERRED INFLOWS OF RESOURCES:		
	Deferred Revenue	43,311
2600	Total Deferred Inflows of Resources	<u>43,311</u>
NET POSITION:		
3200	Net Investment in Capital Assets	16,676,769
Restricted For:		
3850	Debt Service	470,857
3900	Unrestricted	12,958,347
3000	Total Net Position	<u>\$ 30,105,973</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 15,111,722	\$ --	\$ 2,236,723	\$ (12,874,999)
12	Instructional Resources and Media Services	353,140	--	20,577	(332,563)
13	Curriculum and Staff Development	402,489	--	217,679	(184,810)
21	Instructional Leadership	323,210	--	15,256	(307,954)
23	School Leadership	1,535,473	--	78,742	(1,456,731)
31	Guidance, Counseling, & Evaluation Services	878,186	--	99,991	(778,195)
32	Social Work Services	102	--	102	--
33	Health Services	284,442	--	15,795	(268,647)
34	Student Transportation	1,169,328	--	42,495	(1,126,833)
35	Food Service	1,288,196	245,573	1,146,183	103,560
36	Cocurricular/Extracurricular Activities	963,768	168,708	25,922	(769,138)
41	General Administration	1,167,137	--	36,445	(1,130,692)
51	Facilities Maintenance and Operations	2,636,077	--	68,953	(2,567,124)
52	Security and Monitoring Services	100,789	--	2,481	(98,308)
53	Data Processing Services	248,014	--	8,284	(239,730)
61	Community Services	66,339	--	56,258	(10,081)
72	Interest on Long-term Debt	367,800	--	43,284	(324,516)
73	Bond Issuance Costs and Fees	180,948	--	--	(180,948)
81	Capital Outlay	--	--	2,613	2,613
99	Other Intergovernmental Charges	311,004	--	--	(311,004)
TG	Total Governmental Activities	<u>27,388,164</u>	<u>414,281</u>	<u>4,117,783</u>	<u>(22,856,100)</u>
TP	Total Primary Government	<u>\$ 27,388,164</u>	<u>\$ 414,281</u>	<u>\$ 4,117,783</u>	<u>(22,856,100)</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				17,629,770
DT	Property Taxes, Levied for Debt Service				607,848
IE	Investment Earnings				75,760
GC	Grants and Contributions Not Restricted to Specific Programs				8,352,303
MI	Miscellaneous				286,028
TR	Total General Revenues				<u>26,951,709</u>
CN	Change in Net Position				4,095,609
NB	Net Position - Beginning				26,166,313
PA	Prior Period Adjustment				(155,949)
	Net Position - Beginning, as Restated				26,010,364
NE	Net Position - Ending				<u>\$ 30,105,973</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2014

Data Control Codes	10 General Fund	ESEA Title I Improving Basic Programs	
ASSETS:			
1110	Cash and Cash Equivalents	\$ 1,717,347	\$ --
1120	Current Investments	12,162,565	--
1225	Taxes Receivable, Net	647,463	--
1240	Due from Other Governments	--	275,240
1260	Due from Other Funds	5,490	--
1290	Other Receivables	187	--
1300	Inventories	48,599	--
1000	Total Assets	<u>14,581,651</u>	<u>275,240</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ 146,960	\$ 257,258
2150	Payroll Deductions & Withholdings	311,320	--
2160	Accrued Wages Payable	625,589	15,657
2170	Due to Other Funds	--	2,325
2180	Due to Other Governments	23,091	--
2300	Unearned Revenue	--	--
2000	Total Liabilities	<u>1,106,960</u>	<u>275,240</u>
DEFERRED INFLOWS OF RESOURCES:			
	Deferred Revenue	670,243	--
2600	Total Deferred Inflows of Resources	<u>670,243</u>	<u>--</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
3410	Inventories	48,600	--
Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	--	--
3480	Retirement of Long-Term Debt	--	--
3490	Other Restrictions of Fund Balance	--	--
Committed Fund Balances:			
3510	Construction	150,000	--
3530	Capital Expenditures for Equipment	515,000	--
3600	Unassigned	12,090,848	--
Unassigned, Reported in Nonmajor:			
3610	Special Revenue Funds	--	--
3000	Total Fund Balances	<u>12,804,448</u>	<u>--</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 14,581,651</u>	<u>\$ 275,240</u>

The accompanying notes are an integral part of this statement.

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 1,307,215	\$ 355,969	\$ 3,380,531
10,996,841	466,809	23,626,215
--	--	647,463
--	414,504	689,744
--	--	5,490
--	325	512
--	15,981	64,580
<u>12,304,056</u>	<u>1,253,588</u>	<u>28,414,535</u>
\$ --	\$ 438,544	\$ 842,762
--	--	311,320
--	32,505	673,751
--	3,165	5,490
--	--	23,091
--	900	900
<u>--</u>	<u>475,114</u>	<u>1,857,314</u>
--	20,531	690,774
<u>--</u>	<u>20,531</u>	<u>690,774</u>
--	15,981	64,581
--	229,195	229,195
--	470,857	470,857
12,304,056	--	12,304,056
--	--	150,000
--	--	515,000
--	--	12,090,848
--	41,910	41,910
<u>12,304,056</u>	<u>757,943</u>	<u>25,866,447</u>
\$ <u>12,304,056</u>	\$ <u>1,253,588</u>	\$ <u>28,414,535</u>

GONZALES INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2014

Total fund balances - governmental funds balance sheet	\$ 25,866,447
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	24,881,136
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	(5,474)
Payables for bond principal which are not due in the current period are not reported in the funds.	(20,469,453)
Bond issue premiums are reported as liabilities in the government activities and as other sources in the funds.	(814,146)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	<u>647,463</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 30,105,973</u>

The accompanying notes are an integral part of this statement.

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GONZALES INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	10 General Fund	ESEA Title I Improving Basic Programs
REVENUES:		
5700 Local and Intermediate Sources	\$ 17,975,252	\$ --
5800 State Program Revenues	9,150,783	--
5900 Federal Program Revenues	223,667	664,410
5020 Total Revenues	<u>27,349,702</u>	<u>664,410</u>
EXPENDITURES:		
Current:		
0011 Instruction	13,284,205	540,699
0012 Instructional Resources and Media Services	335,249	5,801
0013 Curriculum and Staff Development	185,696	62,308
0021 Instructional Leadership	311,961	--
0023 School Leadership	1,480,794	--
0031 Guidance, Counseling, & Evaluation Services	795,563	--
0032 Social Work Services	--	--
0033 Health Services	274,542	--
0034 Student Transportation	1,339,106	--
0035 Food Service	--	--
0036 Cocurricular/Extracurricular Activities	907,627	--
0041 General Administration	1,126,514	--
0051 Facilities Maintenance and Operations	2,569,552	--
0052 Security and Monitoring Services	97,636	--
0053 Data Processing Services	240,433	--
0061 Community Services	10,625	55,602
0071 Principal on Long-term Debt	320,667	--
0072 Interest on Long-term Debt	36,476	--
0073 Bond Issuance Costs and Fees	--	--
0081 Capital Outlay	79,944	--
0099 Other Intergovernmental Charges	311,004	--
6030 Total Expenditures	<u>23,707,594</u>	<u>664,410</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>3,642,108</u>	<u>--</u>
Other Financing Sources and (Uses):		
7911 Capital-Related Debt Issued (Regular Bonds)	--	--
7916 Premium or Discount on Issuance of Bonds	--	--
7917 Prepaid Interest	--	--
8911 Transfers Out	(70,000)	--
7080 Total Other Financing Sources and (Uses)	<u>(70,000)</u>	<u>--</u>
1200 Net Change in Fund Balances	3,572,108	--
0100 Fund Balances - Beginning	9,232,340	--
3000 Fund Balances - Ending	<u>\$ 12,804,448</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 10,773	\$ 960,758	\$ 18,946,783
--	517,016	9,667,799
--	1,914,210	2,802,287
<u>10,773</u>	<u>3,391,984</u>	<u>31,416,869</u>
--	1,035,525	14,860,429
--	--	341,050
--	147,789	395,793
--	--	311,961
--	6,457	1,487,251
--	57,313	852,876
--	102	102
--	--	274,542
--	1,030	1,340,136
--	1,237,298	1,237,298
--	62,715	970,342
--	--	1,126,514
--	31,500	2,601,052
--	--	97,636
--	--	240,433
--	--	66,227
--	490,000	810,667
--	331,394	367,870
--	180,948	180,948
2,706,717	--	2,786,661
--	--	311,004
<u>2,706,717</u>	<u>3,582,071</u>	<u>30,660,792</u>
<u>(2,695,944)</u>	<u>(190,087)</u>	<u>756,077</u>
14,590,000	--	14,590,000
410,000	404,146	814,146
--	43,339	43,339
--	--	(70,000)
<u>15,000,000</u>	<u>447,485</u>	<u>15,377,485</u>
<u>12,304,056</u>	<u>257,398</u>	<u>16,133,562</u>
--	500,545	9,732,885
<u>\$ 12,304,056</u>	<u>\$ 757,943</u>	<u>\$ 25,866,447</u>

GONZALES INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2014

Net change in fund balances - total governmental funds	\$ 16,133,562
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:	
Capital outlays are not reported as expenses in the SOA.	3,556,720
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,019,355)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	23,565
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	810,737
The net revenue (expense) of internal service funds is reported with governmental activities.	(5,474)
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.	(14,590,000)
Bond premiums are reported in the funds but not in the SOA.	<u>(814,146)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 4,095,609</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND

AUGUST 31, 2014

Data Control Codes		Nonmajor Internal Service Fund <u>Print Shop Fund</u>
	ASSETS:	
	Current Assets:	
1110	Cash and Cash Equivalents	\$ 3,933
	Total Current Assets	<u>3,933</u>
1000	Total Assets	<u>3,933</u>
	LIABILITIES:	
	Current Liabilities:	
2110	Accounts Payable	\$ 9,407
	Total Current Liabilities	<u>9,407</u>
2000	Total Liabilities	<u>9,407</u>
	NET POSITION:	
3900	Unrestricted	(5,474)
3000	Total Net Position	<u>\$ (5,474)</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET POSITION - INTERNAL SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Nonmajor Internal Service Fund
<u> </u>	<u>Print Shop Fund</u>
OPERATING REVENUES:	
5700 Local and Intermediate Sources	\$ 74,731
5800 State Program Revenues	1,794
5020 Total Revenues	<u>76,525</u>
OPERATING EXPENSES:	
6100 Payroll Costs	40,029
6200 Professional and Contracted Services	80,841
6300 Supplies and Materials	31,129
6030 Total Expenses	<u>151,999</u>
Income (Loss) before Contributions and Transfers	(75,474)
7915 Transfers In	70,000
1300 Change in Net Position	<u>(5,474)</u>
0100 Total Net Position - Beginning	--
3300 Total Net Position - Ending	<u>\$ (5,474)</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUND

FOR THE YEAR ENDED AUGUST 31, 2014

	Nonmajor Internal Service Fund <u>Print Shop Fund</u>
Cash Flows from Operating Activities:	
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	\$ 74,731
Cash Payments to Employees for Services	(38,234)
Cash Payments to Other Suppliers for Goods and Services	(105,410)
Net Cash Provided (Used) by Operating Activities	<u>(68,913)</u>
Cash Flows from Non-capital Financing Activities:	
Transfers From (To) Primary Government	70,000
Net Cash Provided (Used) by Non-capital Financing Activities	<u>70,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,087
Cash and Cash Equivalents at Beginning of Year	2,846
Cash and Cash Equivalents at End of Year	<u>\$ 3,933</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (75,474)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	6,561
Total Adjustments	<u>6,561</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (68,913)</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2014

Data Control Codes	Private-purpose Trust Funds	Agency Funds Student Activity
ASSETS:		
1110 Cash and Cash Equivalents	\$ 172,359	\$ --
1120 Current Investments	94,102	180,427
1000 Total Assets	<u>266,461</u>	<u>180,427</u>
LIABILITIES:		
Current Liabilities:		
2190 Due to Student Groups	\$ --	\$ 180,427
2000 Total Liabilities	<u>--</u>	<u>180,427</u>
NET POSITION:		
3800 Held in Trust	266,461	--
3000 Total Net Position	<u>\$ 266,461</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2014

	Private- Purpose Trusts
Additions:	
Investment Income	\$ 1,088
Donations and bequest	41,522
Total Additions	<u>42,610</u>
Deductions:	
Scholarship Awards	35,066
Benefits	--
Refunds of Contributions	--
Administrative Expenses	--
Total Deductions	<u>35,066</u>
Change in Net Position	7,544
Net Position-Beginning of the Year	258,917
Net Position-End of the Year	<u>\$ 266,461</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

A. Summary of Significant Accounting Policies

The basic financial statements of Gonzales Independent School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (Resource Guide). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees (Board), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Title I, Part A-Improving Basic Education: This fund is used to account for all resources received and expended under this federal grant award.

GONZALES INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

GONZALES INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

b. Property Taxes

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Property taxes receivable at year end are as follows:

Gross property taxes receivable	\$	1,294,235
Less: Allowance for uncollectible		(646,772)
Net property taxes receivable	\$	<u>647,463</u>

c. Inventories

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) 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 and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

GONZALES INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

f. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net positions.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

i. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

GONZALES INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

k. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

l. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2014, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$4,790,976 and the bank balance was

GONZALES INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

\$5,566,850. The District's cash deposits at August 31, 2014 and during the year ended August 31, 2014, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The above carrying amount of District deposits do not take into account those accounts that had a negative (overdraft) balance and were classified as payable in the financial statements at year end. At year end, there were \$593,488 bank overdraft balances that are classified as payables.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at August 31, 2014 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Texpool	N/A	\$ 3,509,777
Lone Star Investment Pool		
Corporate Overnight Plus	N/A	16,001,432
Texas Cooperative Liquid Asset		
Security System	N/A	2,114,445
Certificates of deposit		
Lone Star Bank	Various	2,000,000
Total Investments		<u>\$ 23,625,654</u>

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At August 31, 2014, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

GONZALES INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2014

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Rating Service</u>
Texpool	AAAm	Standard & Poors
MBIA-Colotrust Money Market	AAA	Moody's, Standard & Poors, and Fitch
Lone Star Investment Pool		
Corporate Overnight Plus	AAA	Standard & Poors
Texas Cooperative Liquid Asset		
Security System	AAAm	Standard & Poors

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the Act), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying

GONZALES INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 640,226	\$ 784,170	\$ --	\$ 1,424,396
Construction in progress	10,000	1,958,447	--	1,968,447
Total capital assets not being depreciated	<u>650,226</u>	<u>2,742,617</u>	<u>--</u>	<u>3,392,843</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	36,702,404	154,680	--	36,857,084
Vehicles	2,446,810	584,586	153,840	2,877,556
Equipment	1,132,192	74,837	14,000	1,193,029
Total capital assets being depreciated	<u>40,281,406</u>	<u>814,103</u>	<u>167,840</u>	<u>40,927,669</u>
Less accumulated depreciation for:				
Buildings and improvements	(16,026,518)	(774,287)	--	(16,800,805)
Vehicles	(1,632,165)	(186,149)	(153,840)	(1,664,474)
Equipment	(929,178)	(58,919)	(14,000)	(974,097)
Total accumulated depreciation	<u>(18,587,861)</u>	<u>(1,019,355)</u>	<u>(167,840)</u>	<u>(19,439,376)</u>
Total capital assets being depreciated, net	21,693,545	(205,252)	--	21,488,293
Governmental activities capital assets, net	<u>\$ 22,343,771</u>	<u>\$ 2,537,365</u>	<u>\$ --</u>	<u>\$ 24,881,136</u>

Depreciation was charged to functions as follows:

Instruction	\$ 390,772
Instructional Resources and Media Services	10,828
Curriculum and Staff Development	5,997
Instructional Leadership	10,075
School Leadership	47,825
Guidance, Counseling, & Evaluation Services	25,694
Health Services	8,867
Student Transportation	202,907
Food Services	97,580
Extracurricular Activities	80,641
General Administration	36,383
Plant Maintenance and Operations	89,528
Security and Monitoring Services	3,153
Data Processing Services	7,581
Community Services	71
Facilities Acquisition and Construction	1,453
	<u>\$ 1,019,355</u>

GONZALES INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014*

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2014, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 3,165	Short-term loans
General Fund	Major fund-Title I, Part A	2,325	Short-term loans
	Total	<u>\$ 5,490</u>	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2014, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General fund	Internal Service Fund	\$ 70,000	Provide resources for print shop.
	Total	<u>\$ 70,000</u>	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2014, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental activities:</u>					
General obligation bonds	\$ 6,690,190	\$ 14,590,000	\$ 810,737	\$ 20,469,453	\$ 1,658,623
Bond premiums	--	814,146	--	814,146	104,471
Total governmental activities	<u>\$ 6,690,190</u>	<u>\$ 15,404,146</u>	<u>\$ 810,737</u>	<u>\$ 21,283,599</u>	<u>\$ 1,763,094</u>
	<u>Interest Rates</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>General obligation bonds</u>					
Unlimited Tax Refunding					
Series 2005 CIB	3.39%	\$ 2,645,000	\$ --	\$ 490,000	2,155,000
Maintenance Tax Notes					
Series 2009 QSCB	1.0%	4,045,190	--	320,737	3,724,453
Unlimited Tax School					
Building Bonds Series 2014	2-5.0%	--	14,590,000	--	14,590,000
Total general obligation bonds		<u>\$ 6,690,190</u>	<u>\$ 14,590,000</u>	<u>\$ 810,737</u>	<u>\$ 20,469,453</u>

GONZALES INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2014, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2015	\$ 1,658,623	\$ 689,762	\$ 2,348,385
2016	1,151,536	656,555	1,808,091
2017	1,084,475	627,820	1,712,295
2018	932,440	602,196	1,534,636
2019	735,431	583,942	1,319,373
2020-2024	4,042,990	2,542,682	6,585,672
2025-2029	3,203,958	1,945,967	5,149,925
2030-2034	3,400,000	1,391,110	4,791,110
2035-2039	4,260,000	553,500	4,813,500
Totals	\$ 20,469,453	\$ 9,593,534	\$ 30,062,987

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2014, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2014, 2013 and 2012, and a state contribution rate of 6.8% for fiscal year 2014, 6.4% for fiscal year 2013, and 6.0% for fiscal year 2012. In certain instances the reporting district is required to make all or a portion of the state's contribution. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2014, 2013 and 2012 were \$1,023,942, \$849,602 and \$829,985, respectively. The District paid additional state contributions for the years ending August 31, 2014, 2013 and 2012 in the amount of \$160,604, \$123,426 and \$96,901,

GONZALES INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

respectively, on portion of the employees' salaries that exceeded the statutory minimum.

I. Retiree Health Care Plans

1. TRS-Care

a. Plan Description

The 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 the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at www.trstate.tx.us under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

b. 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. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas contribution rate was 1% for fiscal year 2014, 0.5% for fiscal year 2013 and 1.0% for fiscal year 2012 and the active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2014, 2013 and 2012. For the years ended August 31, 2014, 2013, and 2012, the State's contributions to TRS-Care were \$163,857, \$77,932, and \$144,612, respectively, the active member contributions were \$106,506, \$101,298, and \$93,997, respectively, and the District's contributions were \$90,121, \$85,725, and \$79,537, respectively, which equaled the required contributions each year.

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2014, 2013, and 2012, the subsidy payments received by TRS-Care on behalf of the District were \$43,670, \$42,011, and \$37,458, respectively.

J. Employee Health Care Coverage

During the year ended August 31, 2014, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable September 1, and terms of coverage and premium costs are included in the contractual provisions.

GONZALES INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

Latest financial statements for the TRS Active Care are available for the year ended August 31, 2013, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2014.

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Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

GONZALES INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

GENERAL FUND

Page 1 of 2

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
REVENUES:							
5700	Local and Intermediate Sources	\$ 16,984,105	\$ 17,047,659	\$ 17,975,252	\$	927,593	
5800	State Program Revenues	8,122,698	8,141,524	9,150,783		1,009,259	
5900	Federal Program Revenues	320,000	320,000	223,667		(96,333)	
5020	Total Revenues	<u>25,426,803</u>	<u>25,509,183</u>	<u>27,349,702</u>		<u>1,840,519</u>	
EXPENDITURES:							
Current:							
Instruction & Instructional Related Services:							
0011	Instruction	13,602,295	13,591,918	13,284,205		307,713	
0012	Instructional Resources and Media Services	390,346	413,164	335,249		77,915	
0013	Curriculum and Staff Development	189,724	194,541	185,696		8,845	
	Total Instruction & Instr. Related Services	<u>14,182,365</u>	<u>14,199,623</u>	<u>13,805,150</u>		<u>394,473</u>	
Instructional and School Leadership:							
0021	Instructional Leadership	275,504	339,504	311,961		27,543	
0023	School Leadership	1,518,043	1,531,349	1,480,794		50,555	
	Total Instructional & School Leadership	<u>1,793,547</u>	<u>1,870,853</u>	<u>1,792,755</u>		<u>78,098</u>	
Support Services - Student (Pupil):							
0031	Guidance, Counseling and Evaluation Services	776,567	798,123	795,563		2,560	
0032	Social Work Services	1,400	300	--		300	
0033	Health Services	279,700	281,987	274,542		7,445	
0034	Student (Pupil) Transportation	1,173,869	1,551,520	1,339,106		212,414	
0036	Cocurricular/Extracurricular Activities	806,066	940,152	907,627		32,525	
	Total Support Services - Student (Pupil)	<u>3,037,602</u>	<u>3,572,082</u>	<u>3,316,838</u>		<u>255,244</u>	
Administrative Support Services:							
0041	General Administration	1,237,406	1,225,729	1,126,514		99,215	
	Total Administrative Support Services	<u>1,237,406</u>	<u>1,225,729</u>	<u>1,126,514</u>		<u>99,215</u>	
Support Services - Nonstudent Based:							
0051	Plant Maintenance and Operations	2,653,887	2,836,356	2,569,552		266,804	
0052	Security and Monitoring Services	57,600	104,610	97,636		6,974	
0053	Data Processing Services	208,510	248,612	240,433		8,179	
	Total Support Services - Nonstudent Based	<u>2,919,997</u>	<u>3,189,578</u>	<u>2,907,621</u>		<u>281,957</u>	
Ancillary Services:							
0061	Community Services	12,105	17,805	10,625		7,180	
	Total Ancillary Services	<u>12,105</u>	<u>17,805</u>	<u>10,625</u>		<u>7,180</u>	
Debt Service:							
0071	Principal on Long-Term Debt	319,000	319,000	320,667		(1,667)	
0072	Interest on Long-Term Debt	40,000	40,000	36,476		3,524	
	Total Debt Service	<u>359,000</u>	<u>359,000</u>	<u>357,143</u>		<u>1,857</u>	
Capital Outlay:							
0081	Capital Outlay	79,685	123,085	79,944		43,141	
	Total Capital Outlay	<u>79,685</u>	<u>123,085</u>	<u>79,944</u>		<u>43,141</u>	
0099	Other Intergovernmental Charges	322,000	340,191	311,004		29,187	
	Total Intergovernmental Charges	<u>322,000</u>	<u>340,191</u>	<u>311,004</u>		<u>29,187</u>	

GONZALES INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
6030	Total Expenditures	<u>23,943,707</u>	<u>24,897,947</u>	<u>23,707,594</u>	<u>1,190,353</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>1,483,096</u>	<u>611,236</u>	<u>3,642,108</u>	<u>3,030,872</u>
	Other Financing Sources (Uses):				
8911	Transfers Out	<u>(50,000)</u>	<u>(100,000)</u>	<u>(70,000)</u>	<u>30,000</u>
7080	Total Other Financing Sources and (Uses)	<u>(50,000)</u>	<u>(100,000)</u>	<u>(70,000)</u>	<u>30,000</u>
1200	Net Change in Fund Balance	<u>1,433,096</u>	<u>511,236</u>	<u>3,572,108</u>	<u>3,060,872</u>
0100	Fund Balance - Beginning	<u>9,239,434</u>	<u>9,232,339</u>	<u>9,232,340</u>	<u>1</u>
3000	Fund Balance - Ending	<u>\$ 10,672,530</u>	<u>\$ 9,743,575</u>	<u>\$ 12,804,448</u>	<u>\$ 3,060,873</u>

GONZALES INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-1

CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ 10,773	\$ 10,773
5020	Total Revenues	<u>--</u>	<u>--</u>	<u>10,773</u>	<u>10,773</u>
EXPENDITURES:					
Capital Outlay:					
0081	Capital Outlay	--	15,000,000	2,706,717	12,293,283
	Total Capital Outlay	<u>--</u>	<u>15,000,000</u>	<u>2,706,717</u>	<u>12,293,283</u>
6030	Total Expenditures	<u>--</u>	<u>15,000,000</u>	<u>2,706,717</u>	<u>12,293,283</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>--</u>	<u>(15,000,000)</u>	<u>(2,695,944)</u>	<u>12,304,056</u>
Other Financing Sources (Uses):					
7911	Capital-Related Debt Issued (Regular Bonds)	--	14,590,000	14,590,000	--
7916	Premium or Discount on Issuance of Bonds	--	410,000	410,000	--
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>15,000,000</u>	<u>15,000,000</u>	<u>--</u>
1200	Net Change in Fund Balance	<u>--</u>	<u>--</u>	<u>12,304,056</u>	<u>12,304,056</u>
0100	Fund Balance - Beginning	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 12,304,056</u>	<u>\$ 12,304,056</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

GONZALES INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2014

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2005 and Prior Years	\$	Various	\$	Various	\$	Various
2006		1.3435		.0665		438,224,322
2007		1.2313		.0647		456,855,840
2008		.9357		.0707		501,197,834
2009		1.015		.0655		577,066,040
2010		1.04		.0715		576,322,529
2011		1.04		.0683		554,584,162
2012		1.04		.0655		647,771,958
2013		.9357		.0367		1,201,951,716
2014 (School Year Under Audit)		.9357		.032		1,848,152,263

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/13	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/14
\$ 242,951	\$ --	\$ 18,089	\$ 734	\$ (41,138)	\$ 182,990
58,514	--	4,519	223	(721)	53,051
68,496	--	7,625	401	(497)	59,973
60,967	--	4,048	306	(388)	56,225
85,045	--	8,332	532	(706)	75,475
120,916	--	18,505	1,230	(2,310)	98,871
136,074	--	26,627	1,690	(2,320)	105,437
175,640	--	41,440	2,575	(447)	131,178
297,346	--	94,708	3,722	(7,266)	191,650
--	18,142,004	17,217,107	588,816	3,304	339,385
<u>\$ 1,245,949</u>	<u>\$ 18,142,004</u>	<u>\$ 17,441,000</u>	<u>\$ 600,229</u>	<u>\$ (52,489)</u>	<u>\$ 1,294,235</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

GONZALES INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)
 GENERAL FUND
 AS OF AUGUST 31, 2014

EXHIBIT J-2

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2014 (Exhibit C-1 object 3000 for the General Fund only)	\$ 12,804,448
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341 X-344X for the General Fund only)	48,600
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	665,000
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	--
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	--
7	Estimate of two months' average cash disbursements during the fiscal year	4,741,519
8	Estimate of delayed payments from state sources (58XX)	--
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
10	Estimate of delayed payments from federal sources (59XX)	--
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	5,455,119
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ 7,349,329

If Item 11 is a Positive Number

Historically the District has striven to maintain an undesignated fund balance equal to 3 months of operating expenditures, which would be approximately \$7,112,279.

GONZALES INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ 233,294	\$ 233,294	\$ 268,930	\$ 35,636
5800	State Program Revenues	7,000	7,000	6,761	(239)
5900	Federal Program Revenues	1,087,300	1,091,490	1,112,463	20,973
5020	Total Revenues	<u>1,327,594</u>	<u>1,331,784</u>	<u>1,388,154</u>	<u>56,370</u>
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	1,286,051	1,340,241	1,214,944	125,297
	Total Support Services - Student (Pupil)	<u>1,286,051</u>	<u>1,340,241</u>	<u>1,214,944</u>	<u>125,297</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	30,000	30,000	30,000	--
	Total Support Services - Nonstudent Based	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>--</u>
6030	Total Expenditures	<u>1,316,051</u>	<u>1,370,241</u>	<u>1,244,944</u>	<u>125,297</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>11,543</u>	<u>(38,457)</u>	<u>143,210</u>	<u>181,667</u>
Other Financing Sources (Uses):					
7915	Transfers In	30,000	30,000	--	(30,000)
7080	Total Other Financing Sources and (Uses)	<u>30,000</u>	<u>30,000</u>	<u>--</u>	<u>(30,000)</u>
1200	Net Change in Fund Balance	41,543	(8,457)	143,210	151,667
0100	Fund Balance - Beginning	97,519	97,519	97,519	--
3000	Fund Balance - Ending	<u>\$ 139,062</u>	<u>\$ 89,062</u>	<u>\$ 240,729</u>	<u>\$ 151,667</u>

GONZALES INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

FUND 598

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			Actual	
	Original	Final			
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ 158	\$ 158
5020	Total Revenues	--	--	158	158
EXPENDITURES:					
Debt Service:					
0072	Interest on Long-Term Debt	--	267,138	250,034	17,104
0073	Bond Issuance Costs and Fees	--	180,348	180,548	(200)
	Total Debt Service	--	447,485	430,582	16,903
6030	Total Expenditures	--	447,485	430,582	16,903
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(447,485)	(430,424)	17,061
Other Financing Sources (Uses):					
7916	Premium or Discount on Issuance of Bonds	--	404,146	404,146	--
7917	Prepaid Interest	--	43,339	43,339	--
7080	Total Other Financing Sources and (Uses)	--	447,485	447,485	--
1200	Net Change in Fund Balance	--	--	17,061	17,061
0100	Fund Balance - Beginning	--	--	--	--
3000	Fund Balance - Ending	\$ --	\$ --	\$ 17,061	\$ 17,061

GONZALES INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)	
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES:					
5700	Local and Intermediate Sources	\$ 572,360	\$ 572,360	\$ 608,522	\$ 36,162
5800	State Program Revenues	--	--	43,284	43,284
5020	Total Revenues	<u>572,360</u>	<u>572,360</u>	<u>651,806</u>	<u>79,446</u>
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	490,000	490,000	490,000	--
0072	Interest on Long-Term Debt	81,360	81,360	81,360	--
0073	Bond Issuance Costs and Fees	1,000	1,000	400	600
	Total Debt Service	<u>572,360</u>	<u>572,360</u>	<u>571,760</u>	<u>600</u>
6030	Total Expenditures	<u>572,360</u>	<u>572,360</u>	<u>571,760</u>	<u>600</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	80,046	80,046
1200	Net Change in Fund Balance	--	--	80,046	80,046
0100	Fund Balance - Beginning	373,750	373,750	373,750	--
3000	Fund Balance - Ending	<u>\$ 373,750</u>	<u>\$ 373,750</u>	<u>\$ 453,796</u>	<u>\$ 80,046</u>

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FLOYD AND GINDLER, PC
CERTIFIED PUBLIC ACCOUNTANTS
421 ST. JAMES-PO BOX 638
Gonzales, TX 78629

Independent Auditor's Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Board of Trustees
Gonzales Independent School District
926 St. Lawrence
Gonzales, Texas 78629

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gonzales Independent School District, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise Gonzales Independent School District's basic financial statements, and have issued our report thereon dated December 8, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gonzales Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gonzales Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Gonzales Independent School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item(s) 2014-1, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gonzales Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on

compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item(s) 2014-1.

Gonzales Independent School District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Floyd & Gindler, PC

Gonzales, Texas
December 8, 2014

FLOYD AND GINDLER, PC
CERTIFIED PUBLIC ACCOUNTANTS
421 ST. JAMES-PO BOX 638
Gonzales, TX 78629

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Board of Trustees
Gonzales Independent School District
926 St. Lawrence
Gonzales, Texas 78629

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited Gonzales Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Gonzales Independent School District's major federal programs for the year ended August 31, 2014. Gonzales Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Gonzales Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Gonzales Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Gonzales Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-1 Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of Gonzales Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Gonzales Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gonzales Independent School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-1 to be a significant deficiency.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Floyd & Gindler, PC

Gonzales, Texas
December 8, 2014

GONZALES INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2014

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.559, 10.553, 10.555	National School Lunch/Breakfast Program and Summer Feeding Program
84.367a	Titel II, Part A-Teacher and Principal Recruiting & Training

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

GONZALES INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2014

C. Federal Award Findings and Questioned Costs

Finding 2014-1-Title II, Part A

Condition: No time and effort records were available to support wages charged to this grant.

Criteria: OMB A-87, Attachment B, paragraphs 8.h. (4), (5), and (6).

Effect: Wages and benefits totaling \$16,414 could have been charged improperly to this grant

Cause: Unknown. The federal program director this year left at the end of the school year and the District was unable to locate any records that he may have had to demonstrate compliance with this requirement.

Context: This appears to be an isolated instance based on past audits where the appropriate documentation was present

Recommendation: All wages for employees who are paid out of different federal grant awards need to be supported by appropriate documentation in accordance with OMB A-87, Attachment B, paragraph 8.h. (4), (5), and (6).

GONZALES INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2014

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
NONE		

GONZALES INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2014

Larry Wehde, Deputy Superintendent for Business and Operations
November 20, 2014

The bilingual stipends were distributed using both local funds and Title II, Part A-Teacher Training and Recruiting funds to allow the total stipend amount to be increased in an attempt to recruit and incentivize more qualified teachers, thereby, encouraging high student performance. The percentages charged to each fund were related to the number of bilingual students served by each teacher, however, we understand that time and effort documents were not maintained to justify the breakdown between funds. Money expended in both funds were accurately accounted for using Program Intent Code 25-Bilingual Education and Special Language Programs

We have implemented internal control processes in an effort to prevent a repetitive situation in the future. All personnel expenditures, both stipends and positions, will now be presented to the finance officer for funding verification prior to funds being expended. As a result, the finance officer will be aware of split-funded positions from the beginning and will be able to monitor adherence to time and effort requirement in a more proactive manner.

GONZALES INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs *	84.010a	1461010108990	\$ 648,753
ESEA Title I Part A - Improving Basic Programs *	84.010a	15610101089901	15,657
Total CFDA Number 84.010a			<u>664,410</u>
IDEA-B Formula *	84.027	14660001089901660	480,894
IDEA-B Formula *	84.027	15660001089901600	16,149
Total CFDA Number 84.027			<u>497,043</u>
Career and Technical - Basic Grant	84.048	14420006089901	38,606
IDEA-B Preschool *	84.173	14661001089901661	8,853
IDEA-B Preschool *	84.173	15661001089901600	708
Total CFDA Number 84.173			<u>9,561</u>
ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358	14696001089901	34,683
Title III Part A English Language Acquisition and Language Enhance	84.365	14671001089901	42,932
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	14694501089901	149,433
Summer School LEP	84.369A	69551302	3,339
Total Passed Through State Department of Education			<u>1,440,007</u>
Total U. S. Department of Education			<u>1,440,007</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	089-901	338,517
National School Lunch Program *	10.555	089-901	698,473
Commodity Supplemental Food Program (Non-cash) *	10.565	089-901	75,473
Total Passed Through State Department of Education			<u>1,112,463</u>
Passed Through State Department of Agriculture:			
Summer Food Service Program *	10.559	089-901	26,858
Commodity Supplemental Food Program (Non-cash) *	10.565	089-901	102
Total Passed Through State Department of Agriculture			<u>26,960</u>
Total U. S. Department of Agriculture			<u>1,139,423</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,579,430</u>

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

GONZALES INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2014

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Gonzales Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

1. Reconciliation of Schedule of Federal Financial Awards to financial statements

Total federal awards reported on Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 2,802,287
Less: Medicaid revenues reported	<u>(222,857)</u>
Total expenditures of federal awards	<u><u>2,579,430</u></u>

GONZALES INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 AS OF AUGUST 31, 2014

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ --