

**GILMER  
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2014

## Introductory Section

This page is left blank intentionally.

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

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
<b>INTRODUCTORY SECTION</b>		
Certificate of Board.....	5	
<b>FINANCIAL SECTION</b>		
Independent Auditors' Report.....	9	
Management's Discussion and Analysis (Required Supplementary Information).....	11	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	23	A-1
Statement of Activities.....	24	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	26	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	27	C-1R
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	28	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	29	C-3
Statement of Net Position - Proprietary Funds.....	30	D-1
Statement of Revenues, Expenses, and Changes in		
Fund Net Position - Proprietary Funds.....	31	D-2
Statement of Cash Flows - Proprietary Funds.....	32	D-3
Statement of Fiduciary Net Position - Fiduciary Funds.....	33	E-1
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	34	E-2
Notes to the Financial Statements .....	35	
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedules:		
General Fund.....	50	G-1
<u>Combining Statements as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	54	H-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - All Nonmajor Governmental Funds.....	55	H-2
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	56	H-3
Combining Statement of Revenues, Expenditures and Changes		
in Fund Balances - Nonmajor Special Revenue Funds.....	60	H-4
Enterprise Funds:		

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

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Combining Statement of Net Position - Nonmajor Enterprise Funds.....	63	H-5
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Nonmajor Enterprise Funds.....	64	H-6
Combining Statement of Cash Flows - Nonmajor Enterprise Funds.....	65	H-7
Fiduciary Funds:		
Private-Purpose Trust Funds:		
Combining Statement of Fiduciary Net Position.....	66	H-8
Combining Statement of Changes in Fiduciary Net Position.....	67	H-9
OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedule of Delinquent Taxes Receivable.....	70	J-1
Budgetary Comparison Schedules Required by the Texas Education Agency:		
National School Breakfast and Lunch Program.....	72	J-2
Debt Service Fund.....	73	J-3
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	75	
Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.....	77	
Schedule of Findings and Questioned Costs .....	79	
Summary Schedule of Prior Audit Findings.....	80	
Corrective Action Plan.....	81	
Schedule of Expenditures of Federal Awards .....	82	K-1
Notes to the Schedule of Expenditures of Federal Awards.....	83	
Schedule of Required Responses to Selected School First Indicators.....	84	K-2

CERTIFICATE OF BOARD

Gilmer Independent School District  
Name of School District

Upshur  
County

230-902  
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 \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**SIGNATURES ON FILE WITH TEXAS EDUCATION AGENCY**

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

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

This page is left blank intentionally.

## Financial Section



This page is left blank intentionally.

# KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

Karen A. Jacks, CPA  
Peggy J. Lantz, CPA  
Sherry Davis, CPA

P.O. Box 3167  
Longview, Texas 75606

1501 Colony Circle  
Longview, Texas 75604

Phone: 903•238•8822

Fax: 903•238•9838

## Independent Auditors' Report

To the Board of Trustees  
Gilmer Independent School District  
500 Trinity Street  
Gilmer, Texas 75644

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gilmer 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.

### **Auditors' 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, the business-type activities, each major fund, and the aggregate remaining fund information of Gilmer 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.

## **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 Gilmer Independent School District's basic financial statements. The introductory section and combining 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 combining 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 combining and 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014 on our consideration of Gilmer 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 Gilmer Independent School District's internal control over financial reporting and compliance.

*Karen A. Jacks & Associates, P.C.*

Karen A. Jacks & Associates, P.C.  
Longview, Texas  
December 10, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Gilmer 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.

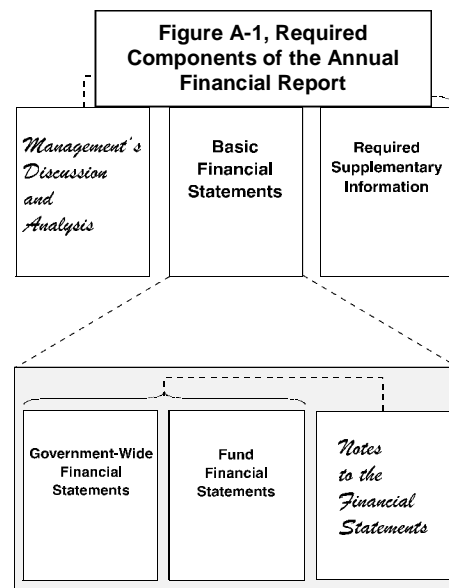
### FINANCIAL HIGHLIGHTS

- i The District's total net position was \$11,093,594 at August 31, 2014.
- i During the year, the District's General Fund expenditures were \$515,033 less than the \$19,910,028 generated in taxes and other revenues for governmental activities.
- i The total cost of the District's programs decreased by \$1,400,094 from the previous year. The majority of the decrease, \$2,327,145 occurred in the Other Governmental Funds, primarily the Capital Projects Fund. Total costs in the General Operating Fund increased \$927,051 from the previous year.
- i The District made investments in capital asset acquisitions (\$346,000) and facility maintenance and improvements (\$199,000) in the amount of \$545,000 during the fiscal year ending August 31, 2014. In addition to these investments, the District invested \$41,000 in small equipment purchases and \$46,000 to purchase a tract of land adjacent to District property.
- i The general fund reported a fund balance of \$4,785,634 at fiscal year end, which was a decrease of \$522,262 over the previous year.
- i The District held a Tax Ratification Election during fiscal year 2014 to increase the Maintenance and Operations Tax Rate from \$1.04 to \$1.17. The voters passed the tax rate increase. Subsequently, the Board of Trustees decreased the Interest and Sinking Tax Rate from \$0.145 to \$0.015, which resulted in the same combined tax rate of \$1.185 as prior to the election.
- i The District transferred \$1,038,408 from the General Operating Fund to the Interest and Sinking Fund for bond payments as a result of the Tax Ratification Election.
- i The overall financial position of Gilmer Independent School District remains very strong and has shown steady improvement over the past several years through increases in both fund balance and net position. The District tax base decreased in fiscal year 2014 due primarily to the continued decline in mineral values.

### 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:

- i 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.
- i 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.
- i The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.



- i *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates like businesses, such as food service.
- i *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. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements				
Type of Statements	Government-wide	Governmental Funds	Fund Statements	
			Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	♦ Statement of net position	♦ Balance sheet	♦ Statement of net position	♦ Statement of fiduciary net position
	♦ Statement of activities	♦ Statement of revenues, expenditures & changes in fund balances	♦ Statement of revenues, expenses and changes in fund net position ♦ Statement of cash flows	♦ Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

## 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 and liabilities. 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 and liabilities—is one way to measure the District's financial health or *position*.

- i Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- i To assess the overall health of the District, one needs to consider additional non-financial 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.

- i Some funds are required by State law and by bond covenants.
- i 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:

- i *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.
- i *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- i The District uses *internal service funds* to report activities that provide supplies and services for the District's other programs and activities.
- i *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 position and a statement of changes in fiduciary net position. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Non-major governmental funds include special revenue funds such as ESEA Title 1 Part A (for at-risk population); IDEA-B, Formula (special education); IDEA-B, Preschool (special education); National School Breakfast/Lunch Program (food service to students); and various other funds restricted for special purposes.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net Position** (See Table A-1). The District's Governmental activity net position was \$11,089,734 at August 31, 2014. Overall, the District had a decrease of 3.1% in net position from prior year. The District had minimal Business-type activities during the fiscal year.

**Table A-1**  
Gilmer Independent School District's Net Position  
(In dollars)

	Governmental Activities				Business Activities			Total Activities			
	2014	2013	2012	% Change 2013- 2014	2014	2013	2012	2014	2013	2012	% Change 2013- 2014
<b>ASSETS:</b>											
<b>Current assets:</b>											
Cash and Cash Equivalents	6,501,020	7,383,207	7,623,806	-12%	79	1,417	659	6,501,099	7,384,624	7,624,465	-12%
Property Taxes Receivable (Net)	1,330,251	1,310,279	1,294,508	2%	-	-	-	1,330,251	1,310,279	1,294,508	2%
Due from Other Governments	491,347	380,664	314,232	29%	-	-	-	491,347	380,664	314,232	29%
Other Receivables	8,619	706	583	1121%	(2,009)	-	-	6,610	706	583	836%
Unrealized Expenses	58,245	55,491	55,491	5%	-	-	-	58,245	55,491	55,491	5%
Inventories	66,259	42,895	39,216	54%	5,800	7,521	-	72,059	50,416	39,216	43%
Capitalized Bond & Debt Issuance Cost	-	-	240,258	0%	-	-	-	-	-	240,258	0%
Total current assets	8,455,741	9,173,242	9,568,094	-8%	3,870	8,938	659	8,459,611	9,182,180	9,568,753	-8%
<b>Noncurrent assets:</b>											
Land	1,266,242	1,220,020	1,220,020	4%	-	-	-	1,266,242	1,220,020	1,220,020	4%
Buildings, Furniture and Equipment	44,612,299	41,865,527	41,549,077	7%	-	-	-	44,612,299	41,865,527	41,549,077	7%
Less Accumulated Depreciation	(22,264,803)	(20,999,752)	(19,810,020)	6%	-	-	-	(22,264,803)	(20,999,752)	(19,810,020)	6%
Construction In Progress	-	2,293,459	75,739	-100%	-	-	-	-	2,293,459	75,739	-100%
Total Noncurrent Assets	23,613,738	24,379,254	23,034,816	-3%	-	-	-	23,613,738	24,379,254	23,034,816	-3%
Total Assets	32,069,479	33,552,496	32,602,910	-4%	3,870	8,938	659	32,073,349	33,561,434	32,603,569	-4%
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>											
Deferred Loss on Defeasance of Debt	1,078,153	1,043,192	n/a	3%	-	-	n/a	1,078,153	1,043,192	n/a	3%
Total Deferred Outflows of Resources	1,078,153	1,043,192	n/a	3%	-	-	n/a	1,078,153	1,043,192	n/a	3%
<b>LIABILITIES:</b>											
<b>Current liabilities:</b>											
Accounts Payable and Accrued Liabilities	1,015,994	1,258,787	1,095,209	-19%	10	8,619	-	1,016,004	1,267,406	1,095,209	-20%
Unearned Revenue	86,233	81,246	78,011	6%	-	-	-	86,233	81,246	78,011	6%
Total Current Liabilities	1,102,227	1,340,033	1,173,220	-18%	10	8,619	-	1,102,237	1,348,652	1,173,220	-18%
<b>Long-term liabilities:</b>											
Due Within One Year	765,000	917,221	746,833	-17%	-	-	-	765,000	917,221	746,833	-17%
Due in More than One Year	20,190,671	20,889,039	18,302,108	-3%	-	-	-	20,190,671	20,889,039	18,302,108	-3%
Total Long Term Liabilities	20,955,671	21,806,260	19,048,941	-4%	-	-	-	20,955,671	21,806,260	19,048,941	-4%
Total Liabilities	22,057,898	23,146,293	20,222,161	-5%	10	8,619	-	22,057,908	23,154,912	20,222,161	-5%
<b>NET POSITION</b>											
Net Investment in Capital Assets	3,736,220	4,116,186	4,478,567	-9%	-	-	-	3,736,220	4,116,186	4,478,567	-9%
Restricted for Other Purposes	976,754	974,036	1,016,275	0%	-	-	-	976,754	974,036	1,016,275	0%
Unrestricted	6,376,760	6,359,173	6,885,907	0%	3,860	319	659	6,380,620	6,359,492	6,886,566	0%
Total Net Position	11,089,734	11,449,395	12,380,749	-3%	3,860	319	659	11,093,594	11,449,714	12,381,408	-3%

The \$6,376,760 of unrestricted net position represents resources available to fund the governmental activity programs of the District during the next fiscal year.

#### Changes in net position (See Table A-2).

Governmental Activities - The District's total revenue for governmental activities was \$22,697,447, which included \$3,783,810 for services and operating grants and contributions, and \$18,913,637 in general revenues.

For fiscal year 2014, approximately 52% of the District's general revenue came from taxes, 45% from state aid, federal programs and specific grants, and the remaining 3% from investment earnings and miscellaneous local sources. The total expenses of all District governmental activity programs and services was \$23,057,106, with approximately 74% of these costs for instructional and student related services.

#### Governmental Activities

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

	Governmental Activities			Business Activities			Total Activities			% Change
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2014- 2013</u>
<b>Program Revenues:</b>										
Charges for Services	695,041	805,555	683,906	8,870	-	-	703,911	805,555	683,906	-13%
Operating Grants and Contributions	3,088,769	3,007,159	3,438,973	-	-	-	3,088,769	3,007,159	3,438,973	3%
General Revenues:										
Property Taxes	9,750,397	9,838,356	10,227,538	-	-	-	9,750,397	9,838,356	10,227,538	-1%
State Aid – Formula	8,583,998	7,582,461	7,688,791	-	-	-	8,583,998	7,582,461	7,688,791	13%
Investment Earnings	30,473	38,928	42,966	-	-	-	30,473	38,928	42,966	-22%
Other	<u>548,769</u>	<u>230,534</u>	<u>431,943</u>	<u>-</u>	<u>240</u>	<u>1,370</u>	<u>548,769</u>	<u>230,774</u>	<u>433,313</u>	138%
Total Revenues	22,697,447	21,502,993	22,514,117	8,870	240	1,370	22,706,317	21,503,233	22,515,487	6%
<b>Program Expenditures:</b>										
Instruction	11,601,708	11,221,210	10,733,017	5,329	580	711	11,607,037	11,221,790	10,733,728	3%
Instructional Resources and Media Services	570,489	535,860	492,188	-	-	-	570,489	535,860	492,188	6%
Curriculum Dev. and Instructional Staff Dev.	359,508	387,598	423,266	-	-	-	359,508	387,598	423,266	-7%
Instructional Leadership	120,839	120,580	118,318	-	-	-	120,839	120,580	118,318	0%
School Leadership	1,141,048	1,108,607	1,132,347	-	-	-	1,141,048	1,108,607	1,132,347	3%
Guidance, Counseling and Evaluation Services	559,268	553,735	556,745	-	-	-	559,268	553,735	556,745	1%
Health Services	235,395	249,231	245,380	-	-	-	235,395	249,231	245,380	-6%
Student Transportation	948,823	896,344	946,659	-	-	-	948,823	896,344	946,659	6%
Food Services	1,369,940	1,275,699	1,193,633	-	-	-	1,369,940	1,275,699	1,193,633	7%
Curricular/Extracurricular Activities	1,682,231	1,616,955	1,527,287	-	-	-	1,682,231	1,616,955	1,527,287	4%
General Administration	585,414	536,905	536,707	-	-	-	585,414	536,905	536,707	9%
Plant Maintenance & Oper.	2,287,289	2,064,893	1,984,173	-	-	-	2,287,289	2,064,893	1,984,173	11%



Security & Monitoring Svcs.	157,732	150,769	147,507	-	-	-	157,732	150,769	147,507	5%
Data Processing Services	125,878	118,250	115,489	-	-	-	125,878	118,250	115,489	6%
Community Services	35,251	30,699	31,688	-	-	-	35,251	30,699	31,688	15%
Debt Service	527,677	458,137	750,883	-	-	-	527,677	458,137	750,883	15%
Bond Issuance Costs	75,539	201,680	24,332	-	-	-	75,539	201,680	24,332	-63%
Facilities Acquisition and Construction	20,252	-	-	-	-	-	20,252	-	-	100%
Payments to Fiscal Agent/ Member Dist. – SSA	441,372	468,622	483,950	-	-	-	441,372	468,622	483,950	-6%
Other intergovernmental Charges	211,453	198,316	197,237	-	-	-	211,453	198,316	197,237	7%
Total Expenses	<u>23,057,106</u>	<u>22,194,090</u>	<u>21,640,806</u>	<u>5,329</u>	<u>580</u>	<u>711</u>	<u>23,062,435</u>	<u>22,194,670</u>	<u>21,641,517</u>	4%
Net Position (NB) - Beginning	11,449,393	12,380,749	11,507,438	319	659	-	11,449,712	12,381,408	11,507,438	-8%
Adjustment to NB -Beginning	-	(240,257)	-	-	-	-	-	(240,257)	-	-100%
Excess Before Other Resources, Uses & Transfers	(359,659)	(691,097)	873,311	3,541	(340)	659	(356,118)	(691,437)	873,970	-48%
Other Resources (Uses)	-	-	-	-	-	-	-	-	-	
Transfers In (Out)	-	-	-	-	-	-	-	-	-	
Net Position (NE) - Ending	<u>11,089,734</u>	<u>11,449,395</u>	<u>12,380,749</u>	<u>3,860</u>	<u>319</u>	<u>659</u>	<u>11,093,594</u>	<u>11,449,714</u>	<u>12,381,408</u>	-3%
Change in Net Position (CN)	<u>(359,659)</u>	<u>(691,097)</u>	<u>873,311</u>	<u>3,541</u>	<u>(340)</u>	<u>659</u>	<u>(356,118)</u>	<u>(691,437)</u>	<u>873,970</u>	-48%

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

- i The cost of all *governmental* activities this year was \$23,057,106.
- i The amount that District taxpayers funded for these activities through property taxes was \$9,750,397.
- i The remaining costs were funded by state aid, federal grants and contributions in the amount of \$11,672,767 or
- i By interest and other miscellaneous revenues of \$579,242.

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

	Total Cost of Services				Net Cost of Services			
	<u>2014</u>	<u>2013</u>	<u>2012</u>	% Change <u>2014- 2013</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	% Change <u>2014- 2013</u>
Instruction	11,601,708	11,221,210	10,733,017	3%	9,944,754	9,477,844	8,824,580	5%
School Administration	1,141,048	1,108,607	1,132,347	3%	1,082,910	1,057,212	1,075,732	2%
Plant Maintenance & Operations	2,287,289	2,064,893	1,984,173	11%	2,216,850	2,004,242	1,923,475	11%
Debt Service – Interest/ Fiscal Charges	603,216	659,817	775,215	-9%	603,216	659,817	775,215	-9%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Total revenues from governmental fund types totaled \$22,677,472, an increase of \$1,190,249 from the previous year. General fund revenue increased \$2,259,077 while non-major governmental funds revenue decreased \$1,068,828. The increase in total revenue is due to a combination of the approval of the Tax Ratification Election and additional state aid resulting from legislative changes and increased enrollment. With approval of the Tax Ratification Election, \$1.17 of the total \$1.185 tax rate revenue is collected in the general operating fund, with the remaining 0.015 collected in the interest and sinking fund. The District transferred \$1,038,408 from the general operating fund to the interest and sinking fund for bonded debt payments.

### General Operating Fund Budgetary Highlights

During the course of the year the District, with approval by the Board of Trustees, amended the general operating budget on a regular basis to reflect changing needs within the District as well as to budget additional revenue received from various sources throughout the year. Actual revenue and expenditures for the fiscal year were \$1,492,395 below final budgeted amounts.

The District invested \$346,000 in capital assets with the purchase of four buses. The District also invested approximately \$199,000 for facility maintenance and improvements to District property. The major facility maintenance and improvements were the replacement of bleachers in the high school gymnasium, upgrades to the high school theater, renovation of athletic fields, stadium electrical and lighting enhancements and miscellaneous repairs and replacement of equipment. In addition to capital asset and facility improvements, the District invested \$41,000 in small equipment purchases and \$46,000 in a tract of land adjacent to District property. All capital asset acquisitions, facility maintenance, and property improvements were funded entirely by available District funds.

The District adopted a deficit budget in the amount of \$471,383 for the 2014 fiscal year with the intent of using fund balance to cover the deficit if the Tax Ratification Election had failed. The District also anticipated an enrollment increase to provide additional state funding as well.

The general operating fund balance decreased by \$522,362 for an ending balance of \$4,785,634 as of August 31, 2014.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2014, the District had invested \$45,878,541 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$499,535 over the previous fiscal year.

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

	Governmental Activities			Total Percentage Change 2014-2013
	<u>2014</u>	<u>2013</u>	<u>2012</u>	
Land	1,266,242	1,220,020	1,220,020	4%
Buildings and improvements	40,542,148	38,162,986	37,951,742	6%
Construction in progress	-	2,293,459	75,739	-100%
Vehicles	2,465,572	2,140,957	2,119,015	15%
Equipment	1,606,579	1,561,584	1,478,320	3%
Totals at historical cost	<u>45,878,541</u>	<u>45,379,006</u>	<u>42,844,836</u>	1%
Total accumulated depreciation	<u>(22,264,803)</u>	<u>(20,999,752)</u>	<u>(19,810,020)</u>	6%
Net capital assets	<u>23,613,738</u>	<u>24,379,254</u>	<u>23,034,816</u>	-3%

More detailed information about the District's capital assets is presented in the notes to the financial statements.

### Long Term Debt

At year-end the District had \$19,527,648 in outstanding debt as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

**Table A-5**  
District's Long Term Debt  
(In dollars)

	Governmental Activities			Total Percentage Change 2014-2013
	<u>2014</u>	<u>2013</u>	<u>2012</u>	
Bonds Payable	17,115,000	17,785,000	18,545,000	-4%
Notes payable	<u>2,412,648</u>	<u>2,659,980</u>	<u>352,425</u>	-9%
Total Debt	<u>19,527,648</u>	<u>20,444,980</u>	<u>18,897,425</u>	-4%

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- i Appraised property value used for the 2015 budget preparation is down \$15,049,562, which is 2% less than prior year.
- i General operating funds budgeted per student increased in the 2015 budget from \$7,806 to \$7,961.
- i The District's 2015 refined average daily attendance was anticipated to remain the same as the final 2014 refined average daily attendance of 2265.

These indicators were taken into account when adopting the general fund budget for 2015. Amounts available for appropriation in the general fund are \$19,401,393, a decrease of \$508,635 from final revenues for 2014. The District adopted a balanced budget for the 2015 school year. District staff received a pay increase of approximately 2% of the midpoint for 2015. The District continues to monitor staffing needs and seek efficient operating procedures in order to maximize the available dollars spent directly on student instruction.

The 2015 adopted general fund budget expenditures are expected to decrease from the 2014 amended budget from \$20,746,395 to \$19,401,393.

If these estimates are realized, the District's budgetary general fund balance is expected to remain approximately the same for the 2014-2015 school year.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, stakeholders, 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, please feel free to contact the District's Business Office.

This page is left blank intentionally.

## Basic Financial Statements

This page is left blank intentionally.

**GILMER INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2014**

Data Control Codes		1	2	3
		Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 3,395,687	\$ 79	\$ 3,395,766
1120	Current Investments	3,105,333	--	3,105,333
1225	Property Taxes Receivable (Net)	1,330,251	--	1,330,251
1240	Due from Other Governments	491,347	--	491,347
1250	Accrued Interest	2,781	--	2,781
1260	Internal Balances	5,838	(2,009)	3,829
1300	Inventories	66,259	5,800	72,059
1410	Unrealized Expenses	58,245	--	58,245
Capital Assets:				
1510	Land	1,266,242	--	1,266,242
1520	Buildings and Improvements, Net	21,351,942	--	21,351,942
1530	Furniture and Equipment, Net	995,554	--	995,554
1000	Total Assets	<u>32,069,479</u>	<u>3,870</u>	<u>32,073,349</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
	Deferred Outflows of Resources	1,078,153	--	1,078,153
1700	Total Deferred Outflows of Resources	<u>1,078,153</u>	<u>--</u>	<u>1,078,153</u>
<b>LIABILITIES:</b>				
2110	Accounts Payable	383,375	--	383,375
2140	Interest Payable	24,044	--	24,044
2165	Accrued Liabilities	603,420	--	603,420
2180	Due to Other Governments	5,155	10	5,165
2300	Unearned Revenue	86,233	--	86,233
Noncurrent Liabilities:				
2501	Due Within One Year	765,000	--	765,000
2502	Due in More Than One Year	20,190,671	--	20,190,671
2000	Total Liabilities	<u>22,057,898</u>	<u>10</u>	<u>22,057,908</u>
<b>NET POSITION:</b>				
3200	Net Investment in Capital Assets	3,736,220	--	3,736,220
Restricted For:				
3820	State and Federal Programs	467,273	--	467,273
3850	Debt Service	432,798	--	432,798
3870	Campus Activities	76,683	--	76,683
3900	Unrestricted	6,376,760	3,860	6,380,620
3000	Total Net Position	<u>\$ 11,089,734</u>	<u>\$ 3,860</u>	<u>\$ 11,093,594</u>

The accompanying notes are an integral part of this statement.



# GILMER INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Functions/Programs	1  Expenses	3  Charges for Services	4  Program Revenues Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	\$ 11,601,708	\$ 263,199	\$ 1,393,755
12	Instructional Resources and Media Services	570,489	--	27,940
13	Curriculum and Staff Development	359,508	--	217,759
21	Instructional Leadership	120,839	--	4,379
23	School Leadership	1,141,048	--	58,138
31	Guidance, Counseling, & Evaluation Services	559,268	--	129,779
33	Health Services	235,395	--	15,545
34	Student Transportation	948,823	--	36,078
35	Food Service	1,369,940	276,538	1,065,448
36	Cocurricular/Extracurricular Activities	1,682,231	148,808	40,673
41	General Administration	585,414	--	22,643
51	Facilities Maintenance and Operations	2,287,289	6,496	63,943
52	Security and Monitoring Services	157,732	--	464
53	Data Processing Services	125,878	--	5,266
61	Community Services	35,251	--	6,959
72	Interest on Long-term Debt	527,677	--	--
73	Bond Issuance Costs and Fees	75,539	--	--
81	Capital Outlay	20,252	--	--
93	Payments Related to Shared Services Arrangements	441,372	--	--
99	Other Intergovernmental Charges	211,453	--	--
TG	Total Governmental Activities	<u>23,057,106</u>	<u>695,041</u>	<u>3,088,769</u>
	Business-type Activities:			
01	Stadium Enterprise	5,329	8,870	--
TB	Total Business-type Activities	<u>5,329</u>	<u>8,870</u>	<u>--</u>
TP	Total Primary Government	<u>\$ 23,062,435</u>	<u>\$ 703,911</u>	<u>\$ 3,088,769</u>
	General Revenues:			
MT	Property Taxes, Levied for General Purposes			
DT	Property Taxes, Levied for Debt Service			
IE	Investment Earnings			
GC	Grants and Contributions Not Restricted to Specific Programs			
MI	Miscellaneous			
TR	Total General Revenues			
CN	Change in Net Position			
NB	Net Position - Beginning			
NE	Net Position - Ending			

The accompanying notes are an integral part of this statement.

6

7

8

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (9,944,754)		\$ (9,944,754)
(542,549)		(542,549)
(141,749)		(141,749)
(116,460)		(116,460)
(1,082,910)		(1,082,910)
(429,489)		(429,489)
(219,850)		(219,850)
(912,745)		(912,745)
(27,954)		(27,954)
(1,492,750)		(1,492,750)
(562,771)		(562,771)
(2,216,850)		(2,216,850)
(157,268)		(157,268)
(120,612)		(120,612)
(28,292)		(28,292)
(527,677)		(527,677)
(75,539)		(75,539)
(20,252)		(20,252)
(441,372)		(441,372)
(211,453)		(211,453)
<u>(19,273,296)</u>		<u>(19,273,296)</u>
 --	 \$ 3,541	 3,541
 --	 3,541	 3,541
<u>(19,273,296)</u>	<u>3,541</u>	<u>(19,269,755)</u>
 9,585,505	 --	 9,585,505
164,892	--	164,892
30,473	--	30,473
8,583,998	--	8,583,998
548,769	--	548,769
<u>18,913,637</u>	<u>--</u>	<u>18,913,637</u>
(359,659)	3,541	(356,118)
11,449,393	319	11,449,712
<u>\$ 11,089,734</u>	<u>\$ 3,860</u>	<u>\$ 11,093,594</u>

**GILMER INDEPENDENT SCHOOL DISTRICT**

## BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2014

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
<b>ASSETS:</b>			
1110 Cash and Cash Equivalents	\$ 2,340,714	\$ 642,324	\$ 2,983,038
1120 Current Investments	2,720,775	384,558	3,105,333
1225 Taxes Receivable, Net	1,216,927	113,324	1,330,251
1240 Due from Other Governments	435,837	55,510	491,347
1250 Accrued Interest	2,781	--	2,781
1260 Due from Other Funds	69,852	--	69,852
1300 Inventories	18,033	48,226	66,259
1000 Total Assets	<u>\$ 6,804,919</u>	<u>\$ 1,243,942</u>	<u>\$ 8,048,861</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110 Accounts Payable	\$ 175,506	\$ 111,174	\$ 286,680
2150 Payroll Deductions & Withholdings	845	--	845
2160 Accrued Wages Payable	561,239	41,336	602,575
2170 Due to Other Funds	--	64,014	64,014
2180 Due to Other Governments	5,155	--	5,155
2300 Unearned Revenue	59,613	26,620	86,233
2000 Total Liabilities	<u>802,358</u>	<u>243,144</u>	<u>1,045,502</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Property Tax Revenues	1,216,927	113,324	1,330,251
2600 Total Deferred Inflows of Resources	<u>1,216,927</u>	<u>113,324</u>	<u>1,330,251</u>
<b>FUND BALANCES:</b>			
Nonspendable Fund Balances:			
3410 Inventories	18,032	29,726	47,758
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	--	437,547	437,547
3480 Retirement of Long-Term Debt	--	343,518	343,518
Committed Fund Balances:			
3510 Construction	2,000,000	--	2,000,000
3545 Other Committed Fund Balance	500,000	76,683	576,683
Assigned Fund Balances:			
3570 Capital Expenditures for Equipment	162,217	--	162,217
3590 Other Assigned Fund Balance	10,000	--	10,000
3600 Unassigned	2,095,385	--	2,095,385
3000 Total Fund Balances	<u>4,785,634</u>	<u>887,474</u>	<u>5,673,108</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 6,804,919</u>	<u>\$ 1,243,942</u>	<u>\$ 8,048,861</u>

The accompanying notes are an integral part of this statement.

**GILMER 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	\$ 5,673,108
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.	23,613,738
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,330,251
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	315,954
Payables for bond principal which are not due in the current period are not reported in the funds.	(17,115,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(24,044)
Payables for notes which are not due in the current period are not reported in the funds.	(2,412,648)
Premium on issuance of bonds is not reported in the funds.	(1,307,482)
Prepaid insurance is not reported in the funds.	58,245
Accreted interest on capital appreciation bonds is not reported in the funds.	(120,541)
The deferred loss on defeasance of debt is not reported in the funds.	1,078,153
Net position of governmental activities - Statement of Net Position	<u>\$ 11,089,734</u>

The accompanying notes are an integral part of this statement.

**GILMER 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	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ 10,409,407	\$ 595,298	\$ 11,004,705
5800 State Program Revenues	9,447,567	184,974	9,632,541
5900 Federal Program Revenues	53,054	1,987,172	2,040,226
5020 Total Revenues	<u>19,910,028</u>	<u>2,767,444</u>	<u>22,677,472</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	9,924,807	948,357	10,873,164
0012 Instructional Resources and Media Services	548,414	--	548,414
0013 Curriculum and Staff Development	147,470	212,020	359,490
0021 Instructional Leadership	120,827	--	120,827
0023 School Leadership	1,132,824	900	1,133,724
0031 Guidance, Counseling, & Evaluation Services	453,911	104,612	558,523
0033 Health Services	232,751	--	232,751
0034 Student Transportation	1,185,048	--	1,185,048
0035 Food Service	--	1,319,908	1,319,908
0036 Cocurricular/Extracurricular Activities	1,394,137	--	1,394,137
0041 General Administration	581,690	--	581,690
0051 Facilities Maintenance and Operations	2,332,577	14,970	2,347,547
0052 Security and Monitoring Services	152,174	--	152,174
0053 Data Processing Services	124,126	--	124,126
0061 Community Services	29,828	5,422	35,250
0071 Principal on Long-term Debt	247,332	670,000	917,332
0072 Interest on Long-term Debt	64,719	513,126	577,845
0073 Bond Issuance Costs and Fees	400	75,139	75,539
0081 Capital Outlay	69,135	--	69,135
0093 Payments to Shared Service Arrangements	441,372	--	441,372
0099 Other Intergovernmental Charges	211,453	--	211,453
6030 Total Expenditures	<u>19,394,995</u>	<u>3,864,454</u>	<u>23,259,449</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>515,033</u>	<u>(1,097,010)</u>	<u>(581,977)</u>
Other Financing Sources and (Uses):			
7911 Debt Issued (Refunding Bonds)	--	2,255,000	2,255,000
7915 Transfers In	1,113	1,038,408	1,039,521
7916 Premium or Discount on Issuance of Bonds	--	170,768	170,768
7917 Prepaid Interest	--	2,888	2,888
8911 Transfers Out	(1,038,408)	(1,113)	(1,039,521)
8949 Other Uses - Payment to Bond Escrow Agent	--	(2,352,263)	(2,352,263)
7080 Total Other Financing Sources and (Uses)	<u>(1,037,295)</u>	<u>1,113,688</u>	<u>76,393</u>
1200 Net Change in Fund Balances	<u>(522,262)</u>	<u>16,678</u>	<u>(505,584)</u>
0100 Fund Balances - Beginning	5,307,896	870,796	6,178,692
3000 Fund Balances - Ending	<u>\$ 4,785,634</u>	<u>\$ 887,474</u>	<u>\$ 5,673,108</u>

The accompanying notes are an integral part of this statement.

**GILMER 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 \$ (505,584)

Amounts reported for governmental activities in the Statement of Activities  
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	499,535
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,265,051)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	19,973
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	670,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	247,332
The accretion of interest on capital appreciation bonds is not reported in the funds.	(50,957)
(Increase) decrease in accrued interest from beginning of period to end of period.	5,558
The net revenue (expense) of internal service funds is reported with governmental activities.	(2,394)
The purchase of securities to refund outstanding bond issues is reported as other uses in the funds.	2,352,263
The loss on defeasance of debt is not recorded in the funds.	(62,302)
Change in prepaid insurance.	2,754
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(2,255,000)
Bond premiums are reported in the funds but not in the SOA.	(15,786)

Change in net position of governmental activities - Statement of Activities \$ (359,659)

The accompanying notes are an integral part of this statement.

**GILMER INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

## PROPRIETARY FUNDS

AUGUST 31, 2014

		Nonmajor Enterprise Funds		Nonmajor Internal Service Fund	
Data Control Codes				Insurance Fund	
<b>ASSETS:</b>					
Current Assets:					
1110	Cash and Cash Equivalents	\$	79	\$	412,650
1310	Inventories, at Cost		5,800		--
	Total Current Assets		5,879		412,650
1000	Total Assets		5,879		412,650
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$	--	\$	96,696
2170	Due to Other Funds		2,009		--
2180	Due to Other Governments		10		--
	Total Current Liabilities		2,019		96,696
2000	Total Liabilities		2,019		96,696
<b>NET POSITION:</b>					
3900	Unrestricted		3,860		315,954
3000	Total Net Position	\$	3,860	\$	315,954

The accompanying notes are an integral part of this statement.

**GILMER INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

		Nonmajor Internal Service Fund	
Data Control Codes		Nonmajor Enterprise Funds	Insurance Fund
<b>OPERATING REVENUES:</b>			
5700	Local and Intermediate Sources	\$ 8,870	\$ 64,673
5020	Total Revenues	8,870	64,673
<b>OPERATING EXPENSES:</b>			
6300	Supplies and Materials	5,329	--
6400	Other Operating Costs	--	67,067
6030	Total Expenses	5,329	67,067
1300	Change in Net Position	3,541	(2,394)
0100	Total Net Position - Beginning	319	318,348
3300	Total Net Position - Ending	\$ 3,860	\$ 315,954

The accompanying notes are an integral part of this statement.



**GILMER INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2014

	Enterprise Funds	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 5,712	\$ --
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	--	64,652
Cash Payments to Other Suppliers for Goods and Services	(7,050)	(47,900)
Net Cash Provided (Used) by Operating Activities	<u>(1,338)</u>	<u>16,752</u>
<b>Cash Flows from Non-capital Financing Activities:</b>		
Transfers From (To) Other Funds	--	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>	<u>--</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Contributed Capital	--	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>	<u>--</u>
<b>Cash Flows from Investing Activities:</b>		
Interest and Dividends on Investments	--	21
Net Cash Provided (Used) for Investing Activities	<u>--</u>	<u>21</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,338)	16,773
Cash and Cash Equivalents at Beginning of Year	1,417	395,877
Cash and Cash Equivalents at End of Year	<u>\$ 79</u>	<u>\$ 412,650</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ 3,541	\$ (2,394)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Investment Income	--	(21)
Change in Assets and Liabilities:		
Decrease (Increase) in Inventories	1,721	--
Increase (Decrease) in Accounts Payable	(8,619)	19,167
Increase (Decrease) in Interfund Payables	2,009	--
Increase (Decrease) in Due to Other Governments	10	--
Total Adjustments	<u>(4,879)</u>	<u>19,146</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,338)</u>	<u>\$ 16,752</u>

The accompanying notes are an integral part of this statement.

**GILMER INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

AUGUST 31, 2014

			Agency Funds
Data Control Codes		Private-purpose Trust Funds	Student Activity
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$ 18,478	\$ 42,830
1120	Current Investments	75,333	--
1250	Accrued Interest	14	--
1800	Restricted Assets	420,702	--
1000	Total Assets	<u>514,527</u>	<u>42,830</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2170	Due to Other Funds	\$ 3,830	\$ --
2190	Due to Student Groups	--	42,830
2000	Total Liabilities	<u>3,830</u>	<u>42,830</u>
<b>NET POSITION:</b>			
3800	Held in Trust	510,697	--
3000	Total Net Position	<u>\$ 510,697</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

**GILMER INDEPENDENT SCHOOL DISTRICT**  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2014

	Private- Purpose Trusts
<b>Additions:</b>	
Gifts & Bequests	\$ 15,091
Net Increase in Fair Value of Investments	77,886
Total Additions	<u>92,977</u>
<b>Deductions:</b>	
Scholarship Awards	25,250
Total Deductions	<u>25,250</u>
<b>Change in Net Position</b>	67,727
Net Position-Beginning of the Year	442,970
Net Position-End of the Year	<u>\$ 510,697</u>

The accompanying notes are an integral part of this statement.

**GILMER 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 Gilmer 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. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and 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 and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise 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.

**GILMER 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 Fund: The District utilizes an internal service fund to account for its workers compensation pool.

Enterprise Funds: These funds are used to account for special projects approved by District staff.

Private-Purpose Trust Funds: These funds are used to report scholarship funds administered by the District.

Agency Funds: These funds are used to report student activity funds held in a purely custodial capacity (assets equal liabilities).

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 more than 60 days 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.

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.

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

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

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. The allowance for uncollectible taxes at August 31, 2014 is \$570,107.

c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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	30
Building Improvements	20
Vehicles	10
Furniture & Equipment	5-10

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide and proprietary Statements Statement of Net Position and governmental funds balance sheet) will sometimes report a 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. The only deferred outflow of resources reported in this year's financial statements is a deferred amount arising from the refunding of general obligation bonds in the current and prior years. This deferred refunding amount is being amortized over the remaining life of the refunded bonds as part of interest expense. No deferred outflows of resources affect the governmental funds financial statements in the current year.

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. The District has only one type of item which occurs because governmental fund revenues are not recognized until available under the modified

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

accrual basis of accounting, that qualifies for reporting in this category. Accordingly, deferred property taxes are reported in the governmental funds balance sheet. The District did not have deferred inflows of resources to report in its government-wide or proprietary fund financial statements for the current year.

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 position.

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 in 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.

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

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.

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.

The Board of Trustees has adopted a minimum fund balance policy. The District shall strive to maintain a yearly fund balance in the general operating fund in which the total fund balance is 25 percent of the total operating expenditures and the unassigned fund balance is 10 percent of the total operating expenditures.

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



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

**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 \$6,023,904 and the bank balance was \$6,287,800. 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.

**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>
Lone Star Investment Pool	Avg 49 days	\$ 613,837
Certificate of Deposit	4/24/2016	2,004,986
Certificate of Deposit	10/24/2016	240,899
Certificate of Deposit	4/23/2016	245,611
Certificate of Deposit	5/21/2015	75,333
Total Investments		<u>\$ 3,180,666</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.

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

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:

<u>Investment</u>	<u>S&amp;P Rating</u>
Lone Star Investment Pool	AAAm

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 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

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

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
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,220,020	\$ 46,222	\$ --	\$ 1,266,242
Construction in progress	2,293,459	2,661	2,296,120	--
Total capital assets not being depreciated	3,513,479	48,883	2,296,120	1,266,242
Capital assets being depreciated:				
Buildings and improvements	38,162,986	2,379,162	--	40,542,148
Equipment	1,561,584	42,995	--	1,604,579
Vehicles	2,140,957	324,615	--	2,465,572
Total capital assets being depreciated	41,865,527	2,746,772	--	44,612,299
Less accumulated depreciation for:				
Buildings and improvements	(18,121,622)	(1,068,584)	--	(19,190,206)
Equipment	(1,173,750)	(80,645)	--	(1,254,395)
Vehicles	(1,704,380)	(115,822)	--	(1,820,202)
Total accumulated depreciation	(20,999,752)	(1,265,051)	--	(22,264,803)
Total capital assets being depreciated, net	20,865,775	1,481,721	--	22,347,496
Governmental activities capital assets, net	\$ 24,379,254	\$ 1,530,604	\$ 2,296,120	\$ 23,613,738

Depreciation was charged to functions as follows:

Instruction	\$ 727,592
Instructional Resources and Media Services	22,031
School Leadership	7,236
Guidance, Counseling, & Evaluation Services	697
Health Services	2,621
Student Transportation	96,917
Food Services	66,116
Extracurricular Activities	294,551
General Administration	3,697
Plant Maintenance and Operations	36,289
Security and Monitoring Services	5,554
Data Processing Services	1,750
	<u>\$ 1,265,051</u>

**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:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 64,014	Short-term loans
General Fund	Enterprise Fund	2,009	Short-term loans
General Fund	Fiduciary Funds	3,829	Short-term loans
	Total	<u>\$ 69,852</u>	

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

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:

Transfers From	Transfers To	Amount	Reason
Other Governmental Funds	General Fund	\$ 1,113	Reimburse expenditures
General Fund	Debt Service Fund	1,038,408	Debt payments
	Total	<u>\$ 1,039,521</u>	

F. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

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:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 17,785,000	\$ 2,255,000	\$ 2,925,000	\$ 17,115,000	\$ 665,000
Notes	2,659,980	--	247,332	2,412,648	100,000
Accreted interest on CABs	69,584	50,957	--	120,541	--
Unamortized bond premium	1,291,696	170,767	154,981	1,307,482	--
Total governmental activities	<u>\$ 21,806,260</u>	<u>\$ 2,476,724</u>	<u>\$ 3,327,313</u>	<u>\$ 20,955,671</u>	<u>\$ 765,000</u>

2. Notes Payable

Local Government Code Section 271.005 gives the District the authority to enter into installment agreements for the purchase of personal property.

On June 20, 2013, the District entered into a loan agreement with Gilmer National Bank for the purpose of capital improvements and equipment purchases. The original amount of the loan was \$500,000.

On February 15, 2013, the District issued Maintenance Tax Notes in the amount of \$2,110,000 to finance improvements to the stadium.

Note payable currently outstanding are as follows:

Purpose:	Interest Rates	Maturity Date	Amount
Governmental Activities-Capital Purchases	3%	8/16/2018	\$ 407,648
Governmental Activities-Capital Purchases	2.0-2.5%	8/15/2030	2,005,000
			<u>\$ 2,412,648</u>

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

3. Bonds Payable

<u>Title of Issue:</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Amount</u>
Series 2005 Unlimited Tax School Building Bonds	4.25-6.00%	2/15/2032	\$ 100,000
Series 2012 Unlimited Tax Refunding Bonds	2.00-3.50%	2/15/2030	8,630,000
Series 2013 Unlimited Tax Refunding Bonds	2.00-3.25%	2/15/2033	6,130,000
Series 2014 Unlimited Tax Refunding Bonds	2.00-4.00%	2/15/2032	2,255,000
			<u>\$ 17,115,000</u>

4. Debt Service Requirements

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

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 765,000	\$ 692,417	\$ 1,457,417
2016	855,418	598,680	1,454,098
2017	933,454	520,328	1,453,782
2018	958,776	500,382	1,459,158
2019	870,000	480,388	1,350,388
2020-2024	4,755,000	2,024,362	6,779,362
2025-2029	5,615,000	1,236,875	6,851,875
2030-2034	4,775,000	331,406	5,106,406
Totals	<u>\$ 19,527,648</u>	<u>\$ 6,384,838</u>	<u>\$ 25,912,486</u>

5. Advance Refunding of Debt

During the year ended August 31, 2014, the District issued \$2,255,000 of tax refunding bonds to provide resources to purchase U.S. Government State and Local Governmental Series securities that were placed in an escrow account for the purpose of generating resources for all future debt service payments of \$2,255,000 in school building bonds. As a result, certain maturities of the refunded issues are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the carrying amount of the old debt by \$97,263. This amount is being netted against the new debt and amortized over the life of the new debt. This advance refunding resulted in an economic gain of \$115,392 and was undertaken to reduce future interest payments.

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2014, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

<u>Bond Issue</u>	<u>Amount</u>
Series 2005 Unlimited Tax School Building Bonds	\$ 2,255,000
Total	<u>\$ 2,255,000</u>

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.

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

**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](http://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 \$825,350, \$706,082 and \$702,626, respectively. The District paid additional state contributions for the years ending August 31, 2014, 2013 and 2012 in the amount of \$130,424, \$116,161 and \$96,560, 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.trs.state.tx.us](http://www.trs.state.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

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

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 0.5% for fiscal year 2014, 0.5% for fiscal year 2013 and 1.0% for fiscal year 2012 and the active public school payroll, respectively, 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 \$66,928, \$65,154, and \$125,246, respectively, the active member contributions were \$87,005, \$84,700, and \$81,410, respectively, and the District's contributions were \$73,622, \$71,670, and \$68,885, 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 \$35,460, \$34,437, and \$27,687, 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 third party administrator, acting on behalf of the 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 third party administrator is renewable September 1, 2014, and terms of coverage and premium costs are included in the contractual provisions.

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.

L. Shared Services Arrangements

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for special education and alternative education services with the following school districts:

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

<u>Special Education</u>	<u>Alternative Education</u>
Big Sandy ISD	Big Sandy ISD
Harmony ISD	Harmony ISD
New Diana ISD	New Diana ISD
Union Grove ISD	Union Grove ISD
Union Hill ISD	Union Hill ISD
Gladewater ISD	Ore City ISD
	Gladewater ISD

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Big Sandy ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

**M. Committed and Assigned Fund Balance**

Other committed fund balance consists of the following:

General Fund - committed for roof replacement	\$	500,000
Other Governmental Funds - committed for campus activities		76,683

Other assigned fund balance consists of the following:

General Fund - assigned for future capital purchases	\$	10,000
--	----	--------

**N. Worker's Compensation Coverage**

The District joined together with other schools in the East Texas area to form the East Texas Educational Insurance Association, a public entity risk pool currently operating a workers' compensation risk management and insurance program for various member districts. Total workers' compensation claims paid amounted to \$11,793 for current year claims and \$12,139 for claims incurred in prior years. When and if other school districts in the Association exceed their annual loss fund maximums, the District will be required to pay a percentage share of the excess. A reconciliation of changes in the liability for claims for the current and prior fiscal year is presented below:

	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
Year Ended August 31, 2014	\$ 77,700	\$ 43,099	\$ 23,932	\$ 96,867
Year Ended August 31, 2013	119,150	(4,161)	37,289	77,700

**O. Subsequent Events**

Management has evaluated subsequent events through December 10, 2014, the date on which the financial statements were available to be issued.

The Board of Trustees approved a capital lease agreement for \$257,000 for the purchase of electronic tablets received in FY15 to be repaid from general fund revenues.

In November, 2014, the Board of Trustees approved a \$300,000 loan from a local bank for the financing of capital equipment, vehicles, and computers. Terms of the debt will be semi-annual payments of \$38,903, including interest at 1.65% for a four-year term.



This page is left blank intentionally.

## 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.

# GILMER INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 9,067,926	\$ 10,181,852	\$ 10,409,407	\$ 227,555
5800	State Program Revenues	8,775,873	9,534,181	9,447,567	(86,614)
5900	Federal Program Revenues	53,000	53,000	53,054	54
5020	Total Revenues	17,896,799	19,769,033	19,910,028	140,995
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	9,831,905	10,468,046	9,924,807	543,239
0012	Instructional Resources and Media Services	523,882	595,382	548,414	46,968
0013	Curriculum and Staff Development	140,666	163,697	147,470	16,227
	Total Instruction & Instr. Related Services	10,496,453	11,227,125	10,620,691	606,434
Instructional and School Leadership:					
0021	Instructional Leadership	127,845	142,845	120,827	22,018
0023	School Leadership	1,100,605	1,187,186	1,132,824	54,362
	Total Instructional & School Leadership	1,228,450	1,330,031	1,253,651	76,380
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	452,492	489,492	453,911	35,581
0033	Health Services	254,729	270,729	232,751	37,978
0034	Student (Pupil) Transportation	857,313	1,274,928	1,185,048	89,880
0035	Food Services	3,390	3,390	--	3,390
0036	Cocurricular/Extracurricular Activities	1,310,811	1,517,045	1,394,137	122,908
	Total Support Services - Student (Pupil)	2,878,735	3,555,584	3,265,847	289,737
Administrative Support Services:					
0041	General Administration	543,535	604,567	581,690	22,877
	Total Administrative Support Services	543,535	604,567	581,690	22,877
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	1,928,701	2,394,205	2,332,577	61,628
0052	Security and Monitoring Services	143,209	163,284	152,174	11,110
0053	Data Processing Services	152,038	140,038	124,126	15,912
	Total Support Services - Nonstudent Based	2,223,948	2,697,527	2,608,877	88,650
Ancillary Services:					
0061	Community Services	29,061	37,061	29,828	7,233
	Total Ancillary Services	29,061	37,061	29,828	7,233
Debt Service:					
0071	Principal on Long-Term Debt	268,000	350,000	247,332	102,668
0072	Interest on Long-Term Debt	50,000	50,000	64,719	(14,719)
0073	Bond Issuance Costs and Fees	--	--	400	(400)
	Total Debt Service	318,000	400,000	312,451	87,549
Capital Outlay:					
0081	Capital Outlay	10,000	240,000	69,135	170,865
	Total Capital Outlay	10,000	240,000	69,135	170,865
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	420,000	442,000	441,372	628

**GILMER 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		
0099	Other Intergovernmental Charges	220,000	212,500	211,453	1,047
	Total Intergovernmental Charges	640,000	654,500	652,825	1,675
6030	Total Expenditures	18,368,182	20,746,395	19,394,995	1,351,400
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(471,383)	(977,362)	515,033	1,492,395
	Other Financing Sources (Uses):				
7913	Issuance of Capital Leases	--	257,000	--	(257,000)
7915	Transfers In	--	--	1,113	1,113
8911	Transfers Out	--	(740,578)	(1,038,408)	(297,830)
7080	Total Other Financing Sources and (Uses)	--	(483,578)	(1,037,295)	(553,717)
1200	Net Change in Fund Balance	(471,383)	(1,460,940)	(522,262)	938,678
0100	Fund Balance - Beginning	5,307,896	5,307,896	5,307,896	--
3000	Fund Balance - Ending	<u>\$ 4,836,513</u>	<u>\$ 3,846,956</u>	<u>\$ 4,785,634</u>	<u>\$ 938,678</u>

This page is left blank intentionally.

## Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but which are presented for purposes of additional analysis.

**GILMER INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2014

Data Control Codes		Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 623,364	\$ 18,960	\$ 642,324
1120	Current Investments	--	384,558	384,558
1225	Taxes Receivable, Net	--	113,324	113,324
1240	Due from Other Governments	55,510	--	55,510
1300	Inventories	48,226	--	48,226
1000	Total Assets	<u>\$ 727,100</u>	<u>\$ 516,842</u>	<u>\$ 1,243,942</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 111,174	\$ --	\$ 111,174
2160	Accrued Wages Payable	41,336	--	41,336
2170	Due to Other Funds	4,014	60,000	64,014
2300	Unearned Revenue	26,620	--	26,620
2000	Total Liabilities	<u>183,144</u>	<u>60,000</u>	<u>243,144</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
	Deferred Property Tax Revenues	--	113,324	113,324
2600	Total Deferred Inflows of Resources	<u>--</u>	<u>113,324</u>	<u>113,324</u>
<b>FUND BALANCES:</b>				
Nonspendable Fund Balances:				
3410	Inventories	29,726	--	29,726
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	437,547	--	437,547
3480	Retirement of Long-Term Debt	--	343,518	343,518
Committed Fund Balances:				
3545	Other Committed Fund Balance	76,683	--	76,683
3000	Total Fund Balances	<u>543,956</u>	<u>343,518</u>	<u>887,474</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 727,100</u>	<u>\$ 516,842</u>	<u>\$ 1,243,942</u>

**GILMER INDEPENDENT SCHOOL DISTRICT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ 430,214	\$ 165,084	\$ 595,298
5800	State Program Revenues	184,974	--	184,974
5900	Federal Program Revenues	1,987,172	--	1,987,172
5020	Total Revenues	<u>2,602,360</u>	<u>165,084</u>	<u>2,767,444</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	948,357	--	948,357
0013	Curriculum and Staff Development	212,020	--	212,020
0023	School Leadership	900	--	900
0031	Guidance, Counseling, & Evaluation Services	104,612	--	104,612
0035	Food Service	1,319,908	--	1,319,908
0051	Facilities Maintenance and Operations	14,970	--	14,970
0061	Community Services	5,422	--	5,422
0071	Principal on Long-term Debt	--	670,000	670,000
0072	Interest on Long-term Debt	--	513,126	513,126
0073	Bond Issuance Costs and Fees	--	75,139	75,139
6030	Total Expenditures	<u>2,606,189</u>	<u>1,258,265</u>	<u>3,864,454</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(3,829)</u>	<u>(1,093,181)</u>	<u>(1,097,010)</u>
Other Financing Sources and (Uses):				
7911	Debt Issued (Refunding Bonds)	--	2,255,000	2,255,000
7915	Transfers In	--	1,038,408	1,038,408
7916	Premium or Discount on Issuance of Bonds	--	170,768	170,768
7917	Prepaid Interest	--	2,888	2,888
8911	Transfers Out	(1,113)	--	(1,113)
8949	Other Uses - Payment to Bond Escrow Agent	--	(2,352,263)	(2,352,263)
7080	Total Other Financing Sources and (Uses)	<u>(1,113)</u>	<u>1,114,801</u>	<u>1,113,688</u>
1200	Net Change in Fund Balances	<u>(4,942)</u>	<u>21,620</u>	<u>16,678</u>
0100	Fund Balances - Beginning	548,898	321,898	870,796
3000	Fund Balances - Ending	<u>\$ 543,956</u>	<u>\$ 343,518</u>	<u>\$ 887,474</u>



# GILMER INDEPENDENT SCHOOL DISTRICT

## COMBINING BALANCE SHEET

### NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2014

Data Control Codes		211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ --	\$ 2,071	\$ 304	\$ 462,919
1240	Due from Other Governments	16,188	12,228	1,380	24,365
1300	Inventories	--	--	--	48,226
1000	Total Assets	<u>\$ 16,188</u>	<u>\$ 14,299</u>	<u>\$ 1,684</u>	<u>\$ 535,510</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ 46,443
2160	Accrued Wages Payable	13,523	12,228	1,380	14,205
2170	Due to Other Funds	2,665	--	--	--
2300	Unearned Revenue	--	2,071	304	18,499
2000	Total Liabilities	<u>16,188</u>	<u>14,299</u>	<u>1,684</u>	<u>79,147</u>
<b>FUND BALANCES:</b>					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	29,726
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	426,637
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>456,363</u>
4000	Total Liabilities and Fund Balances	<u>\$ 16,188</u>	<u>\$ 14,299</u>	<u>\$ 1,684</u>	<u>\$ 535,510</u>

242 Summer Feeding Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	289 Summer School LEP
\$ 11,613	\$ --	\$ --	\$ --	\$ --
--	--	1,149	200	--
--	--	--	--	--
<u>\$ 11,613</u>	<u>\$ --</u>	<u>\$ 1,149</u>	<u>\$ 200</u>	<u>\$ --</u>
\$ 703	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	1,149	200	--
--	--	--	--	--
<u>703</u>	<u>--</u>	<u>1,149</u>	<u>200</u>	<u>--</u>
--	--	--	--	--
10,910	--	--	--	--
--	--	--	--	--
<u>10,910</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 11,613</u>	<u>\$ --</u>	<u>\$ 1,149</u>	<u>\$ 200</u>	<u>\$ --</u>

**GILMER INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2014

Data Control Codes		397 Advanced Placement Incentives	410 State Textbook Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ 1,112	\$ 68,662	\$ 76,683	\$ 623,364
1240	Due from Other Governments	--	--	--	55,510
1300	Inventories	--	--	--	48,226
1000	Total Assets	<u>\$ 1,112</u>	<u>\$ 68,662</u>	<u>\$ 76,683</u>	<u>\$ 727,100</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 64,028	\$ --	\$ 111,174
2160	Accrued Wages Payable	--	--	--	41,336
2170	Due to Other Funds	--	--	--	4,014
2300	Unearned Revenue	1,112	4,634	--	26,620
2000	Total Liabilities	<u>1,112</u>	<u>68,662</u>	<u>--</u>	<u>183,144</u>
<b>FUND BALANCES:</b>					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	29,726
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	437,547
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	76,683	76,683
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>76,683</u>	<u>543,956</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,112</u>	<u>\$ 68,662</u>	<u>\$ 76,683</u>	<u>\$ 727,100</u>

This page is left blank intentionally.

**GILMER INDEPENDENT SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ 276,012
5800 State Program Revenues	--	--	--	10,776
5900 Federal Program Revenues	489,489	231,315	26,370	1,027,608
5020 Total Revenues	<u>489,489</u>	<u>231,315</u>	<u>26,370</u>	<u>1,314,396</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	317,154	231,315	26,370	--
0013 Curriculum and Staff Development	63,425	--	--	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	104,050	--	--	--
0035 Food Service	--	--	--	1,294,671
0051 Facilities Maintenance and Operations	--	--	--	14,970
0061 Community Services	4,860	--	--	--
6030 Total Expenditures	<u>489,489</u>	<u>231,315</u>	<u>26,370</u>	<u>1,309,641</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,755</u>
Other Financing Sources and (Uses):				
8911 Transfers Out	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,755</u>
0100 Fund Balances - Beginning	<u>--</u>	<u>--</u>	<u>--</u>	<u>451,608</u>
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 456,363</u>

242 Summer Feeding Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	289 Summer School LEP
\$ 526	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
27,064	23,930	147,184	13,099	1,113
27,590	23,930	147,184	13,099	1,113
--	20,765	4,233	8,596	--
--	2,603	142,051	3,941	--
--	--	900	--	--
--	562	--	--	--
25,237	--	--	--	--
--	--	--	--	--
--	--	--	562	--
25,237	23,930	147,184	13,099	--
2,353	--	--	--	1,113
--	--	--	--	(1,113)
--	--	--	--	(1,113)
2,353	--	--	--	--
8,557	--	--	--	--
\$ 10,910	\$ --	\$ --	\$ --	\$ --

**GILMER INDEPENDENT SCHOOL DISTRICT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		410 State Textbook Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ --	\$ 153,676	\$ 430,214
5800	State Program Revenues	174,198	--	184,974
5900	Federal Program Revenues	--	--	1,987,172
5020	Total Revenues	<u>174,198</u>	<u>153,676</u>	<u>2,602,360</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	174,198	165,726	948,357
0013	Curriculum and Staff Development	--	--	212,020
0023	School Leadership	--	--	900
0031	Guidance, Counseling, & Evaluation Services	--	--	104,612
0035	Food Service	--	--	1,319,908
0051	Facilities Maintenance and Operations	--	--	14,970
0061	Community Services	--	--	5,422
6030	Total Expenditures	<u>174,198</u>	<u>165,726</u>	<u>2,606,189</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>--</u>	<u>(12,050)</u>	<u>(3,829)</u>
Other Financing Sources and (Uses):				
8911	Transfers Out	<u>--</u>	<u>--</u>	<u>(1,113)</u>
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>(1,113)</u>
1200	Net Change in Fund Balances	<u>--</u>	<u>(12,050)</u>	<u>(4,942)</u>
0100	Fund Balances - Beginning	<u>--</u>	<u>88,733</u>	<u>548,898</u>
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ 76,683</u>	<u>\$ 543,956</u>

**GILMER INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

AUGUST 31, 2014

Data Control Codes	Enterprise Fund Stadium Enterprise Fund	Enterprise Fund District Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit D-1)
<b>ASSETS:</b>			
Current Assets:			
1110 Cash and Cash Equivalents	\$ --	\$ 79	\$ 79
1310 Inventories, at Cost	5,800	--	5,800
Total Current Assets	5,800	79	5,879
1000 Total Assets	5,800	79	5,879
<b>LIABILITIES:</b>			
Current Liabilities:			
2170 Due to Other Funds	\$ 2,009	\$ --	\$ 2,009
2180 Due to Other Governments	10	--	10
Total Current Liabilities	2,019	--	2,019
2000 Total Liabilities	2,019	--	2,019
<b>NET POSITION:</b>			
3900 Unrestricted	3,781	79	3,860
3000 Total Net Position	\$ 3,781	\$ 79	\$ 3,860



**GILMER INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		Enterprise Fund Stadium Enterprise Fund	Enterprise Fund District Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit D-2)
	<b>OPERATING REVENUES:</b>			
5700	Local and Intermediate Sources	\$ 8,870	\$ --	\$ 8,870
5020	Total Revenues	<u>8,870</u>	<u>--</u>	<u>8,870</u>
	<b>OPERATING EXPENSES:</b>			
6300	Supplies and Materials	5,329	--	5,329
6030	Total Expenses	<u>5,329</u>	<u>--</u>	<u>5,329</u>
1300	Change in Net Position	3,541	--	3,541
0100	Total Net Position - Beginning	240	79	319
3300	Total Net Position - Ending	<u>\$ 3,781</u>	<u>\$ 79</u>	<u>\$ 3,860</u>

**GILMER INDEPENDENT SCHOOL DISTRICT**

## COMBINING STATEMENT OF CASH FLOWS

## NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2014

	748 Stadium Enterprise Fund	749 District Enterprise Fund	Total Nonmajor Enterprise Funds (See Exhibit D-3)
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$ 5,712	\$ --	\$ 5,712
Cash Payments to Suppliers for Goods and Services	(7,050)	--	(7,050)
Net Cash Provided (Used) by Operating Activities	(1,338)	--	(1,338)
<b>Cash Flows from Non-capital Financing Activities:</b>			
Transfers From (To) Other Funds	--	--	--
Net Cash Provided (Used) by Non-capital Financing Activities	--	--	--
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Contributed Capital	--	--	--
Net Cash Provided (Used) for Capital and Related Financing Activities	--	--	--
<b>Cash Flows from Investing Activities:</b>			
Interest and Dividends on Investments	--	--	--
Net Cash Provided (Used) for Investing Activities	--	--	--
Net Increase (Decrease) in Cash and Cash Equivalents	(1,338)	--	(1,338)
Cash and Cash Equivalents at Beginning of Year	1,338	79	1,417
Cash and Cash Equivalents at End of Year	\$ --	\$ 79	\$ 79
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	\$ 3,541	\$ --	\$ 3,541
Adjustments to Reconcile Operating Income to Net Change in Assets and Liabilities:			
Decrease (Increase) in Inventories	1,721	--	1,721
Increase (Decrease) in Accounts Payable	(8,619)	--	(8,619)
Increase (Decrease) in Interfund Payables	2,009	--	2,009
Increase (Decrease) in Due to Other Governments	10	--	10
Total Adjustments	(4,879)	--	(4,879)
Net Cash Provided (Used) by Operating Activities	\$ (1,338)	\$ --	\$ (1,338)

**GILMER INDEPENDENT SCHOOL DISTRICT**

## COMBINING STATEMENT OF FIDUCIARY NET POSITION

## PRIVATE-PURPOSE TRUST FUNDS

AUGUST 31, 2014

Data Control Codes	809 Expendable Scholarship Fund	836 Nonexpendable Scholarship Fund	Total Private- Purpose Trust Funds (See Exhibit E-1)
<b>ASSETS:</b>			
1110 Cash and Cash Equivalents	\$ 17,978	\$ 500	\$ 18,478
1120 Current Investments	--	75,333	75,333
1250 Accrued Interest	--	14	14
1800 Restricted Assets	--	420,702	420,702
1000 Total Assets	<u>17,978</u>	<u>496,549</u>	<u>514,527</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2170 Due to Other Funds	\$ 1,000	\$ 2,830	\$ 3,830
2000 Total Liabilities	<u>1,000</u>	<u>2,830</u>	<u>3,830</u>
<b>NET POSITION:</b>			
3800 Held in Trust	16,978	493,719	510,697
3000 Total Net Position	<u>\$ 16,978</u>	<u>\$ 493,719</u>	<u>\$ 510,697</u>

**GILMER INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

ALL PRIVATE-PURPOSE TRUST FUNDS

FOR THE YEAR ENDED AUGUST 31, 2014

	809 Expendable Scholarship Fund	836 Nonexpendable Scholarship Fund	Total Private-Purpose Trust Funds (See Exhibit E-2)
<b>Additions:</b>			
Gifts and Bequests	\$ 14,591	\$ 500	\$ 15,091
Net (Decrease) in Fair Value of Investments	--	77,886	77,886
Total Additions	<u>14,591</u>	<u>78,386</u>	<u>92,977</u>
<b>Deductions:</b>			
Scholarship Awards	13,650	11,600	25,250
Total Deductions	<u>13,650</u>	<u>11,600</u>	<u>25,250</u>
<b>Change in Net Assets</b>	941	66,786	67,727
Net Assets-Beginning of the Year	16,037	426,933	442,970
Net Assets-End of the Year	<u>\$ 16,978</u>	<u>\$ 493,719</u>	<u>\$ 510,697</u>

This page is left blank intentionally.

## 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.

**GILMER 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		1.4445		.165		655,379,366
2007		1.32		.165		800,332,391
2008		1.04		.158		844,308,431
2009		1.04		.158		929,784,307
2010		1.04		.155		900,373,640
2011		1.04		.155		865,373,640
2012		1.04		.155		837,522,343
2013		1.04		.145		818,171,814
2014 (School Year Under Audit)		1.17		.015		821,822,447

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
\$ 413,736	\$ --	\$ 9,543	\$ 1,388	\$ (87,977)	\$ 314,828
74,727	--	3,438	393	(1,439)	69,457
140,113	--	4,269	534	(1,797)	133,513
144,138	--	6,260	951	(1,769)	135,158
132,665	--	12,055	1,831	(1,667)	117,112
145,427	--	18,008	2,684	(1,080)	123,655
176,606	--	20,624	3,074	(762)	152,146
239,568	--	38,914	5,800	(1,685)	193,169
404,845	--	105,240	14,673	(7,680)	277,252
--	9,738,596	9,147,030	117,274	(90,224)	384,068
<u>\$ 1,871,825</u>	<u>\$ 9,738,596</u>	<u>\$ 9,365,381</u>	<u>\$ 148,602</u>	<u>\$ (196,080)</u>	<u>\$ 1,900,358</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --



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

**EXHIBIT J-2**

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
	<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ 279,500	\$ 279,500	\$ 276,012	\$ (3,488)
5800	State Program Revenues	7,500	14,500	10,776	(3,724)
5900	Federal Program Revenues	875,000	986,000	1,027,608	41,608
5020	Total Revenues	1,162,000	1,280,000	1,314,396	34,396
	<b>EXPENDITURES:</b>				
	Current:				
	Support Services - Student (Pupil):				
0035	Food Services	1,147,030	1,337,630	1,294,671	42,959
	Total Support Services - Student (Pupil)	1,147,030	1,337,630	1,294,671	42,959
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	14,970	14,970	14,970	--
	Total Support Services - Nonstudent Based	14,970	14,970	14,970	--
6030	Total Expenditures	1,162,000	1,352,600	1,309,641	42,959
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(72,600)	4,755	77,355
1200	Net Change in Fund Balance	--	(72,600)	4,755	77,355
0100	Fund Balance - Beginning	451,608	451,608	451,608	--
3000	Fund Balance - Ending	\$ 451,608	\$ 379,008	\$ 456,363	\$ 77,355

# GILMER INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

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		
	<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ 1,219,578	\$ 193,087	\$ 165,084	\$ (28,003)
5020	Total Revenues	<u>1,219,578</u>	<u>193,087</u>	<u>165,084</u>	<u>(28,003)</u>
	<b>EXPENDITURES:</b>				
	Debt Service:				
0071	Principal on Long-Term Debt	670,000	670,000	670,000	--
0072	Interest on Long-Term Debt	537,000	537,000	513,126	23,874
0073	Bond Issuance Costs and Fees	12,578	89,315	75,139	14,176
	Total Debt Service	<u>1,219,578</u>	<u>1,296,315</u>	<u>1,258,265</u>	<u>38,050</u>
6030	Total Expenditures	<u>1,219,578</u>	<u>1,296,315</u>	<u>1,258,265</u>	<u>38,050</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>--</u>	<u>(1,103,228)</u>	<u>(1,093,181)</u>	<u>10,047</u>
	Other Financing Sources (Uses):				
7911	Debt Issued (Refunding Bonds)	--	2,255,000	2,255,000	--
7915	Transfers In	--	740,578	1,038,408	297,830
7916	Premium or Discount on Issuance of Bonds	--	171,000	170,768	(232)
7917	Prepaid Interest	--	3,000	2,888	(112)
8949	Other Uses - Payment to Bond Escrow Agent	<u>--</u>	<u>(2,352,263)</u>	<u>(2,352,263)</u>	<u>--</u>
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>817,315</u>	<u>1,114,801</u>	<u>297,486</u>
1200	Net Change in Fund Balance	<u>--</u>	<u>(285,913)</u>	<u>21,620</u>	<u>307,533</u>
0100	Fund Balance - Beginning	321,898	321,898	321,898	--
3000	Fund Balance - Ending	<u>\$ 321,898</u>	<u>\$ 35,985</u>	<u>\$ 343,518</u>	<u>\$ 307,533</u>

This page is left blank intentionally.

# KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

Karen A. Jacks, CPA  
Peggy J. Lantz, CPA  
Sherry Davis, CPA

P.O. Box 3167  
Longview, Texas 75606

1501 Colony Circle  
Longview, Texas 75604

Phone: 903•238•8822

Fax: 903•238•9838

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

Board of Trustees  
Gilmer Independent School District  
500 Trinity Street  
Gilmer, Texas 75644

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, the business-type activities, each major fund, and the aggregate remaining fund information of Gilmer Independent School District, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise Gilmer Independent School District's basic financial statements, and have issued our report thereon dated December 10, 2014.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gilmer 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 Gilmer Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Gilmer 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. 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gilmer 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Karen A. Jacks & Associates, P.C.*

Karen A. Jacks & Associates, P.C.  
Longview, Texas  
December 10, 2014

# KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

Karen A. Jacks, CPA  
Peggy J. Lantz, CPA  
Sherry Davis, CPA

P.O. Box 3167  
Longview, Texas 75606

1501 Colony Circle  
Longview, Texas 75604

Phone: 903•238•8822

Fax: 903•238•9838

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

Board of Trustees  
Gilmer Independent School District  
500 Trinity Street  
Gilmer, Texas 75644

Members of the Board of Trustees:

### **Report on Compliance for Each Major Federal Program**

We have audited Gilmer 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 Gilmer Independent School District's major federal programs for the year ended August 31, 2014. Gilmer 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 Gilmer 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 Gilmer 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 Gilmer Independent School District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Gilmer 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.

## Report on Internal Control Over Compliance

Management of Gilmer 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 Gilmer 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 Gilmer Independent School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Karen A. Jacks & Associates, P.C.*

Karen A. Jacks & Associates, P.C.  
Longview, Texas  
December 10, 2014

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

**A. Summary of Auditors' Results**

**1. Financial Statements**

Type of auditors' 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 auditors' 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>
84.010	ESEA Title I - Improving Basic Programs
84.367	ESEA Title II - Part A - Teacher & Principal Training & Recruiting

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

**C. Federal Award Findings and Questioned Costs**

NONE



**GILMER 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.

**GILMER INDEPENDENT SCHOOL DISTRICT**  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2014

None required.

**GILMER 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
<b>U. S. DEPARTMENT OF EDUCATION</b>			
Passed Through Upshur County Shared Service Arrangement:			
IDEA-B Formula *	84.027	146610012309016600	\$ 219,088
IDEA-B Formula *	84.027	156610012309016600	12,227
			<u>231,315</u>
IDEA-B Preschool *	84.173	146610012309016610	24,990
IDEA-B Preschool *	84.173	156610012309016610	1,380
			<u>26,370</u>
			<u>257,685</u>
Total Passed Through Upshur County Shared Service Arrangement			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs *	84.010	14610101230902	475,966
ESEA Title I Part A - Improving Basic Programs *	84.010	15610101230902	13,523
			<u>489,489</u>
Career and Technical - Basic Grant	84.048	14420006230902	23,930
Title III Part A English Language Acquisition and Enhancement	84.365	14671001230902	13,099
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	14694501230902	147,184
Summer School LEP	84.369	69551002	1,113
			<u>674,815</u>
Total Passed Through State Department of Education			<u>932,500</u>
Total U. S. Department of Education			
<b>U. S. DEPARTMENT OF DEFENSE</b>			
District Program:			
ROTC	12.000	230-902	53,054
Total U. S. Department of Defense			<u>53,054</u>
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through Texas Department of Human Services:			
Summer Feeding Program *	10.559	230-902	26,894
Passed Through State Department of Education:			
School Breakfast Program *	10.553	230-902	256,372
National School Lunch Program *	10.555	230-902	675,955
Total Passed Through State Department of Education			<u>932,327</u>
Passed Through State Department of Agriculture:			
Food Distribution (Non-cash) *	10.555	230-902	95,282
Summer Food Service Program (Non-cash) *	10.559	230-902	169
Total Passed Through State Department of Agriculture			<u>95,451</u>
Total U. S. Department of Agriculture			<u>1,054,672</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,040,226</u>

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

The accompanying notes are an integral part of this schedule.

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

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Gilmer 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.

Note B - Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. At August 31, 2014, the district had food commodities totaling \$18,499 in inventory.

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

Data Control Codes		Responses
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?	\$ 120,541