

**GILMER  
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2016

## Introductory Section

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Gilmer Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2016

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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, 2016, 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)

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## Financial Section

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

Certified Public Accountants

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Sherry Davis, CPA  
Chanie A. Johnson, CPA

## 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 the Gilmer Independent School District ("the District") as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

### *Change in Accounting Principle*

As described in Note A to the financial statements, in 2016, Gilmer Independent School District adopted new accounting guidance as follows:

Governmental Accounting Standards Board No. 72, *Fair Value Measurement and Application*.  
Governmental Accounting Standards Board No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68 Statement No. 68, and Amendments to Certain Provisions of GASB 67 and 68*.  
Governmental Accounting Standards Board No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.  
Governmental Accounting Standards Board No. 77, *Tax Abatement Disclosures*

Our opinion is not modified with respect to these matters.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F -- Audit Requirements (Uniform Guidance) 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 January 12, 2017 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  
January 12, 2017

## 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, 2016. Please read it in conjunction with the District's financial statements, which follow this section.

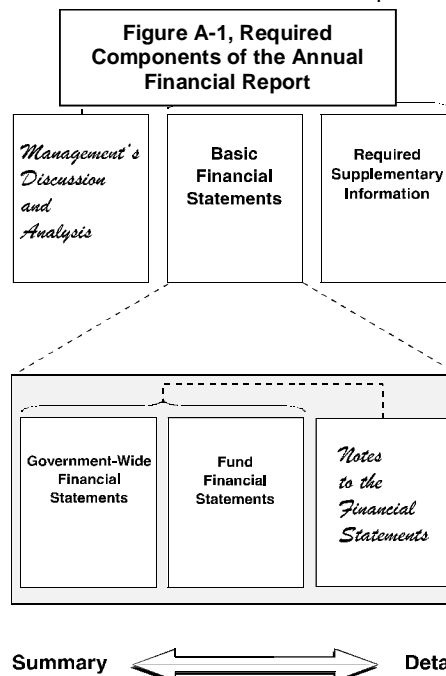
### FINANCIAL HIGHLIGHTS

- i The District's total net position was \$7,367,938 at August 31, 2016. This was a decrease of \$365,447 from the previous fiscal year.
- i During the year, the District's General Fund expenditures were \$604,027 less than the \$21,673,248 generated in taxes and other revenues for governmental activities.
- i The total cost of the District's programs increased by \$761,207 from the previous year. The General Operating Fund increased \$909,989, which was primarily due to salary increases, capital asset purchases and expenses associated with a finance software conversion. Total costs in the Other Governmental Funds decreased \$148,782 from the previous year.
- i The District made investments in capital asset acquisitions (\$237,537) and facility maintenance and improvements (\$120,000) in the amount of \$357,537 during the fiscal year ending August 31, 2016. In addition to these investments, the District invested \$181,463 in small equipment purchases.
- i The general fund reported a fund balance of \$4,580,379 at fiscal year end, which was a decrease of \$159,860 from the previous year.
- i The District transferred \$765,000 from the General Operating Fund to the Interest and Sinking Fund for bond payments as a result of the Tax Ratification Election that was approved by voters in fiscal year 2014.
- i The overall financial position of Gilmer Independent School District remains strong and has shown steady improvement over the past several years through stable fund balances and net positions. The District tax base had a slight increase in fiscal year 2016 due primarily to land and improvements.
- i During the 2015 Legislative session, the state homestead exemption was increased by \$10,000, resulting in an increase of \$35,605,263 in Homestead Exemptions for the 2015 taxable values. A Hold Harmless provision in the State Aid Calculation provided additional state revenue to offset the loss in local tax revenue due to the additional homestead exemption.

## 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*.
- 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	Fund Statements			
	Government-wide	Governmental Funds	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 \$7,353,825 at August 31, 2016. Overall, the District had a decrease of 5% 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			% Change
	2016	2015	2014	% Change 2015-2016	2016	2015	2014	2016	2015	2014	% Change 2015-2016
<b>ASSETS:</b>											
<b>Current assets:</b>											
Cash and Cash Equivalents	5,812,518	5,674,970	6,501,020	2%	16,820	10352	79	5,829,338	5,685,322	6,501,099	3%
Property Taxes Receivable (Net)	1,429,124	1,434,108	1,330,251	0%	-	-	-	1,429,124	1,434,108	1,330,251	0%
Due from Other Governments	786,620	1,031,784	491,347	-24%	-	-	-	786,620	1,031,784	491,347	-24%
Other Receivables	551	3,311	8,619	-83%	-	-	(2009)	551	3,311	6,610	-83%
Unrealized Expenses	58,827	58,245	58,245	1%	-	-	-	58,827	58,245	58,245	1%
Inventories	43,806	38,815	66,259	13%	-	-	5,800	43,806	38,815	72,059	13%
Total current assets	8,131,446	8,241,233	8,455,741	-1%	16,820	10,352	3,870	8,148,266	8,251,585	8,459,611	-1%
<b>Noncurrent assets:</b>											
Land	1,341,374	1,266,242	1,266,242	6%	-	-	-	1,341,374	1,266,242	1,266,242	6%
Buildings, Furniture and Equipment	44,904,201	44,805,561	44,612,299	0%	-	-	-	44,904,201	44,805,561	44,612,299	0%
Less Accumulated Depreciation	(24,493,755)	(23,330,670)	(22,264,803)	5%	-	-	-	(24,493,755)	(23,330,670)	(22,264,803)	5%
Total Noncurrent Assets	21,751,820	22,741,133	23,613,738	-4%	-	-	-	21,751,820	22,741,133	23,613,738	-4%
Total Assets	29,883,266	30,982,366	32,069,479	-4%	16,820	10,352	3,870	29,900,086	30,992,718	32,073,349	-4%
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>											
Deferred Loss on Defeasance of Debt	946,795	1,012,474	1,078,153	-6%	-	-	-	946,795	1,012,474	1,078,153	-6%
Deferred Outflow Related to Pensions	2,124,589	598,066	n/a	255%	-	-	-	2,124,589	598,066	n/a	255%
Total Deferred Outflows of Resources	3,071,384	1,610,540	1,078,153	91%	-	-	-	3,071,384	1,610,540	1,078,153	91%
<b>LIABILITIES:</b>											
<b>Current liabilities:</b>											
Accounts Payable and Accrued Liabilities	1,191,890	1,116,787	1,015,994	7%	817	1,488	10	1,192,707	1,118,275	1,016,004	7%
Unearned Revenue	94,619	83,832	86,233	13%	1,890	-	-	96,509	83,832	86,233	15%
Total Current Liabilities	1,286,509	1,200,619	1,102,227	7%	2,707	1,488	10	1,289,216	1,202,107	1,102,237	7%
<b>Long-term liabilities:</b>											
Due Within One Year	1,091,095	1,010,291	765,000	8%	-	-	-	1,091,095	1,010,291	765,000	8%
Due in More than One Year	18,128,273	19,398,405	20,190,671	-7%	-	-	-	18,128,273	19,398,405	20,190,671	-7%
Net Pension Liability	4,742,024	2,495,645	n/a	90%	-	-	-	4,742,024	2,495,645	n/a	90%
Total Long Term Liabilities	23,961,392	22,904,341	20,955,671	5%	-	-	-	23,961,392	22,904,341	20,955,671	5%
Total Liabilities	25,247,901	24,104,960	22,057,898	5%	2,707	1,488	10	25,250,608	24,106,448	22,057,908	5%
<b>DEFERRED INFLOWS OF RESOURCES:</b>											
Deferred Inflow Related to Pensions	352,924	763,425	n/a	-54%	-	-	-	352,924	763,425	n/a	-54%
Total Deferred Inflows of Resources	352,924	763,425	n/a	-54%	-	-	-	352,924	763,425	n/a	-54%
<b>NET POSITION</b>											
Net Investment in Capital Assets	3,562,106	3,648,628	3,736,220	-2%	-	-	-	3,562,106	3,648,628	3,736,220	-2%
Restricted for Other Purposes	494,710	550,040	976,754	-10%	-	-	-	494,710	550,040	976,754	-10%
Unrestricted	3,297,009	3,525,853	6,376,760	-6%	14,113	8,864	3,860	3,311,122	3,534,717	6,380,620	-6%
Total Net Position	7,353,825	7,724,521	11,089,734	-5%	14,113	8,864	3,860	7,367,938	7,733,385	11,093,594	-5%

The \$3,297,009 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 \$25,352,676, which included \$4,529,353 for services and operating grants and contributions, and \$20,823,323 in general revenues.

For fiscal year 2016, approximately 48% of the District's general revenue came from taxes, 51% from state aid, federal programs and specific grants, and the remaining 1% from investment earnings and miscellaneous local sources. The total expenses of all District governmental activity programs and services was \$25,723,372, 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-Type Activities			Total Activities			% Change
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2016- 2015</u>
<b>Program Revenues:</b>										
Charges for Services	701,036	644,717	695,041	8,114	16,219	8,870	709,150	660,936	703,911	7%
Operating Grants and Contributions	3,828,317	3,419,118	3,088,769	-	-	-	3,828,317	3,419,118	3,008,769	12%
General Revenues:										
Property Taxes	10,019,821	9,838,252	9,750,397	-	-	-	10,019,821	9,838,252	9,750,397	2%
State Aid – Formula	10,585,821	9,209,916	8,583,998	-	-	-	10,585,821	9,209,916	8,583,998	15%
Investment Earnings	29,541	35,013	30,473	-	-	-	29,541	35,013	30,473	-16%
Other	188,140	254,253	548,769	-	-	-	188,140	254,253	548,769	- 26%
Total Revenues	25,352,676	23,401,269	22,697,447	8,114	16,219	8870	25,360,790	23,417,488	22,706,317	8%
<b>Program Expenditures:</b>										
Instruction	13,094,165	12,293,741	11,601,708	2,865	11,215	5,329	13,097,030	12,304,956	11,607,037	6%
Instructional Resources and Media Services	630,381	567,490	570,489	-	-	-	630,381	567,490	570,489	11%
Curriculum Dev. and Instructional Staff Dev.	532,192	392,090	359,508	-	-	-	532,192	392,090	359,508	36%
Instructional Leadership	132,257	127,791	120,839	-	-	-	132,257	127,791	120,839	3%
School Leadership	1,335,619	1,173,749	1,141,048	-	-	-	1,335,619	1,173,749	1,141,048	14%
Guidance, Counseling and Evaluation Services	559,221	590,040	559,268	-	-	-	559,221	590,040	559,268	-5%
Health Services	304,075	280,449	235,395	-	-	-	304,075	280,449	235,395	8%
Student Transportation	1,025,890	908,504	948,823	-	-	-	1,025,890	908,504	948,823	13%
Food Services	1,501,091	1,333,518	1,369,940	-	-	-	1,501,091	1,333,518	1,369,940	13%
Curricular/Extracurricular Activities	1,856,576	1,883,495	1,682,231	-	-	-	1,856,576	1,883,495	1,682,231	-1%
General Administration	669,848	593,770	585,414	-	-	-	669,848	593,770	585,414	13%
Plant Maintenance & Oper.	2,392,234	2,275,093	2,287,289	-	-	-	2,392,234	2,275,093	2,287,289	5%
Security & Monitoring Svcs.	178,256	159,148	157,732	-	-	-	178,256	159,148	157,732	12%
Data Processing Services	224,979	128,751	125,878	-	-	-	224,979	128,751	125,878	75%
Community Services	57,639	57,171	35,251	-	-	-	57,639	57,171	35,251	1%
Debt Service	488,816	510,840	527,677	-	-	-	488,816	510,840	527,677	-4%

Bond Issuance Costs and Fees	2,101	2,181	75,539	-	-	-	2,101	2,181	75,539	-4%
Facilities Acquisition and Construction	500	-	20,252	-	-	-	500	-	20,252	100%
Payments to Fiscal Agent/Member Dist. – SSA	521,850	457,040	441,372	-	-	-	521,850	457,040	441,372	14%
Other intergovernmental Charges	215,682	204,046	211,453	-	-	-	215,682	204,046	211,453	6%
Total Expenses	<u>25,723,372</u>	<u>23,938,907</u>	<u>23,057,106</u>	<u>2,865</u>	<u>11,215</u>	<u>5,329</u>	<u>25,726,237</u>	<u>23,950,122</u>	<u>23,062,435</u>	7%
Net Position (NB) - Beginning	7,724,521	11,089,735	11,449,393	8,864	3,860	319	7,733,385	11,093,595	11,449,712	-30%
Adjustment to NB -Beginning	-	(2,827,576)	-	-	-	-	-	(2,827,576)	-	-100%
Excess Before Other Resources, Uses & Transfers	(370,969)	(537,638)	(359,659)	5,249	5,004	3,541	(365,447)	(532,634)	(356,118)	-31%
Net Position (NE) - Ending	<u>7,353,825</u>	<u>7,724,521</u>	<u>11,089,734</u>	<u>14,113</u>	<u>8,864</u>	<u>3,860</u>	<u>7,367,938</u>	<u>7,733,385</u>	<u>11,093,594</u>	-5%
Change in Net Position (CN)	<u>(370,696)</u>	<u>(537,638)</u>	<u>(359,659)</u>	<u>5,249</u>	<u>5,004</u>	<u>3,541</u>	<u>(365,447)</u>	<u>(532,634)</u>	<u>(356,118)</u>	-31%

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 \$25,723,372
- i The amount that District taxpayers funded for these activities through property taxes was \$10,019,821
- i The remaining costs were funded by state aid, federal grants and contributions in the amount of \$14,414,138 or
- i By interest and other miscellaneous revenues of \$217,681.

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

	Total Cost of Services				Net Cost of Services			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	Change <u>2016-</u> <u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Change <u>2016-</u> <u>2015</u>
Instruction	13,094,165	12,293,741	11,601,708	7%	10,977,592	10,428,083	9,944,754	5%
School Administration	1,335,619	1,173,749	1,141,048	14%	1,225,652	1,108,202	1,082,910	11%
Plant Maintenance & Operations	2,392,234	2,275,093	2,287,289	5%	2,291,261	2,195,712	2,216,850	4%
Debt Service – Interest/ Fiscal Charges	490,917	513,021	603,216	- 4%	449,917	513,021	603,216	-6%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Total revenues from governmental fund types totaled \$24,853,739, an increase of \$1,556,326 from the previous year. General fund revenue increased \$1,379,095 while non-major governmental funds revenue increased \$177,231. The increase in total revenue is due to a combination of the approval of the Tax Ratification Election in FY2014 and additional state aid resulting from legislative changes. With approval of the Tax Ratification Election, \$1.17 of the total \$1.22 tax rate revenue is collected in the general operating fund, with the remaining 0.05 collected in the interest and sinking fund. The District transferred \$765,000 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 \$979,506 below final budgeted amounts.

The District invested \$237,537 in capital assets with the purchase of two pieces of property, a bus, a maintenance truck and non-facility equipment replacement and upgrades. The District also invested approximately \$120,000 for facility maintenance and improvements to District property. The major facility maintenance and improvements were the replacement of aged HVAC units, roof repairs, and miscellaneous repairs. In addition to capital asset and facility improvements, the District invested \$181,463 in small equipment purchases. These included technology instructional devices, band instruments, and equipment for the transportation, custodial and athletic departments. All capital asset acquisitions, facility maintenance, and property improvements were funded entirely by available District funds.

The budget adopted by the District for the 2016 fiscal year was \$787,000 less than the revenue adopted. This was the projected amount to be transferred from the general operating fund to the interest and sinking fund for the payment of bonded debt. The actual amount of the transfer was \$765,000.

The general operating fund balance decreased by \$159,860 for an ending balance of \$4,580,379 as of August 31, 2016.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2016, the District had invested \$46,245,575 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 \$173,772 over the previous fiscal year.

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

	Governmental Activities			Total Percentage Change 2016-2015
	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Land	1,341,374	1,266,242	1,266,242	6%
Buildings and improvements	40,679,133	40,640,811	40,542,148	0%
Vehicles	2,505,379	2,447,740	2,465,572	2%
Equipment	1,719,689	1,717,010	1,604,579	0%
Totals at historical cost	46,245,575	46,071,803	45,878,541	0%
Total accumulated depreciation	(24,493,755)	(23,330,670)	(22,264,803)	5%
Net capital assets	21,751,820	22,741,133	23,613,738	-4%

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

## Long Term Debt

At year-end the District had \$18,220,566 in outstanding debt as shown in Table A-5. More detailed information about the District's debt is presented in Note F to the financial statements.

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

	Governmental Activities			Total Percentage Change
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2016-2015</u>
Bonds Payable	15,910,000	16,555,000	17,115,000	-4%
Notes payable	2,227,707	2,510,139	2,412,648	-11%
Capital Lease	82,859	165,718	-	-50%
Total Debt	18,220,566	19,230,857	19,527,648	-5%

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

- i Appraised property value used for the 2017 budget preparation is down \$ 2,376,952 which is less than 1% from the prior year.
- i General operating funds budgeted per student decreased in the 2017 budget from \$8,498 to \$8,410.
- i The District's 2017 refined average daily attendance was anticipated to remain the same as the final 2016 refined average daily attendance of 2282.

These indicators were taken into account when adopting the general fund budget for 2017. Amounts available for appropriation in the general fund are \$20,250,220, a decrease of \$1,423,028 from final revenues for 2016. The District adopted a balanced budget for the 2017 school year. District staff received a pay increase of approximately 3% of the midpoint for 2017. 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 FY2017 adopted general fund budget expenditures are expected to decrease from the FY2016 amended budget from \$22,080,279 to \$20,250,220.

If these estimates are realized, the District's budgetary general fund balance is expected to remain approximately the same for the 2016-2017 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.

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## Basic Financial Statements

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**GILMER INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2016**

Data Control Codes		1	2	3
		Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 5,315,305	\$ 16,820	\$ 5,332,125
1120	Current Investments	497,213	--	497,213
1225	Property Taxes Receivable (Net)	1,429,124	--	1,429,124
1240	Due from Other Governments	786,620	--	786,620
1250	Accrued Interest	551	--	551
1300	Inventories	43,806	--	43,806
1410	Unrealized Expenses	58,827	--	58,827
Capital Assets:				
1510	Land	1,341,374	--	1,341,374
1520	Buildings and Improvements, Net	19,430,760	--	19,430,760
1530	Furniture and Equipment, Net	979,686	--	979,686
1000	Total Assets	<u>29,883,266</u>	<u>16,820</u>	<u>29,900,086</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
	Deferred Outflow Related to Loss on Defeasance of Debt	946,795	--	946,795
1705	Deferred Outflow Related to Pensions	<u>2,124,589</u>	<u>--</u>	<u>2,124,589</u>
1700	Total Deferred Outflows of Resources	<u>3,071,384</u>	<u>--</u>	<u>3,071,384</u>
<b>LIABILITIES:</b>				
2110	Accounts Payable	315,562	817	316,379
2140	Interest Payable	24,413	--	24,413
2165	Accrued Liabilities	851,915	--	851,915
2300	Unearned Revenue	94,619	1,890	96,509
Noncurrent Liabilities:				
2501	Due Within One Year	1,091,095	--	1,091,095
2502	Due in More Than One Year	18,128,273	--	18,128,273
2540	Net Pension Liability	<u>4,742,024</u>	<u>--</u>	<u>4,742,024</u>
2000	Total Liabilities	<u>25,247,901</u>	<u>2,707</u>	<u>25,250,608</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
2605	Deferred Inflow Related to Pensions	<u>352,924</u>	<u>--</u>	<u>352,924</u>
2600	Total Deferred Inflows of Resources	<u>352,924</u>	<u>--</u>	<u>352,924</u>
<b>NET POSITION:</b>				
3200	Net Investment in Capital Assets	3,562,106	--	3,562,106
Restricted For:				
3820	State and Federal Programs	334,606	--	334,606
3850	Debt Service	95,698	--	95,698
3870	Campus Activities	64,406	--	64,406
3900	Unrestricted	<u>3,297,009</u>	<u>14,113</u>	<u>3,311,122</u>
3000	Total Net Position	<u>\$ 7,353,825</u>	<u>\$ 14,113</u>	<u>\$ 7,367,938</u>

The accompanying notes are an integral part of this statement.

# GILMER INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	Functions/Programs	1  Expenses	3  Charges for Services	4  Program Revenues Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	\$ 13,094,165	\$ 300,610	\$ 1,815,963
12	Instructional Resources and Media Services	630,381	--	47,462
13	Curriculum and Staff Development	532,192	--	163,956
21	Instructional Leadership	132,257	--	9,817
23	School Leadership	1,335,619	--	109,967
31	Guidance, Counseling, & Evaluation Services	559,221	--	180,551
33	Health Services	304,075	--	26,945
34	Student Transportation	1,025,890	--	64,568
35	Food Service	1,501,091	248,963	1,136,476
36	Cocurricular/Extracurricular Activities	1,856,576	142,695	76,254
41	General Administration	669,848	--	43,352
51	Facilities Maintenance and Operations	2,392,234	8,768	92,205
52	Security and Monitoring Services	178,256	--	700
53	Data Processing Services	224,979	--	6,985
61	Community Services	57,639	--	12,116
72	Interest on Long-term Debt	488,816	--	41,000
73	Bond Issuance Costs and Fees	2,101	--	--
81	Capital Outlay	500	--	--
93	Payments Related to Shared Services Arrangements	521,850	--	--
99	Other Intergovernmental Charges	215,682	--	--
TG	Total Governmental Activities	<u>25,723,372</u>	<u>701,036</u>	<u>3,828,317</u>
	Business-type Activities:			
01	Stadium Enterprise	--	595	--
02	District Enterprise	2,865	7,519	--
TB	Total Business-type Activities	<u>2,865</u>	<u>8,114</u>	<u>--</u>
TP	Total Primary Government	<u>\$ 25,726,237</u>	<u>\$ 709,150</u>	<u>\$ 3,828,317</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.

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Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (10,977,592)		\$ (10,977,592)
(582,919)		(582,919)
(368,236)		(368,236)
(122,440)		(122,440)
(1,225,652)		(1,225,652)
(378,670)		(378,670)
(277,130)		(277,130)
(961,322)		(961,322)
(115,652)		(115,652)
(1,637,627)		(1,637,627)
(626,496)		(626,496)
(2,291,261)		(2,291,261)
(177,556)		(177,556)
(217,994)		(217,994)
(45,523)		(45,523)
(447,816)		(447,816)
(2,101)		(2,101)
(500)		(500)
(521,850)		(521,850)
(215,682)		(215,682)
<u>(21,194,019)</u>		<u>(21,194,019)</u>
--	\$ 595	595
<u>--</u>	<u>4,654</u>	<u>4,654</u>
<u>--</u>	<u>5,249</u>	<u>5,249</u>
<u>(21,194,019)</u>	<u>5,249</u>	<u>(21,188,770)</u>
9,600,285	--	9,600,285
419,536	--	419,536
29,541	--	29,541
10,585,821	--	10,585,821
188,140	--	188,140
<u>20,823,323</u>	<u>--</u>	<u>20,823,323</u>
(370,696)	5,249	(365,447)
7,724,521	8,864	7,733,385
<u>\$ 7,353,825</u>	<u>\$ 14,113</u>	<u>\$ 7,367,938</u>

**GILMER INDEPENDENT SCHOOL DISTRICT**

## BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2016

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
<b>ASSETS:</b>			
1110 Cash and Cash Equivalents	\$ 4,388,886	\$ 478,385	\$ 4,867,271
1120 Current Investments	487,854	9,359	497,213
1225 Taxes Receivable, Net	1,326,090	103,034	1,429,124
1240 Due from Other Governments	498,170	288,450	786,620
1250 Accrued Interest	551	--	551
1260 Due from Other Funds	213,803	--	213,803
1300 Inventories	6,029	37,777	43,806
1000 Total Assets	<u>6,921,383</u>	<u>917,005</u>	<u>7,838,388</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110 Accounts Payable	\$ 194,180	\$ 58,279	\$ 252,459
2150 Payroll Deductions & Withholdings	2,218	--	2,218
2160 Accrued Wages Payable	786,701	62,995	849,696
2170 Due to Other Funds	--	213,803	213,803
2300 Unearned Revenue	31,814	62,805	94,619
2000 Total Liabilities	<u>1,014,913</u>	<u>397,882</u>	<u>1,412,795</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Property Taxes	1,326,091	103,034	1,429,125
2600 Total Deferred Inflows of Resources	<u>1,326,091</u>	<u>103,034</u>	<u>1,429,125</u>
<b>FUND BALANCES:</b>			
Nonspendable Fund Balances:			
3410 Inventories	6,029	20,787	26,816
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	--	313,819	313,819
3480 Retirement of Long-Term Debt	--	17,077	17,077
Committed Fund Balances:			
3545 Other Committed Fund Balance	--	64,406	64,406
Assigned Fund Balances:			
3570 Capital Expenditures for Equipment	43,000	--	43,000
3590 Other Assigned Fund Balance	30,000	--	30,000
3600 Unassigned	4,501,350	--	4,501,350
3000 Total Fund Balances	<u>4,580,379</u>	<u>416,089</u>	<u>4,996,468</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 6,921,383</u>	<u>\$ 917,005</u>	<u>\$ 7,838,388</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, 2016

Total fund balances - governmental funds balance sheet	\$ 4,996,468
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.	21,751,820
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,429,124
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	384,931
Payables for bond principal which are not due in the current period are not reported in the funds.	(15,910,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(82,859)
Payables for bond interest which are not due in the current period are not reported in the funds.	(24,413)
Payables for notes which are not due in the current period are not reported in the funds.	(2,227,707)
Premium on issuance of bonds is not reported in the funds.	(998,801)
Prepaid insurance is not reported in the funds.	58,827
The deferred loss on defeasance of debt is not reported in the funds.	946,795
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(4,742,024)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(352,924)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,124,589
Rounding	(1)
Net position of governmental activities - Statement of Net Position	\$ <u>7,353,825</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, 2016

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ 10,090,724	\$ 852,796	\$ 10,943,520
5800 State Program Revenues	11,531,468	243,624	11,775,092
5900 Federal Program Revenues	51,056	2,084,071	2,135,127
5020 Total Revenues	<u>21,673,248</u>	<u>3,180,491</u>	<u>24,853,739</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	10,888,080	1,041,217	11,929,297
0012 Instructional Resources and Media Services	586,234	--	586,234
0013 Curriculum and Staff Development	378,235	138,496	516,731
0021 Instructional Leadership	127,590	--	127,590
0023 School Leadership	1,271,045	--	1,271,045
0031 Guidance, Counseling, & Evaluation Services	384,370	148,169	532,539
0033 Health Services	288,845	--	288,845
0034 Student Transportation	989,681	--	989,681
0035 Food Service	--	1,407,361	1,407,361
0036 Cocurricular/Extracurricular Activities	1,500,448	--	1,500,448
0041 General Administration	646,297	--	646,297
0051 Facilities Maintenance and Operations	2,336,204	21,134	2,357,338
0052 Security and Monitoring Services	170,922	--	170,922
0053 Data Processing Services	220,102	--	220,102
0061 Community Services	47,410	8,227	55,637
0071 Principal on Long-term Debt	324,291	686,000	1,010,291
0072 Interest on Long-term Debt	57,581	547,263	604,844
0073 Bond Issuance Costs and Fees	400	1,700	2,100
0081 Capital Outlay	113,954	--	113,954
0093 Payments to Shared Service Arrangements	521,850	--	521,850
0099 Other Intergovernmental Charges	215,682	--	215,682
6030 Total Expenditures	<u>21,069,221</u>	<u>3,999,567</u>	<u>25,068,788</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>604,027</u>	<u>(819,076)</u>	<u>(215,049)</u>
Other Financing Sources and (Uses):			
7915 Transfers In	1,113	765,000	766,113
8911 Transfers Out	<u>(765,000)</u>	<u>(1,113)</u>	<u>(766,113)</u>
7080 Total Other Financing Sources and (Uses)	<u>(763,887)</u>	<u>763,887</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>(159,860)</u>	<u>(55,189)</u>	<u>(215,049)</u>
0100 Fund Balances - Beginning	4,740,239	471,278	5,211,517
3000 Fund Balances - Ending	<u>\$ 4,580,379</u>	<u>\$ 416,089</u>	<u>\$ 4,996,468</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, 2016

Net change in fund balances - total governmental funds \$ (215,049)

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

Capital outlays are not reported as expenses in the SOA.	237,537
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,226,850)
The gain or loss on the sale of capital assets is not reported in the funds.	9,300
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(9,300)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(4,982)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	645,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	82,859
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	282,432
The accretion of interest on capital appreciation bonds is not reported in the funds.	43,202
(Increase) decrease in accrued interest from beginning of period to end of period.	2,670
The net revenue (expense) of internal service funds is reported with governmental activities.	21,102
The loss on defeasance of debt is not recorded in the funds.	(65,679)
(Increase) decrease in prepaid insurance from beginning of period to end of period.	582
Bond premiums are reported in the funds but not in the SOA.	135,836
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(897,384)
Pension contributions expended in the prior fiscal year.	(397,250)
Pension contributions made for the measurement period ended 8/31/15.	397,223
Pension contributions made after measurement date but in current FY were de-expended and reduced NPL.	431,057
The District's share of the unrecognized deferred inflows and outflows for the pension plan were amortized.	156,999
Rounding difference	(1)

Change in net position of governmental activities - Statement of Activities \$ (370,696)

The accompanying notes are an integral part of this statement.

**GILMER INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

## PROPRIETARY FUNDS

AUGUST 31, 2016

		Nonmajor Internal Service Fund	
Data Control Codes		Nonmajor Enterprise Funds	Insurance Fund
<b>ASSETS:</b>			
Current Assets:			
1110	Cash and Cash Equivalents	\$ 16,820	\$ 448,034
	Total Current Assets	16,820	448,034
1000	Total Assets	16,820	448,034
<b>LIABILITIES:</b>			
Current Liabilities:			
2110	Accounts Payable	\$ 817	\$ 63,103
2300	Unearned Revenues	1,890	--
	Total Current Liabilities	2,707	63,103
2000	Total Liabilities	2,707	63,103
<b>NET POSITION:</b>			
3900	Unrestricted	14,113	384,931
3000	Total Net Position	\$ 14,113	\$ 384,931

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, 2016

		Nonmajor Enterprise Funds		Nonmajor Internal Service Fund	
<u>Data Control Codes</u>				<u>Insurance Fund</u>	
<b>OPERATING REVENUES:</b>					
5700	Local and Intermediate Sources	\$	8,114	\$	82,176
5020	Total Revenues		<u>8,114</u>		<u>82,176</u>
<b>OPERATING EXPENSES:</b>					
6400	Other Operating Costs		<u>2,865</u>		<u>61,072</u>
6030	Total Expenses		<u>2,865</u>		<u>61,072</u>
1300	Change in Net Position		5,249		21,104
0100	Total Net Position - Beginning		<u>8,864</u>		<u>363,827</u>
3300	Total Net Position - Ending	\$	<u>14,113</u>	\$	<u>384,931</u>

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, 2016

	Nonmajor Enterprise Funds	Nonmajor Internal Service Funds
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 9,911	\$ --
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	--	82,152
Cash Payments to Other Suppliers for Goods and Services	(3,443)	(57,062)
Net Cash Provided (Used) by Operating Activities	<u>6,468</u>	<u>25,090</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	--	24
Net Cash Provided (Used) for Investing Activities	<u>--</u>	<u>24</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,468	25,114
Cash and Cash Equivalents at Beginning of Year	10,352	422,920
Cash and Cash Equivalents at End of Year	<u>\$ 16,820</u>	<u>\$ 448,034</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ 5,249	\$ 21,104
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Investment Income	--	(24)
Change in Assets and Liabilities:		
Increase (Decrease) in Accounts Payable	(578)	4,010
Increase (Decrease) in Due to Other Governments	(93)	--
Increase (Decrease) in Unearned Revenue	1,890	--
Total Adjustments	<u>1,219</u>	<u>3,986</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,468</u>	<u>\$ 25,090</u>

The accompanying notes are an integral part of this statement.

**GILMER INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

AUGUST 31, 2016

			Agency Funds
Data Control Codes		Private-purpose Trust Funds	Student Activity
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$ 118,214	\$ 59,887
1250	Accrued Interest	10	--
1800	Restricted Assets	444,429	--
1000	Total Assets	562,653	59,887
<b>LIABILITIES:</b>			
Current Liabilities:			
2110	Accounts Payable	\$ 1,500	\$ --
2190	Due to Student Groups	--	59,887
2000	Total Liabilities	1,500	59,887
<b>NET POSITION:</b>			
3800	Held in Trust	561,153	--
3000	Total Net Position	\$ 561,153	\$ --

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, 2016

	Private-Purpose Trust Funds
<b>Additions:</b>	
Gifts and Bequests	\$ 14,000
Net (Decrease) in Fair Value of Investments	45,937
Total Additions	<u>59,937</u>
<b>Deductions:</b>	
Scholarship Awards	<u>21,300</u>
Total Deductions	<u>21,300</u>
<b>Change in Net Position</b>	38,637
Net Position-Beginning of the Year	522,516
Net Position-End of the Year	<u><u>\$ 561,153</u></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, 2016**

**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, 2016**

In addition, the District reports the following fund types:

**Internal Service Funds:** 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 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 when they become due or past due and receivable within the current period.

**GILMER INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

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, 2016 is \$612,483.

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 of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

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.

**GILMER INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

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 ensure 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. 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 convey 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.

**GILMER INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

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.

4. Pensions

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

5. New Accounting Standards Adopted

In fiscal year 2016, the District adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 72, *Fair Value Measurement and Application*
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- Statement No. 77, *Tax Abatement Disclosures*

- a. Statement No. 72 requires state and local governments to measure investments at fair value using a consistent definition and valuation techniques; also defines what assets and liabilities governments should measure at fair value and expands fair value disclosures in financial disclosure notes. While the Statement generally requires restatement of prior period balances in the year of implementation, the nature of the District's investments was such that their carrying amount was not affected.
- b. Statement No. 73 extends the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be

**GILMER INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

included in notes to the financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

- b. The GAAP hierarchy prioritizes guidance governments follow when preparing U.S. GAAP financial statements. Statement No. 76 reduces authoritative GAAP hierarchy from four categories to two and lists the order of priority for pronouncements to which a government should look for guidance.
- c. Statement No. 77 requires governments granting tax abatements to individuals and businesses to disclose program information in the notes to the financial statements through the agreement's duration and also requires disclosures about tax abatements entered into by other governments that reduce the reporting government's tax revenue. Prior year balances were not restated because there are no tax abatements associated with the District or any other government which affect the District's tax revenue.

**B. Compliance and Accountability**

**1. Finance-Related Legal and Contractual Provisions**

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

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

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

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

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

**C. Deposits and Investments**

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

**1. Cash Deposits:**

At August 31, 2016, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$5,510,226 and the bank balance was \$5,775,143. The District's cash deposits at August 31, 2016 and during the year ended August 31, 2016, 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

**GILMER INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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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, 2016 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Lone Star Investment Pool	Avg 23 days	\$ 248,969
Certificate of Deposit	10/24/2016	248,244
Total Investments		<u>\$ 497,213</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At August 31, 2016, 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 - Government Overnight Fund	AAA

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.

**GILMER INDEPENDENT SCHOOL DISTRICT**  
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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 that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Lone Star Investment Pool

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and operated in a manner consistent with the the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government and Corporate Overnight maintain a net asset value of one dollar and the Corporate Overnight Plus maintains a net asset value of 50 cents.

**GILMER INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

**D. Capital Assets**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,266,242	\$ 75,132	\$ --	\$ 1,341,374
Total capital assets not being depreciated	<u>1,266,242</u>	<u>75,132</u>	<u>--</u>	<u>1,341,374</u>
Capital assets being depreciated:				
Buildings and improvements	40,640,811	38,322	--	40,679,133
Equipment	1,717,010	15,578	12,899	1,719,689
Vehicles	2,447,740	108,505	50,866	2,505,379
Total capital assets being depreciated	<u>44,805,561</u>	<u>162,405</u>	<u>63,765</u>	<u>44,904,201</u>
Less accumulated depreciation for:				
Buildings and improvements	(20,230,217)	(1,018,156)	--	(21,248,373)
Equipment	(1,333,555)	(77,299)	(12,899)	(1,397,955)
Vehicles	(1,766,898)	(131,395)	(50,866)	(1,847,427)
Total accumulated depreciation	<u>(23,330,670)</u>	<u>(1,226,850)</u>	<u>(63,765)</u>	<u>(24,493,755)</u>
Total capital assets being depreciated, net	<u>21,474,891</u>	<u>(1,064,445)</u>	<u>--</u>	<u>20,410,446</u>
Governmental activities capital assets, net	<u>\$ 22,741,133</u>	<u>\$ (989,313)</u>	<u>\$ --</u>	<u>\$ 21,751,820</u>

Depreciation was charged to functions as follows:

Instruction	\$ 673,466
Instructional Resources and Media Services	21,040
School Leadership	6,580
Guidance, Counseling, & Evaluation Services	476
Health Services	2,537
Student Transportation	98,716
Food Services	71,250
Extracurricular Activities	314,401
General Administration	45
Plant Maintenance and Operations	29,537
Security and Monitoring Services	7,052
Data Processing Services	1,750
	<u>\$ 1,226,850</u>

**E. Interfund Balances and Activities**

**1. Due To and From Other Funds**

Balances due to and due from other funds at August 31, 2016, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 213,803	Short-term loans
	Total	<u>\$ 213,803</u>	

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

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2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2016, consisted of the following:

Transfers From	Transfers To	Amount	Reason
Other Governmental Funds	General Fund	\$ 1,113	Grant expenditures
General Fund	Debt Service Fund	765,000	Debt payments
	Total	<u>\$ 766,113</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, 2016, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 16,555,000	\$ --	\$ 645,000	\$ 15,910,000	\$ 720,000
Capital leases	165,718	--	82,859	82,859	82,859
Notes	2,510,139	--	282,432	2,227,707	288,236
Accreted interest on CABs	43,202	16,798	60,000	--	--
Unamortized bond premium	1,134,637	--	135,836	998,801	--
Net pension liability	2,495,645	2,643,602	397,223	4,742,024	
Total governmental activities	<u>\$ 22,904,341</u>	<u>\$ 2,660,400</u>	<u>\$ 1,603,350</u>	<u>\$ 23,961,391</u>	<u>\$ 1,091,095</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 February 15, 2013, the District issued Maintenance Tax Notes in the amount of \$2,110,000 to finance improvements to the stadium.

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 December 18, 2014, the District entered into a loan agreement with First National Bank for the purpose of capital improvements and equipment purchases. The original amount of the loan was \$300,000.

Note payable currently outstanding are as follows:

Purpose:	Interest Rates	Maturity Date	Amount
Governmental Activities - Capital Purchases	2.0-2.5%	8/15/2030	\$ 1,790,000
Governmental Activities - Capital Purchases	3%	8/16/2018	209,720
Governmental Activities - Capital Purchases	1.65%	4/18/2019	227,987
			<u>\$ 2,227,707</u>

**GILMER INDEPENDENT SCHOOL DISTRICT**  
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3. Bonds Payable

<u>Title of Issue:</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Amount</u>
Series 2012 Unlimited Tax Refunding Bonds	2.00-3.50%	2/15/2030	\$ 7,595,000
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	2,185,000
			<u>\$ 15,910,000</u>

4. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2016, are as follows:

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,008,236	\$ 523,739	\$ 1,531,975
2018	1,037,286	502,573	1,539,859
2019	947,185	481,344	1,428,529
2020	895,000	458,900	1,353,900
2021	920,000	433,188	1,353,188
2022-2026	5,075,000	1,734,500	6,809,500
2027-2031	5,905,000	892,100	6,797,100
2031-2033	2,350,000	73,956	2,423,956
Totals	<u>\$ 18,137,707</u>	<u>\$ 5,100,300</u>	<u>\$ 23,238,007</u>

5. Capital Leases

Commitments under capitalized lease agreements for equipment provide for minimum future lease payments as of August 31, 2016, as follows:

<u>Year Ending August 31:</u>	
2017	\$ 82,859
Total Minimum Rentals	<u>\$ 82,859</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 2016, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Pension Plan

1. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS' defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The TRS pension trust fund is a qualified pension trust under section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code,

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Title 8, Section 822.002 are covered by the system.

2. Pension Plan Fiduciary Net Position

Detailed information about the TRS' fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.trs.state.tx.us/about/documents/cafr.pdf#CAFR](http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR); by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature, as noted in the plan description in (1.) above.

4. Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

<b><u>Contribution Rates</u></b>		
	<b>2015</b>	<b>2016</b>
Member	6.7%	7.2%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2016 Employer Contributions	\$ 431,057	
District's 2016 Member Contributions	\$ 1,053,329	
NECE 2015 On-Behalf Contributions to District	\$ 750,477	

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

## GILMER INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2016

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the TRS pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- When employing a retiree of the TRS the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

#### 5. Actuarial Assumptions

The total pension liability in the August 31, 2015 actuarial evaluation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8%
Long-term expected Investment Rate of Return	8%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

#### 6. Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore,

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the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

**Teacher Retirement System of Texas**  
**Asset Allocation and Long-Term Expected Real Rate of Return**  
**As of August 31, 2015**

Asset Class	Target Allocation	Long-term Expected Geometric Real Rate of Return	Expected Contribution to Long-term Portfolio Returns *
<b>Global Equity</b>			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Hedge Funds (Stable Value)	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<b>Real Return</b>			
Global Inflat. Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy & Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation	0%	0%	2.2%
Alpha	0%	0%	1.0%
<b>Total</b>	<b>100%</b>		<b>8.7%</b>

\* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 net pension liability.

	1% Decrease in Discount Rate 7%	Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ 7,429,858	\$ 4,742,024	\$ 2,503,225

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

At August 31, 2016, the District reported a liability of \$4,742,024 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 4,742,024
State's proportionate share of the net pension liability associated with the District	<u>8,956,467</u>
Total	<u>\$ 13,698,491</u>

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 through August 31, 2015.

At August 31, 2015 the employer's proportion of the collective net pension liability was 0.0134150%. which was an increase (decrease) of 0.0040720% from its proportion measured as of August 31, 2014.

Changes Since the Prior Actuarial Valuation - The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

- a. The inflation assumption was decreased from 3.00% to 2.50%
- b. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
- c. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
- d. The payroll growth assumption was lowered from 3.50% to 2.50%

Mortality Assumptions

- e. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- f. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
- g. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

- h. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This

# GILMER INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

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methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.

- i. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
- j. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
- k. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
- l. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

### Actuarial Methods and Policies

- m. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

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

For the year ended August 31, 2016, the District recognized pension expense of \$1,276,152 and revenue of \$1,276,152 for support provided by the State.

At August 31, 2015 the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (The amounts shown below will be the cumulative layers from the current and prior years combined.):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 32,099	\$ 182,240
Changes in actuarial assumptions	134,913	169,175
Difference between projected and actual investment earnings	595,777	--
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	930,743	1,509
District contributions paid to TRS subsequent to the measurement date	431,057	--
Total	<u>\$ 2,124,589</u>	<u>\$ 352,924</u>

The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended August 31	Pension Expense Amount
2017	\$ 232,945
2018	\$ 232,945
2019	\$ 232,946
2020	\$ 423,637
2021	\$ 129,672
Thereafter	\$ 88,463

**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 employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas contribution rate was 1% for fiscal years 2016, 2015 and 2014. The active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2016, 2015 and 2014. For the years ended August 31, 2016, 2015, and 2014, the State's contributions to TRS-Care were \$73,148, \$69,483, and \$66,928, respectively, the active member contributions were \$95,092, \$90,327, and \$87,005, respectively, and the District's contributions were \$80,462, \$76,432, and \$73,622, 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, 2016, 2015, and 2014, the subsidy payments received by TRS-Care on behalf of the District were \$56,572, \$56,034, and \$35,460, respectively.

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**J. Employee Health Care Coverage**

During the year ended August 31, 2016, 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, 2016, 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, 2016.

**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:

**Special Education**

Big Sandy ISD  
Harmony ISD  
New Diana ISD  
Union Grove ISD  
Union Hill ISD  
Gladewater ISD

**Alternative Education**

Big Sandy ISD  
Harmony ISD  
New Diana ISD  
Union Grove ISD  
Union Hill 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.

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**M. Committed and Assigned Fund Balance**

Other committed fund balance consists of the following:

Other Governmental Funds - committed for campus activities	\$	64,406
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Other assigned fund balance consists of the following:

General Fund - assigned for future capital purchases	\$	73,000
--	----	--------

**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 \$21,537 for current year claims and \$7,223 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, 2016	\$ 59,093	\$ 32,771	\$ 28,761	\$ 63,103
Year Ended August 31, 2015	96,867	32,189	69,963	59,093

**O. Subsequent Events**

Management has evaluated subsequent events through January 12, 2017, the date on which the financial statements were available to be issued.

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## Required Supplementary Information

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

# GILMER INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 10,026,001	\$ 10,197,703	\$ 10,090,724	\$ (106,979)
5800	State Program Revenues	10,343,179	11,457,097	11,531,468	74,371
5900	Federal Program Revenues	50,000	50,000	51,056	1,056
5020	Total Revenues	20,419,180	21,704,800	21,673,248	(31,552)
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	10,651,016	11,306,091	10,888,080	418,011
0012	Instructional Resources and Media Services	568,933	633,733	586,234	47,499
0013	Curriculum and Staff Development	355,644	404,227	378,235	25,992
	Total Instruction & Instr. Related Services	11,575,593	12,344,051	11,852,549	491,502
Instructional and School Leadership:					
0021	Instructional Leadership	138,518	148,518	127,590	20,928
0023	School Leadership	1,257,153	1,317,587	1,271,045	46,542
	Total Instructional & School Leadership	1,395,671	1,466,105	1,398,635	67,470
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	414,332	421,857	384,370	37,487
0033	Health Services	293,742	301,904	288,845	13,059
0034	Student (Pupil) Transportation	904,872	1,092,872	989,681	103,191
0036	Cocurricular/Extracurricular Activities	1,524,127	1,597,447	1,500,448	96,999
	Total Support Services - Student (Pupil)	3,137,073	3,414,080	3,163,344	250,736
Administrative Support Services:					
0041	General Administration	618,197	678,197	646,297	31,900
	Total Administrative Support Services	618,197	678,197	646,297	31,900
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	2,185,737	2,440,937	2,336,204	104,733
0052	Security and Monitoring Services	172,352	182,352	170,922	11,430
0053	Data Processing Services	134,472	245,472	220,102	25,370
	Total Support Services - Nonstudent Based	2,492,561	2,868,761	2,727,228	141,533
Ancillary Services:					
0061	Community Services	54,485	55,485	47,410	8,075
	Total Ancillary Services	54,485	55,485	47,410	8,075
Debt Service:					
0071	Principal on Long-Term Debt	317,000	317,000	324,291	(7,291)
0072	Interest on Long-Term Debt	70,000	70,000	57,581	12,419
0073	Bond Issuance Costs and Fees	600	600	400	200
	Total Debt Service	387,600	387,600	382,272	5,328
Capital Outlay:					
0081	Capital Outlay	10,000	118,000	113,954	4,046
	Total Capital Outlay	10,000	118,000	113,954	4,046

**GILMER INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2016

**EXHIBIT G-1**

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
	Intergovernmental Charges:				
0093	Payments to Fiscal Agent/Member Dist.-SSA	523,000	523,000	521,850	1,150
0099	Other Intergovernmental Charges	225,000	225,000	215,682	9,318
	Total Intergovernmental Charges	748,000	748,000	737,532	10,468
6030	Total Expenditures	20,419,180	22,080,279	21,069,221	1,011,058
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(375,479)	604,027	979,506
	Other Financing Sources (Uses):				
7915	Transfers In	--	--	1,113	1,113
8911	Transfers Out	--	(787,000)	(765,000)	22,000
7080	Total Other Financing Sources and (Uses)	--	(787,000)	(763,887)	23,113
1200	Net Change in Fund Balance	--	(1,162,479)	(159,860)	1,002,619
0100	Fund Balance - Beginning	4,740,239	4,740,239	4,740,239	--
3000	Fund Balance - Ending	\$ 4,740,239	\$ 3,577,760	\$ 4,580,379	\$ 1,002,619

**GILMER INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**TEACHER RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS \***

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset)	0.0134150%	0.0093430%	--	--	--	--	--	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 4,742,024	\$ 2,495,645	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	8,956,467	7,484,191	--	--	--	--	--	--	--	--
Total	<u>\$ 13,698,491</u>	<u>\$ 9,979,836</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 13,896,563	\$ 13,385,515	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.12%	18.64%	--	--	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	78.43%	83.25%	--	--	--	--	--	--	--	--

\*Note: GASB Statement No. 68, Paragraph 81,2,b requires that the information on this schedule be data from the period corresponding with the period covered as of the TRS measurement date of August 31, 2015 - period from September 1, 2014 - August 31, 2015.

\*Note: Only two years of data is presented in accordance with GASB Statement No. 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**GILMER INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS \***

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 431,057	\$ 397,250	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(431,057)	(397,250)	--	--	--	--	--	--	--	--
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 14,629,578	\$ 13,896,563	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	2.95%	2.86%	--	--	--	--	--	--	--	--

\*Note: GASB Statment No. 68, Paragraph 81,2,b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the TRS measurement date of September 1, 2014 - August 31, 2015.

\*Note: Only two years of data is presented in accordance with GASB Statement No. 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

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## 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, 2016

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	\$ 469,049	\$ 9,336	\$ 478,385
1120	Current Investments	--	9,359	9,359
1225	Taxes Receivable, Net	--	103,034	103,034
1240	Due from Other Governments	288,450	--	288,450
1300	Inventories	37,777	--	37,777
1000	Total Assets	<u>\$ 795,276</u>	<u>\$ 121,729</u>	<u>\$ 917,005</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 58,279	\$ --	\$ 58,279
2160	Accrued Wages Payable	62,995	--	62,995
2170	Due to Other Funds	213,803	--	213,803
2300	Unearned Revenue	61,187	1,618	62,805
2000	Total Liabilities	<u>396,264</u>	<u>1,618</u>	<u>397,882</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred Property Taxes				
		--	103,034	103,034
2600	Total Deferred Inflows of Resources	<u>--</u>	<u>103,034</u>	<u>103,034</u>
<b>FUND BALANCES:</b>				
Nonspendable Fund Balances:				
3410	Inventories	20,787	--	20,787
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	313,819	--	313,819
3480	Retirement of Long-Term Debt	--	17,077	17,077
Committed Fund Balances:				
3545	Other Committed Fund Balance	64,406	--	64,406
3000	Total Fund Balances	<u>399,012</u>	<u>17,077</u>	<u>416,089</u>
Total Liabilities, Deferred Inflow				
4000	of Resources and Fund Balances	<u>\$ 795,276</u>	<u>\$ 121,729</u>	<u>\$ 917,005</u>

**GILMER INDEPENDENT SCHOOL DISTRICT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2016

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	\$ 432,937	\$ 419,859	\$ 852,796
5800	State Program Revenues	235,101	8,523	243,624
5900	Federal Program Revenues	2,084,071	--	2,084,071
5020	Total Revenues	<u>2,752,109</u>	<u>428,382</u>	<u>3,180,491</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	1,041,217	--	1,041,217
0013	Curriculum and Staff Development	138,496	--	138,496
0031	Guidance, Counseling, & Evaluation Services	148,169	--	148,169
0035	Food Service	1,407,361	--	1,407,361
0051	Facilities Maintenance and Operations	21,134	--	21,134
0061	Community Services	8,227	--	8,227
0071	Principal on Long-term Debt	41,000	645,000	686,000
0072	Interest on Long-term Debt	--	547,263	547,263
0073	Bond Issuance Costs and Fees	--	1,700	1,700
6030	Total Expenditures	<u>2,805,604</u>	<u>1,193,963</u>	<u>3,999,567</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(53,495)</u>	<u>(765,581)</u>	<u>(819,076)</u>
Other Financing Sources and (Uses):				
7915	Transfers In	--	765,000	765,000
8911	Transfers Out	(1,113)	--	(1,113)
7080	Total Other Financing Sources and (Uses)	<u>(1,113)</u>	<u>765,000</u>	<u>763,887</u>
1200	Net Change in Fund Balances	<u>(54,608)</u>	<u>(581)</u>	<u>(55,189)</u>
0100	Fund Balances - Beginning	453,620	17,658	471,278
3000	Fund Balances - Ending	<u>\$ 399,012</u>	<u>\$ 17,077</u>	<u>\$ 416,089</u>

**GILMER INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2016

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	\$ --	\$ 602	\$ --	\$ 347,419
1240 Due from Other Governments	60,634	131,592	12,986	43,168
1300 Inventories	--	--	--	37,777
1000 Total Assets	<u>\$ 60,634</u>	<u>\$ 132,194</u>	<u>\$ 12,986</u>	<u>\$ 428,364</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	\$ --	\$ --	\$ --	\$ 55,168
2160 Accrued Wages Payable	6,079	18,907	1,823	31,357
2170 Due to Other Funds	54,555	113,287	11,163	--
2300 Unearned Revenue	--	--	--	16,990
2000 Total Liabilities	<u>60,634</u>	<u>132,194</u>	<u>12,986</u>	<u>103,515</u>
<b>FUND BALANCES:</b>				
Nonspendable Fund Balances:				
3410 Inventories	--	--	--	20,787
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	--	304,062
Committed Fund Balances:				
3545 Other Committed Fund Balance	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>324,849</u>
4000 Total Liabilities and Fund Balances	<u>\$ 60,634</u>	<u>\$ 132,194</u>	<u>\$ 12,986</u>	<u>\$ 428,364</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
\$ 9,350	\$ --	\$ 2,400	\$ 675	\$ --
443	2,199	31,924	675	--
--	--	--	--	--
<u>\$ 9,793</u>	<u>\$ 2,199</u>	<u>\$ 34,324</u>	<u>\$ 1,350</u>	<u>\$ --</u>
\$ 36	\$ --	\$ 2,400	\$ 675	\$ --
--	--	--	--	--
--	2,199	31,924	675	--
--	--	--	--	--
<u>36</u>	<u>2,199</u>	<u>34,324</u>	<u>1,350</u>	<u>--</u>
--	--	--	--	--
9,757	--	--	--	--
--	--	--	--	--
<u>9,757</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 9,793</u>	<u>\$ 2,199</u>	<u>\$ 34,324</u>	<u>\$ 1,350</u>	<u>\$ --</u>

**GILMER INDEPENDENT SCHOOL DISTRICT**

## COMBINING BALANCE SHEET

## NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2016

Data Control Codes		397 Advanced Placement Incentives	410 State Textbook Fund
	<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 1,350	\$ 38,997
1240	Due from Other Governments	--	--
1300	Inventories	--	--
1000	Total Assets	<u>\$ 1,350</u>	<u>\$ 38,997</u>
	<b>LIABILITIES:</b>		
	Current Liabilities:		
2110	Accounts Payable	\$ --	\$ --
2160	Accrued Wages Payable	--	--
2170	Due to Other Funds	--	--
2300	Unearned Revenue	1,350	38,997
2000	Total Liabilities	<u>1,350</u>	<u>38,997</u>
	<b>FUND BALANCES:</b>		
	Nonspendable Fund Balances:		
3410	Inventories	--	--
	Restricted Fund Balances:		
3450	Federal/State Funds Grant Restrictions	--	--
	Committed Fund Balances:		
3545	Other Committed Fund Balance	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,350</u>	<u>\$ 38,997</u>

429 Pre Kindergarten Grant Program	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 3,850	\$ 64,406	\$ 469,049
4,829	--	288,450
--	--	37,777
<u>\$ 8,679</u>	<u>\$ 64,406</u>	<u>\$ 795,276</u>
\$ --	\$ --	\$ 58,279
4,829	--	62,995
--	--	213,803
3,850	--	61,187
<u>8,679</u>	<u>--</u>	<u>396,264</u>
--	--	20,787
--	--	313,819
--	64,406	64,406
<u>--</u>	<u>64,406</u>	<u>399,012</u>
<u>\$ 8,679</u>	<u>\$ 64,406</u>	<u>\$ 795,276</u>

**GILMER INDEPENDENT SCHOOL DISTRICT**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016

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	\$ --	\$ --	\$ --	\$ 248,834
5800	State Program Revenues	--	--	--	18,612
5900	Federal Program Revenues	515,731	251,058	27,966	1,091,065
5020	Total Revenues	515,731	251,058	27,966	1,358,511
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	358,120	251,058	27,966	--
0013	Curriculum and Staff Development	2,012	--	--	--
0031	Guidance, Counseling, & Evaluation Services	148,169	--	--	--
0035	Food Service	--	--	--	1,380,718
0051	Facilities Maintenance and Operations	--	--	--	21,134
0061	Community Services	7,430	--	--	--
0071	Principal on Long-term Debt	--	--	--	--
6030	Total Expenditures	515,731	251,058	27,966	1,401,852
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	(43,341)
Other Financing Sources and (Uses):					
8911	Transfers Out	--	--	--	--
7080	Total Other Financing Sources and (Uses)	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	(43,341)
0100	Fund Balances - Beginning	--	--	--	368,190
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ 324,849

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
\$ 731	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
22,031	31,597	128,225	15,285	1,113
22,762	31,597	128,225	15,285	1,113
--	26,893	--	10,933	--
--	4,704	128,225	3,555	--
--	--	--	--	--
26,643	--	--	--	--
--	--	--	--	--
--	--	--	797	--
--	--	--	--	--
26,643	31,597	128,225	15,285	--
(3,881)	--	--	--	1,113
--	--	--	--	(1,113)
--	--	--	--	(1,113)
(3,881)	--	--	--	--
13,638	--	--	--	--
\$ 9,757	\$ --	\$ --	\$ --	\$ --

**GILMER INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes		410 State Textbook Fund	429 Pre Kindergarten Grant Program	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ 183,372	\$ 432,937
5800	State Program Revenues	211,660	4,829	--	235,101
5900	Federal Program Revenues	--	--	--	2,084,071
5020	Total Revenues	<u>211,660</u>	<u>4,829</u>	<u>183,372</u>	<u>2,752,109</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	170,660	4,829	190,758	1,041,217
0013	Curriculum and Staff Development	--	--	--	138,496
0031	Guidance, Counseling, & Evaluation Services	--	--	--	148,169
0035	Food Service	--	--	--	1,407,361
0051	Facilities Maintenance and Operations	--	--	--	21,134
0061	Community Services	--	--	--	8,227
0071	Principal on Long-term Debt	41,000	--	--	41,000
6030	Total Expenditures	<u>211,660</u>	<u>4,829</u>	<u>190,758</u>	<u>2,805,604</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	(7,386)	(53,495)
Other Financing Sources and (Uses):					
8911	Transfers Out	--	--	--	(1,113)
7080	Total Other Financing Sources and (Uses)	--	--	--	(1,113)
1200	Net Change in Fund Balances	--	--	(7,386)	(54,608)
0100	Fund Balances - Beginning	--	--	71,792	453,620
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 64,406</u>	<u>\$ 399,012</u>

**GILMER INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

AUGUST 31, 2016

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	\$ 8,285	\$ 8,535	\$ 16,820
	Total Current Assets	8,285	8,535	16,820
1000	Total Assets	8,285	8,535	16,820
	<b>LIABILITIES:</b>			
	Current Liabilities:			
2110	Accounts Payable	\$ --	\$ 817	\$ 817
2300	Unearned Revenues	1,890	--	1,890
	Total Current Liabilities	1,890	817	2,707
2000	Total Liabilities	1,890	817	2,707
	<b>NET POSITION:</b>			
3900	Unrestricted	6,395	7,718	14,113
3000	Total Net Position	\$ 6,395	\$ 7,718	\$ 14,113

**GILMER INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2016

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	\$ 595	\$ 7,519	\$ 8,114
5020	Total Revenues	<u>595</u>	<u>7,519</u>	<u>8,114</u>
	<b>OPERATING EXPENSES:</b>			
6400	Other Operating Costs	--	2,865	2,865
6030	Total Expenses	<u>--</u>	<u>2,865</u>	<u>2,865</u>
1300	Change in Net Position	595	4,654	5,249
0100	Total Net Position - Beginning	5,800	3,064	8,864
3300	Total Net Position - Ending	<u>\$ 6,395</u>	<u>\$ 7,718</u>	<u>\$ 14,113</u>

**GILMER INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2016

	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	\$ 2,392	\$ 7,519	\$ 9,911
Cash Payments to Suppliers for Goods and Services	--	(3,443)	(3,443)
Net Cash Provided (Used) by Operating Activities	<u>2,392</u>	<u>4,076</u>	<u>6,468</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>	<u>--</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Contributed Capital	--	--	--
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>
<b>Cash Flows from Investing Activities:</b>			
Interest and Dividends on Investments	--	--	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>	<u>--</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,392	4,076	6,468
Cash and Cash Equivalents at Beginning of Year	5,893	4,459	10,352
Cash and Cash Equivalents at End of Year	<u>\$ 8,285</u>	<u>\$ 8,535</u>	<u>\$ 16,820</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	\$ 595	\$ 4,654	\$ 5,249
Adjustments to Reconcile Operating Income to Net Change in Assets and Liabilities:			
Increase (Decrease) in Accounts Payable	--	(578)	(578)
Increase (Decrease) in Due to Other Governments	(93)	--	(93)
Increase (Decrease) in Unearned Revenue	1,890	--	1,890
Total Adjustments	<u>1,797</u>	<u>(578)</u>	<u>1,219</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,392</u>	<u>\$ 4,076</u>	<u>\$ 6,468</u>

**GILMER INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF FIDUCIARY NET POSITION

PRIVATE-PURPOSE TRUST FUNDS

AUGUST 31, 2016

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	\$ 31,581	\$ 86,633	\$ 118,214
1250 Accrued Interest	--	10	10
1800 Restricted Assets	--	444,429	444,429
1000 Total Assets	<u>\$ 31,581</u>	<u>\$ 531,072</u>	<u>\$ 562,653</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110 Accounts Payable	\$ 1,000	\$ 500	\$ 1,500
2000 Total Liabilities	<u>1,000</u>	<u>500</u>	<u>1,500</u>
<b>NET POSITION:</b>			
3800 Held in Trust	30,581	530,572	561,153
3000 Total Net Position	<u>\$ 30,581</u>	<u>\$ 530,572</u>	<u>\$ 561,153</u>

**GILMER INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ALL PRIVATE-PURPOSE TRUST FUNDS

FOR THE YEAR ENDED AUGUST 31, 2016

	809 Expendable Scholarship Fund	836 Nonexpendable Scholarship Fund	Total Private-Purpose Trust Funds (See Exhibit E-2)
<b>Additions:</b>			
Gifts and Bequests	\$ 14,000	\$ --	\$ 14,000
Net (Decrease) in Fair Value of Investments	--	45,937	45,937
Total Additions	<u>14,000</u>	<u>45,937</u>	<u>59,937</u>
<b>Deductions:</b>			
Scholarship Awards	<u>11,000</u>	<u>10,300</u>	<u>21,300</u>
Total Deductions	<u>11,000</u>	<u>10,300</u>	<u>21,300</u>
<b>Change in Net Position</b>	3,000	35,637	38,637
Net Position-Beginning of the Year	<u>27,581</u>	<u>494,935</u>	<u>522,516</u>
Net Position-End of the Year	<u>\$ 30,581</u>	<u>\$ 530,572</u>	<u>\$ 561,153</u>

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## 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, 2016

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2007 and Prior Years	\$	Various	\$	Various	\$	Various
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		1.17		.015		821,822,447
2015		1.17		.015		815,546,582
2016 (School Year Under Audit)		1.17		.05		812,093,046

1000 Totals

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

10 Beginning Balance 9/1/15	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/16
\$ 481,684	\$ --	\$ 5,883	\$ 990	\$ (51,384)	\$ 423,427
128,174	--	2,606	396	(2,758)	122,414
109,426	--	5,720	869	(1,189)	101,648
115,315	--	7,379	1,100	(1,791)	105,045
137,418	--	12,303	1,834	(900)	122,381
171,441	--	23,168	3,453	449	145,269
231,869	--	35,778	4,988	184	191,287
276,066	--	62,538	802	165	212,891
397,331	--	137,810	1,767	(4,365)	253,389
--	9,907,535	9,098,520	388,820	(56,339)	363,856
<u>\$ 2,048,724</u>	<u>\$ 9,907,535</u>	<u>\$ 9,391,705</u>	<u>\$ 405,019</u>	<u>\$ (117,928)</u>	<u>\$ 2,041,607</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**GILMER INDEPENDENT SCHOOL DISTRICT**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

**EXHIBIT J-2**

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 286,089	\$ 298,089	\$ 248,834	\$ (49,255)
5800	State Program Revenues	7,200	7,200	18,612	11,412
5900	Federal Program Revenues	939,000	1,035,000	1,091,065	56,065
5020	Total Revenues	1,232,289	1,340,289	1,358,511	18,222
EXPENDITURES:					
Current:					
	Support Services - Student (Pupil):				
0035	Food Services	1,204,439	1,440,439	1,380,718	59,721
	Total Support Services - Student (Pupil)	1,204,439	1,440,439	1,380,718	59,721
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	27,850	39,850	21,134	18,716
	Total Support Services - Nonstudent Based	27,850	39,850	21,134	18,716
6030	Total Expenditures	1,232,289	1,480,289	1,401,852	78,437
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(140,000)	(43,341)	96,659
1200	Net Change in Fund Balance	--	(140,000)	(43,341)	96,659
0100	Fund Balance - Beginning	368,190	368,190	368,190	--
3000	Fund Balance - Ending	\$ 368,190	\$ 228,190	\$ 324,849	\$ 96,659

# GILMER INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2016

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	\$ 410,598	\$ 410,598	\$ 419,859	\$ 9,261
5800	State Program Revenues	--	--	8,523	8,523
5020	Total Revenues	<u>410,598</u>	<u>410,598</u>	<u>428,382</u>	<u>17,784</u>
	<b>EXPENDITURES:</b>				
	Debt Service:				
0071	Principal on Long-Term Debt	645,000	645,000	645,000	--
0072	Interest on Long-Term Debt	547,264	547,264	547,263	1
0073	Bond Issuance Costs and Fees	<u>5,334</u>	<u>5,334</u>	<u>1,700</u>	<u>3,634</u>
	Total Debt Service	<u>1,197,598</u>	<u>1,197,598</u>	<u>1,193,963</u>	<u>3,635</u>
6030	Total Expenditures	<u>1,197,598</u>	<u>1,197,598</u>	<u>1,193,963</u>	<u>3,635</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(787,000)</u>	<u>(787,000)</u>	<u>(765,581)</u>	<u>21,419</u>
	Other Financing Sources (Uses):				
7915	Transfers In	<u>787,000</u>	<u>787,000</u>	<u>765,000</u>	<u>(22,000)</u>
7080	Total Other Financing Sources and (Uses)	<u>787,000</u>	<u>787,000</u>	<u>765,000</u>	<u>(22,000)</u>
1200	Net Change in Fund Balance	--	--	(581)	(581)
0100	Fund Balance - Beginning	17,658	17,658	17,658	--
3000	Fund Balance - Ending	<u>\$ 17,658</u>	<u>\$ 17,658</u>	<u>\$ 17,077</u>	<u>\$ (581)</u>

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

Certified Public Accountants

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

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, 2016, 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 January 12, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the Gilmer Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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  
January 12, 2017

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

Certified Public Accountants

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## Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

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 the Gilmer Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Gilmer Independent School District's major federal programs for the year ended August 31, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 the Gilmer Independent School District's compliance.

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

In our opinion, the 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 for the year ended August 31, 2016.

## Report on Internal Control Over Compliance

Management of the 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 the 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Karen A. Jacks & Associates, P.C.

Longview, Texas  
January 12, 2017

**GILMER INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2016**

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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200?        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

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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, 2016

<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, 2016

None required.

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

**EXHIBIT K-1**  
Page 1 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	01085	\$ 292,977
National School Lunch Program	10.555	01085	706,549
Total Passed Through State Department of Education			<u>999,526</u>
Passed Through State Department of Agriculture:			
National School Lunch Program (Non-cash)	10.555	01085	91,539
Summer Food Service Program	10.559	01085	21,899
Summer Food Service Program (Non-cash)	10.559	01085	132
Total CFDA Number 10.559			<u>22,031</u>
Total Passed Through State Department of Agriculture			<u>113,570</u>
Total U. S. Department of Agriculture			<u>1,113,096</u>
Total Child Nutrition Cluster			<u>1,113,096</u>
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>			
<u>U. S. Department of Education</u>			
Passed Through Upshur County Shared Service Arrangement:			
IDEA-B Formula	84.027	166600012309016600	232,152
IDEA-B Formula	84.027	176600012309016600	18,906
Total CFDA Number 84.027			<u>251,058</u>
IDEA-B Preschool	84.173	166610012309016610	26,143
IDEA-B Preschool	84.173	176610012309016610	1,823
Total CFDA Number 84.173			<u>27,966</u>
Total Passed Through Upshur County Shared Service Arrangement			<u>279,024</u>
Total U. S. Department of Education			<u>279,024</u>
Total Special Education (IDEA) Cluster			<u>279,024</u>
<b>OTHER PROGRAMS:</b>			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010	16610101230902	479,739
ESEA Title I Part A - Improving Basic Programs	84.010	17610101230902	35,992
Total CFDA Number 84.010			<u>515,731</u>
Career and Technical - Basic Grant	84.048	16420006230902	<u>31,597</u>
Title III Part A English Language Acquisition and Language Enhancement	84.365	16671001230902	<u>15,285</u>
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	16694501230902	<u>128,225</u>
Summer School LEP	84.369	69551402	1,113
Total CFDA Number 84.369			<u>1,113</u>
Total Passed Through State Department of Education			<u>691,951</u>
Total U. S. Department of Education			<u>691,951</u>

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

**EXHIBIT K-1**  
Page 2 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
<u>U. S. Department of Defense</u>			
Direct Program:			
ROTC	12.000	N/A	51,056
Total U. S. Department of Defense			51,056
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,135,127

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, 2016

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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic 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, 2016, the District has food commodities totaling \$16,990 in inventory.

**GILMER INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2016

Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	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 over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ --
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 4,742,024
SF13	Pension Expense (object 6147) at fiscal year-end.	\$ 309,355

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