

GOODRICH INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

AUGUST 31, 2013

GOODRICH INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
FOR THE YEAR ENDED AUGUST 31, 2013

<u>Exhibit Number</u>		<u>Page Number</u>
	Certificate of Board	ii
	FINANCIAL SECTION	
	Independent Auditors' Report.....	2
	Management's Discussion and Analysis	4
	Basic Financial Statements:	
	Government-wide Financial Statements:	
A-1	Statement of Net Position.....	10
B-1	Statement of Activities	11
	Fund Financial Statements:	
C-1	Balance Sheet - Governmental Funds	12
C-1R	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	13
C-2	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
C-3	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
C-4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund	16
E-1	Statement of Fiduciary Assets and Liabilities - Fiduciary Funds	17
	Notes to the Financial Statements.....	18
	Combining Funds Financial Statements:	
H-1	Combining Balance Sheet - Nonmajor Special Revenue Funds.....	31
H-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	35
	Other Supplementary Information:	
J-1	Schedule of Delinquent Taxes Receivable.....	40
J-2	Schedule of Expenditures for Computation of Indirect Cost for 2014-2015.....	42
J-3	Budgetary Comparison Schedule - National School Breakfast and Lunch Program	43
	Overall Compliance and Internal Control Section:	
	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 <i>Government Auditing Standards</i>	46
	Schedule of Findings and Responses.....	48
	Summary Schedule of Prior Audit Findings.....	49
	Corrective Action Plan	50
L-1	Schedule of Required Responses to Selected School First Indicators.....	51

CERTIFICATE OF BOARD

GOODRICH INDEPENDENT SCHOOL DISTRICT

Name of School

POLK

County

187-903

Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and

☒ APPROVED --- ☐ DISAPPROVED
(Check One)

for the year ended August 31, 2013 at a meeting of the Board of Trustees of such school district on the 19th day of December, 2013.


SIGNATURE OF BOARD SECRETARY


SIGNATURE OF BOARD PRESIDENT

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

FINANCIAL SECTION

HLSK

Hereford, Lynch, Sellars & Kirkham

Certified Public Accountants • A Professional Corporation

Conroe
1406 Wilson Rd., Suite 100
Conroe, Texas 77304
Tel 936-756-8127
Metro 936-441-1338
Fax 936-756-8132

Members of the
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
Private Companies Practice Section
of the AICPA Division for Firms

Cleveland
111 East Boothe
Cleveland, Texas 77327
Tel 281-592-6443
Fax 281-592-7706

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees of
Goodrich Independent School District
P.O. Box 789
Goodrich, Texas 77335

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Goodrich Independent School District (District), as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Managements 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Goodrich Independent School District, as of August 31, 2013, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed 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 Government 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 Goodrich Independent School District's basic financial statements. The combining funds financial statements and other supplementary information, including the schedule of required responses to selected school first indicators, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining funds financial statements and other supplementary information, including the schedule of required responses to selected school first indicators 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 funds financial statements and other supplementary information, including the schedule of required responses to selected school first indicators, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013, on our consideration of the Goodrich 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 Goodrich Independent School District's internal control over financial reporting and compliance.

Respectfully,

Hereford, Lynch, Sellars & Kirkham, P.C.

HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.
Certified Public Accountants

Conroe, Texas
December 19, 2013

Management's Discussion and Analysis

As management of the Goodrich Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2013.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities at the close of the most recent fiscal year by \$3,399,757 (*net position*). Of this amount, \$1,455,697 (*unrestricted net position*) may be used to meet the District's ongoing obligations to students and creditors.
- The District's total net position decreased by \$136,482.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,236,512, a decrease of \$119,234 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,198,842, or 48 percent of total general fund expenditures.
- The District's noncurrent liabilities increased by \$103,501 (511 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *Statement of Net Position* (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* (Exhibit B-1) presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Staff Development, School Leadership, Guidance, Counseling, and Evaluation Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Interest on Long-term Debt, Facilities Repair and Maintenance, Payments Related to Shared Service Arrangements, and Other Intergovernmental Charges*.

The government-wide financial statements can be found as noted in the table of contents of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so,

readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other 10 governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as noted in the table of contents of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of students. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is similar to the accounting used for proprietary funds.

The basic fiduciary fund financial statements can be found as noted in the table of contents of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as noted in the table of contents of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information which includes schedules required by the Texas Education Agency. Other supplementary information can be found as noted in the table of contents of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$3,399,757 at the close of the most recent fiscal year.

GOODRICH INDEPENDENT SCHOOL DISTRICT'S NET POSITION

	Governmental Activities					
	2013		2012		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and Other Assets	\$ 1,582,447	44	\$ 1,793,918	48	\$ (211,471)	(12)
Capital Assets, net of Depreciation	2,047,636	56	1,974,970	52	72,666	4
Total Assets	3,630,083	100	3,768,888	100	(138,805)	
Noncurrent Liabilities Outstanding	123,751	54	20,250	9	103,501	511
Other Liabilities	106,575	46	212,399	91	(105,824)	(50)
Total Liabilities	230,326	100	232,649	100	(2,323)	
Net Position:						
Net Investment in Capital Assets	1,944,060	57	1,974,970	56	(30,910)	(2)
Unrestricted	1,455,697	43	1,561,269	44	(105,572)	(7)
Total Net Position	\$ 3,399,757	100	\$ 3,536,239	100	\$ (136,482)	

Investment in capital assets (e.g., land, buildings and improvements, furniture and equipment), less any related debt used to acquire those assets that are still outstanding represent 57 percent of the District's net position. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of *unrestricted net position* (\$1,455,697) may be used to meet the District's ongoing obligations to students and creditors.

Governmental activities. Governmental activities decreased the District's net position by \$136,482. Key elements of the changes are as follows:

GOODRICH INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities					
	2013		2012		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue:						
Program Revenues:						
Charges for Services	\$ 17,368	1	\$ 56,756	2	\$ (39,388)	(69)
Operating Grants and Contributions	604,156	21	572,791	21	31,365	5
General Revenues:						
Property Taxes, Levied for General Purposes	1,268,755	44	1,193,255	43	75,500	6
Grants and Contributions Not Restricted to Specific Programs	817,836	29	952,730	34	(134,894)	(14)
Investment Earnings	4,810	-	5,801	-	(991)	(17)
Miscellaneous	139,678	5	10,730	-	128,948	1,202
Total Revenues	2,852,603	100	2,792,063	100	60,540	
Expenses:						
Instruction	1,343,205	45	1,307,357	48	35,848	3
Instructional Resources and Media Services	27,527	1	33,342	1	(5,815)	(17)
Curriculum and Staff Development	26,633	1	24,055	1	2,578	11
School Leadership	251,668	9	247,852	8	3,816	2
Guidance, Counseling, and Evaluation Services	69,366	2	69,389	2	(23)	-
Health Services	40,340	1	37,511	1	2,829	8
Student Transportation	117,001	4	108,104	4	8,897	8
Food Services	210,895	7	188,219	6	22,676	12
Extracurricular Activities	92,795	3	94,405	3	(1,610)	(2)
General Administration	316,297	11	315,755	11	542	-
Plant Maintenance and Operations	298,591	10	291,619	10	6,972	2
Security and Monitoring Services	3,751	-	2,595	-	1,156	45
Data Processing Services	39,958	1	59,436	-	(19,478)	(33)
Interest on Long-term Debt	3,229	-	103	-	3,126	3,035
Facilities Repair and Maintenance	30,192	1	-	-	30,192	100
Payments Related to Shared Services Agreements	95,349	3	106,929	4	(11,580)	(11)
Other Intergovernmental Charges	22,288	1	36,106	1	(13,818)	(38)
Total Expenses	2,989,085	100	2,922,777	100	66,308	
Change in Net Position	(136,482)		(130,714)		(5,768)	
Net Position - Beginning	3,536,239		3,666,953		(130,714)	
Net Position - Ending	\$ 3,399,757		\$ 3,536,239		\$ (136,482)	

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling \$1,421,992) represent 50 percent of total revenues and property taxes (\$1,268,755 represent 44 percent of total revenues. The remaining 6 percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expense of the District is Instruction (\$1,343,205) which represents 45 percent of total expenses. General administration (\$316,297) represents 11 percent of total expenses. The remaining functional categories of expenses are individually 10 percent or less of total expenditures.

Although net position decreased from current operations in the amount of \$136,482, no significant change in revenues or expenses was noted.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,236,512 a decrease of \$119,234 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned and total fund balance of the general fund was \$1,198,842. As a measure of the general fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned and total fund balance represents 48 percent of total general fund expenditures. The fund balance of the District's general fund decreased by \$130,013 during the current fiscal year. For the most part, the decrease in fund balance was primarily due to the increase in expenditures for Student Transportation and Capital Outlay.

General Fund Budgetary Highlights

The District amended the budget several times throughout the year. There were no significant differences between the original budget and the final amended budget of the general fund.

There were no significant variations between the final budget and actual budget results. No variations are expected to have a significant effect of future services or liquidity.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental type activities as of August 31, 2013, amounts to \$2,047,636 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and furniture and equipment. The total increase in the District's investment in capital assets for the current fiscal year was 4 percent.

Major capital asset additions during the current fiscal year included the following:

- \$89,715 Bus
- \$35,028 Land
- \$26,557 Air Conditioner Unit
- \$19,384 Dell Server

GOODRICH INDEPENDENT SCHOOL DISTRICT'S CAPITAL ASSETS (net of depreciation)

	Governmental Activities					
	2013		2012		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land	\$ 310,931	15	\$ 275,903	14	\$ 35,028	13
Buildings and Improvements	1,224,650	60	1,268,609	64	(43,959)	(3)
Furniture and Equipment	512,055	25	430,458	22	81,597	19
Totals	\$ 2,047,636	100	\$ 1,974,970	100	\$ 72,666	

Additional information on the District's capital assets can be found in notes to the financial statements as noted in the table of contents of this report.

Noncurrent Liabilities. At the end of the current fiscal year, the District had total noncurrent liabilities outstanding of \$123,751, which consisted of notes payable and compensated absences.

GOODRICH INDEPENDENT SCHOOL DISTRICT'S OUTSTANDING NONCURRENT LIABILITIES

	Governmental Activities					
	2013		2012		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Notes Payable	\$ 103,576	84	\$ -	-	\$ 103,576	100
Compensated Absences	20,175	16	20,250	100	(75)	-
Totals	\$ 123,751	100	\$ 20,250	100	\$ 103,501	

The District's noncurrent liabilities increased by \$103,501 (100 percent) during the current fiscal year.

The District's general obligation debt is backed by the full faith and credit District and is further guaranteed by the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy.

State statutes do not limit the rate or amount for the support of school district's bonded indebtedness.

Additional information on the District's long-term debt can be found in the notes to the financial statements as indicated in the table of contents of this report.

Economic Factors and Next Year's Budgets and Rates

- Current enrollment totals 217 students.
- District staff totals 44 employees, which consist of 20 teachers and 11 teachers' aides and secretaries.
- The District maintains 3 campuses for instruction.
- The unemployment rate for the County is currently 7.9 percent, which is a decrease from a rate of 8.6 percent a year ago. This compares unfavorably to the state's average unemployment rate of 6.4 percent, which is a decrease from a rate of 7.1 percent a year ago.
- Property values of the District are projected to increase 2 percent from the prior year.
- A maintenance and operations tax rate of \$1.17 was adopted for 2013-2014. Preceding year rate was \$1.04.

All of these factors were considered in preparing the District's budget for the 2014 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund decreased to \$1,198,842. The District plans to utilize unreserved fund balance to fund current expenditures prior to collecting the current year tax levy.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Goodrich Independent School District, P.O. Box 789, Goodrich, Texas, 77335.

BASIC FINANCIAL STATEMENTS

GOODRICH INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION****AUGUST 31, 2013****EXHIBIT A-1**

1

Data
Control
CodesGovernmental
Activities**ASSETS:**

1110	Cash and Cash Equivalents	\$	462,001
1120	Current Investments		852,600
1225	Property Taxes Receivable, Net		241,567
1240	Due from Other Governments		26,279
Capital Assets:			
1510	Land		310,931
1520	Buildings and Improvements, Net		1,224,650
1530	Furniture and Equipment, Net		512,055
1000	Total Assets		<u>3,630,083</u>

LIABILITIES:

2110	Accounts Payable		3,820
2140	Interest Payable		2,207
2165	Accrued Liabilities		54,954
2180	Due to Other Governments		45,594
Noncurrent Liabilities:			
2501	Due Within One Year		43,105
2502	Due in More Than One Year		80,646
2000	Total Liabilities		<u>230,326</u>

NET POSITION:

3200	Net Investment in Capital Assets		1,944,060
3900	Unrestricted		1,455,697
3000	Total Net Position	\$	<u>3,399,757</u>

The accompanying notes are an integral part of this statement.

GOODRICH INDEPENDENT SCHOOL DISTRICT
EXHIBIT B-1

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
0011	Instruction	\$ 1,343,205	\$ -	\$ 351,209	\$ (991,996)
0012	Instructional Resource and Media Services	27,527	-	16,738	(10,789)
0013	Curriculum and Staff Development	26,633	-	-	(26,633)
0023	School Leadership	251,668	-	10,279	(241,389)
0031	Guidance, Counseling, and Evaluation Services	69,366	-	-	(69,366)
0033	Health Services	40,340	-	2,142	(38,198)
0034	Student Transportation	117,001	-	3,691	(113,310)
0035	Food Services	210,895	14,445	134,875	(61,575)
0036	Extracurricular Activities	92,795	2,923	42,208	(47,664)
0041	General Administration	316,297	-	16,474	(299,823)
0051	Plant Maintenance and Operations	298,591	-	25,909	(272,682)
0052	Security and Monitoring Services	3,751	-	-	(3,751)
0053	Data Processing Services	39,958	-	631	(39,327)
0072	Interest on Long-term Debt	3,229	-	-	(3,229)
0081	Facilities Repair and Maintenance	30,192	-	-	(30,192)
0093	Payments Related to Shared Services Arrangement	95,349	-	-	(95,349)
0099	Other Intergovernmental Charges	22,288	-	-	(22,288)
TG	Total Governmental Activities	<u>2,989,085</u>	<u>17,368</u>	<u>604,156</u>	<u>(2,367,561)</u>
TP	Total Primary Government	<u>\$ 2,989,085</u>	<u>\$ 17,368</u>	<u>\$ 604,156</u>	<u>(2,367,561)</u>
General Revenues:					
MT	Property Taxes, Levied for General Purposes				1,268,755
GC	Grants and Contributions Not Restricted to Specific Programs				817,836
IE	Investment Earnings				4,810
Mi	Miscellaneous				139,678
TR	Total General Revenues				<u>2,231,079</u>
CN	Change in Net Position				(136,482)
NB	Net Position - Beginning				3,536,239
NE	Net Position - Ending				<u>\$ 3,399,757</u>

The accompanying notes are an integral part of this statement.

GOODRICH INDEPENDENT SCHOOL DISTRICT
EXHIBIT C-1
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2013

Data Control Codes		199 General Fund	98 Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110	Cash and Cash Equivalents	\$ 424,331	\$ 37,670	\$ 462,001
1120	Current Investments	852,600	-	852,600
1225	Taxes Receivable, Net	241,567	-	241,567
1240	Due from Other Governments	23,171	3,108	26,279
1260	Due from Other Funds	112	2,748	2,860
1000	Total Assets	<u>\$ 1,541,781</u>	<u>\$ 43,526</u>	<u>\$ 1,585,307</u>
LIABILITIES:				
2110	Accounts Payable	\$ -	\$ 3,820	\$ 3,820
2160	Accrued Wages Payable	53,030	1,924	54,954
2170	Due to Other Funds	2,748	112	2,860
2180	Due to Other Governments	45,594	-	45,594
2000	Total Liabilities	<u>101,372</u>	<u>5,856</u>	<u>107,228</u>
DEFERRED INFLOWS OF RESOURCES:				
2600	Unavailable Revenue - Property Taxes	241,567	-	241,567
	Total Deferred Inflows of Resources	<u>241,567</u>	<u>-</u>	<u>241,567</u>
FUND BALANCES:				
3545	Committed - Other	-	37,670	37,670
3600	Unassigned	1,198,842	-	1,198,842
3000	Total Fund Balances	<u>1,198,842</u>	<u>37,670</u>	<u>1,236,512</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,541,781</u>	<u>\$ 43,526</u>	<u>\$ 1,585,307</u>

The accompanying notes are an integral part of this statement.

GOODRICH INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2013

EXHIBIT C-1R

Total Fund Balances - Governmental Funds (Exhibit C-1) **\$ 1,236,512**

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:

Governmental Capital Assets Costs	\$ 8,153,835	
Accumulated Depreciation of Governmental Capital Assets	<u>(6,106,199)</u>	2,047,636

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.	241,567
---	---------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Notes Payable	(103,576)	
Accrued Interest on Notes Payable	(2,207)	
Compensated Absences	<u>(20,175)</u>	<u>(125,958)</u>

Total Net Position - Governmental Activities (Exhibit A-1) **\$ 3,399,757**

The accompanying notes are an integral part of this statement.

GOODRICH INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT C-2

Data Control Codes		199	Other	98
		General Fund	Governmental Funds	Total Governmental Funds
REVENUES:				
5700	Local and Intermediate Revenue	\$ 1,400,342	\$ 55,224	\$ 1,455,566
5800	State Program Revenues	897,329	213,879	1,111,208
5900	Federal Program Revenues	-	270,035	270,035
5020	Total Revenues	<u>2,297,671</u>	<u>539,138</u>	<u>2,836,809</u>
EXPENDITURES:				
Current:				
0011	Instruction	1,023,523	303,822	1,327,345
0012	Instructional Resources and Media Services	8,638	16,738	25,376
0013	Curriculum and Staff Development	24,262	-	24,262
0023	School Leadership	242,392	2,079	244,471
0031	Guidance, Counseling, and Evaluation Services	69,369	-	69,369
0033	Health Services	40,342	-	40,342
0034	Student Transportation	181,242	1,411	182,653
0035	Food Service	-	194,826	194,826
0036	Extracurricular Activities	62,048	30,000	92,048
0041	General Administration	309,751	4,474	314,225
0051	Plant Maintenance and Operations	281,944	20,515	302,459
0052	Security and Monitoring Services	3,751	-	3,751
0053	Data Processing Services	54,613	-	54,613
Debt Service:				
0071	Principal on Long-term Debt	5,523	-	5,523
0072	Interest on Long-term Debt	1,022	-	1,022
Capital Outlay:				
0081	Capital Outlay	65,220	-	65,220
Intergovernmental:				
0093	Payments Related to Shared Service Arrangements	95,349	-	95,349
0099	Other Intergovernmental Charges	22,288	-	22,288
6030	Total Expenditures	<u>2,491,277</u>	<u>573,865</u>	<u>3,065,142</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(193,606)</u>	<u>(34,727)</u>	<u>(228,333)</u>
OTHER FINANCING SOURCES (USES):				
7914	Proceeds from Loans	109,099	-	109,099
7915	Transfers In	-	45,506	45,506
8911	Transfers Out	(45,506)	-	(45,506)
7080	Total Other Financing Sources (Uses)	<u>63,593</u>	<u>45,506</u>	<u>109,099</u>
1200	Net Change in Fund Balances	(130,013)	10,779	(119,234)
0100	Fund Balances - Beginning	1,328,855	26,891	1,355,746
3000	Fund Balances - Ending	\$ 1,198,842	\$ 37,670	\$ 1,236,512

The accompanying notes are an integral part of this statement.

GOODRICH INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-3

**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, 2013**

Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-2) **\$ (119,234)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Assets <i>increased</i>	\$ 175,910	
Depreciation Expense	<u>(103,244)</u>	72,666

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year. 15,794

Issuance of notes provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. (109,099)

Repayment of notes payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 5,523

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The (increase) decrease in interest reported in the statement of activities consist of the following:

Accrued Interest on Notes Payable <i>increased</i>	(2,207)
--	---------

The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.

75

Change in Net Position - Governmental Activities (Exhibit B-1) **\$ (136,482)**

The accompanying notes are an integral part of this statement.

GOODRICH INDEPENDENT SCHOOL DISTRICT
EXHIBIT C-4
GENERAL FUND
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED AUGUST 31, 2013**

Data Control Codes	1				2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts								
	Original		Final		Actual				
REVENUES:									
5700	Local and Intermediate Revenue	\$	1,375,015	\$	1,379,720	\$	1,400,342	\$	20,622
5800	State Program Revenues		957,917		957,917		897,329		(60,588)
5020	Total Revenues		2,332,932		2,337,637		2,297,671		(39,966)
EXPENDITURES:									
Current:									
Instruction & Instructional Related Services:									
0011	Instruction		1,093,128		1,090,628		1,023,523		67,105
0012	Instructional Resources and Media Services		10,515		10,515		8,638		1,877
0013	Curriculum and Staff Development		30,255		30,225		24,262		5,963
	Total Instruction & Instructional Related Services		1,133,898		1,131,368		1,056,423		74,945
Instructional and School Leadership:									
0023	School Leadership		247,088		247,088		242,392		4,696
	Total Instructional & School Leadership		247,088		247,088		242,392		4,696
Support Services - Student (Pupil):									
0031	Guidance, Counseling, and Evaluation Services		69,833		70,833		69,369		1,464
0033	Health Services		40,523		42,023		40,342		1,681
0034	Student Transportation		187,754		187,754		181,242		6,512
0036	Extracurricular Activities		74,709		74,709		62,048		12,661
	Total Support Services - Student (Pupil)		372,819		375,319		353,001		22,318
Administrative Support Services:									
0041	General Administration		318,752		318,752		309,751		9,001
	Total Administrative Support Services		318,752		318,752		309,751		9,001
Support Services - Nonstudent Based:									
0051	Plant Maintenance and Operations		279,764		279,764		281,944		(2,180)
0052	Security and Monitoring Services		10,200		12,200		3,751		8,449
0053	Data Processing Services		96,725		94,725		54,613		40,112
	Total Support Services - Nonstudent Based		386,689		386,689		340,308		46,381
Debt Service:									
0071	Principal on Long-term Debt		-		-		5,523		(5,523)
0072	Interest on Long-term Debt		-		-		1,022		(1,022)
	Total Debt Services		-		-		6,545		(6,545)
Capital Outlay:									
0081	Capital Outlay		-		95,220		65,220		30,000
	Total Capital Outlay		-		95,220		65,220		30,000
Intergovernmental Charges:									
0093	Payments Related to Shared Service Arrangements		109,000		109,000		95,349		13,651
0099	Other Intergovernmental Charges		30,000		30,000		22,288		7,712
	Total Intergovernmental Charges		139,000		139,000		117,637		21,363
6030	Total Expenditures		2,598,246		2,693,436		2,491,277		202,159
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures		(265,314)		(355,799)		(193,606)		162,193
OTHER FINANCING SOURCES (USES):									
7914	Proceeds from Loans		-		89,715		109,099		19,384
8911	Transfers Out		27,831		(43,531)		(45,506)		(1,975)
7080	Total Other Financing Sources (Uses)		27,831		46,184		63,593		17,409
1200	Net Change in Fund Balances		(237,483)		(309,615)		(130,013)		179,602
0100	Fund Balances - Beginning		1,328,855		1,328,855		1,328,855		-
3000	Fund Balances - Ending	\$	1,091,372	\$	1,019,240	\$	1,198,842	\$	179,602

The accompanying notes are an integral part of this statement.

GOODRICH INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
AUGUST 31, 2013

EXHIBIT E-1

		865
		Agency
		Fund
Data		
Control		Student
Codes		Activity
ASSETS:		
1110	Cash and Cash Equivalents	\$ 10,147
1000	Total Assets	\$ 10,147
LIABILITIES:		
2190	Due to Student Groups	\$ 10,147
2000	Total Liabilities	\$ 10,147

The accompanying notes are an integral part of this statement.

GOODRICH INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

I. Summary of Significant Accounting Policies

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, and intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity

The Goodrich Independent School District (District) is governed by a seven-member board of trustees (Board), which has governance responsibilities over all activities related to public, elementary and secondary, education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

Additionally, the District reports the following fund types:

The *agency fund* accounts for assets held by the District for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operations.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds are eliminated in governmental activities.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

GOODRICH INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is all considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, and bank demand or time deposits with original maturities of three months or less from the date of acquisition.

2. Investments

Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in investment pools. In accordance with state law, the pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as a 2a7-like pool and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The

GOODRICH INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The buildings and improvements and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings and Improvements	10-50
Furniture and Equipment	3-30

5. *Deferred Outflows/Inflows of Resources*

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue-property taxes*, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

6. *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 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.

7. *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.

8. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the District that can, by board action or adoption of a

GOODRICH INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by board action or the resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board of trustees (Board) has by policy authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District does not have a minimum fund balance requirement in the general fund.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property values are determined by the County Central Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

3. Compensated Absences

It is the District's policy to permit employees to accumulate earned by unused sick leave benefits. Payment for unused sick leave days accumulated locally will be made upon retirement (in accordance with guidelines established by the Teacher Retirement System of Texas) for professional personnel. All sick pay is accrued when incurred (employee is eligible for retirement) in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, the result of employee terminations.

The District does not have a liability for unpaid vacation at year end due to the District's policy does not allow a carryover of vacation not taken at August 31.

4. Use of Estimates

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

II. Stewardship, Compliance, and Accountability

A. Data Control Codes

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

GOODRICH INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

B. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and National School Breakfast and Lunch Program special revenue fund. All other governmental funds adopt project-length budgets. All annual appropriations lapse at fiscal year end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

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

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a campus/department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. The District made several supplemental budgetary appropriations throughout the year.

There were no significant supplemental budgetary amendments in the General Fund and National School Breakfast and Lunch Program special revenue fund.

C. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

D. Excess of Expenditures Over Appropriations

For the year ended August 31, 2013, expenditures exceeded appropriations in the function (the legal level of budgetary control) of the following fund:

<u>Fund</u>	<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	51	\$ 279,764	\$ 281,944	\$ (2,180)
General Fund	71	-	6,545	(6,545)

III. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits. The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities are approved by the TEA and shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Investments. The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm (NRIRF) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 5) No-load money market mutual funds which shall be registered with the Securities and Exchange

GOODRICH INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRIRF. 6) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 7) Public funds investment pools which meets the requirements of the Public Funds Investment Act. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations.

As of August 31, 2013, the District had the following investments:

Investment Type	Standard & Poor's Ratings	Fair Value	Percentage of Total Investments	Weighted Average Maturity (Years)
Lone Star - Corporate Overnight	AAAm	\$ 246	0%	0.14
Lone Star - Corporate Overnight Plus	AAAf/s	852,354	100%	0.18
Total Fair Value		\$ 852,600	100%	
Portfolio Weighted Average Maturity				0.18

Credit risk. For fiscal year 2013, the District invested in Lone Star Investment Pool. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Public, LLC. formerly the Texas Association of School Boards Financial Services. The credit ratings of such investments are noted above.

Interest rate risk. Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any individual investments to one year from the date of purchase, unless approved by the Board of Trustees.

Concentration of credit risk. The District's investment policy does not limit an investment in any one issuer.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2013, District's bank balance of \$558,759 was not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent and in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District is not exposed to custodial risk due to the investments are insured or registered in the District's name or the investments are held by the District or its agent.

B. Receivables

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

	General	Nonmajor Governmental Funds	Total
Receivables:			
Property Taxes	\$ 254,281	\$ -	\$ 254,281
Due From Other Governments	23,171	3,108	26,279
Gross Receivables	277,452	3,108	280,560
Less: Allowance for Uncollectibles	(12,714)	-	(12,714)
Net Total Receivables	\$ 264,738	\$ 3,108	\$ 267,846

Tax revenues of the general fund are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Uncollectibles Related to General Fund Property Taxes	\$ 1,697
Total Uncollectibles of the Current Fiscal Year	\$ 1,697

Approximately \$205,000 of the outstanding balance of property taxes is not anticipated to be collected within the next year.

GOODRICH INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

A concentration of risk exists for local revenue sources since approximately 11% of the District's taxable property value is attributed to one taxpayer. Similarly, the District's ten largest taxpayers approximate 38% of the total taxable value of the District.

C. Interfund Receivables and Payables and Transfers

Receivables/Payables

The composition of interfund balances as of August 31, 2013, are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 112	\$ 2,748
Other Governmental Funds - Nonmajor:		
National School Breakfast/Lunch Program	2,748	-
Student Success Initiative	-	112
<i>Total Special Revenue Funds</i>	<u>2,748</u>	<u>112</u>
Total	\$ <u>2,860</u>	\$ <u>2,860</u>

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

Transfers

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the District's transfers for the year ended August 31, 2013.

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	National School Breakfast/Lunch Program	\$ 45,506
Total		\$ <u>45,506</u>

The purpose of the transfer was to provide funds to the National School Breakfast and Lunch Program for food costs and services.

D. Capital Assets

Capital asset activity for the year ended August 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 275,903	\$ 35,028	\$ -	\$ 310,931
Total Capital Assets, not being Depreciated	<u>275,903</u>	<u>35,028</u>	<u>-</u>	<u>310,931</u>
Capital Assets, being Depreciated:				
Buildings and Improvements	6,745,635	-	-	6,745,635
Furniture and Equipment	956,387	140,882	-	1,097,269
Total Capital Assets, being Depreciated	<u>7,702,022</u>	<u>140,882</u>	<u>-</u>	<u>7,842,904</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(5,477,026)	(43,959)	-	(5,520,985)
Furniture and Equipment	(525,929)	(59,285)	-	(585,214)
Total Accumulated Depreciation	<u>(6,002,955)</u>	<u>(103,244)</u>	<u>-</u>	<u>(6,106,199)</u>
Total Capital Assets, being Depreciated, net	<u>1,699,067</u>	<u>37,638</u>	<u>-</u>	<u>1,736,705</u>
Governmental Activities Capital Assets, net	\$ <u>1,974,970</u>	\$ <u>72,666</u>	\$ <u>-</u>	\$ <u>2,047,636</u>

GOODRICH INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

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

Governmental Activities:	
11 Instruction	\$ 21,126
12 Instructional Resources and Media Services	2,151
13 Curriculum and Instructional Staff Development	2,371
23 School Leadership	7,208
34 Student Transportation	24,066
35 Food Services	16,069
36 Extracurricular Activities	748
41 General Administration	2,082
51 Plant Maintenance and Operations	22,693
53 Data Processing Services	4,730
Total Depreciation Expense-Governmental Activities	\$ 103,244

E. Long-term Liabilities

The District's long-term liabilities consist of notes payables and compensated absences. The current requirements for notes payable and compensated absences are accounted for in the general fund.

Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes Payable	\$ -	\$ 109,099	\$ (5,523)	\$ 103,576	\$ 22,930
Compensated Absences	20,250	5,982	(6,057)	20,175	20,175
Governmental Activity Long-term Liabilities	\$ 20,250	\$ 115,081	\$ (11,580)	\$ 123,751	\$ 43,105

Notes Payable

The District issues notes payable to provide funds for leasing and equipment of school facilities. The notes payable are secured by the vehicles and equipment purchased. The following is a summary of changes in notes payable during the fiscal year:

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2012 Bus Note	3.14%	\$ 89,715	2017	\$ -	\$ 89,715	\$ -	\$ 89,715
Dell Server and Camera System	1.50%	19,384	2015	-	19,384	(5,523)	13,861
Totals, Notes Payable, net				\$ -	\$ 109,099	\$ (5,523)	\$ 103,576

Annual debt service requirements to maturity for the notes payable are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2013	\$ 22,930	\$ 3,741	\$ 26,671
2014	23,863	3,402	27,265
2015	18,951	2,364	21,315
2016	18,524	1,603	20,127
2017	19,308	818	20,126
Totals	\$ 103,576	\$ 11,928	\$ 115,504

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

Nonmajor and Other Funds :	
Scholarship Fund	\$ 37,670
Total Other Committed Fund Balance	\$ 37,670

GOODRICH INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

G. Revenues from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General	Other Governmental Funds	Totals
Property Taxes	\$ 1,252,961	\$ -	\$ 1,252,961
Investment Income	4,780	30	4,810
Food Sales	-	14,445	14,445
Other	142,601	40,749	183,350
Total	\$ 1,400,342	\$ 55,224	\$ 1,455,566

IV. Other Information

A. Risk Management

Health Care Coverage

During the year ended August 31, 2013, employees of the District were covered by TRS-Active Care (the Plan) a statewide health care coverage program for Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). 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 the TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all the Districts with fewer than 500 employees to participate in the Plan.

Workers' Compensation and Property/Liability Losses

The District participates in the Texas Association of School Boards Risk Management Fund ("Fund") Workers' Compensation and Property/Liability Program. The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain competitive costs for coverages and develop a comprehensive loss control program. The District pays an annual premium to the Fund for its coverages and transfers the risk to the Fund. In the event that the Fund was to discontinue operations, the member districts would be responsible for any eligible claims not funded by the pool. There were no significant reductions in insurance coverage from the prior year or settlements exceeding insurance coverage for each of the past three fiscal years.

B. Contingencies

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2013, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

C. Joint Venture-Shared Service Arrangement

The District participates in the following shared service arrangements:

San Jacinto Shared Services – Special Needs Cooperative

The District participates in a shared service arrangement for special education funded under IDEA-B Formula and Preschool and State Supplemental Special Education Funds with other school districts. The District does not account for revenues or expenditures in these programs and does not disclose them in these financial statements. The revenues and expenditures are disclosed in the financial statements of the fiscal agent, Shepherd ISD. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, 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 shared service arrangement.

GOODRICH INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

D. Defined Benefit Pension Plan

Pension Plan for Employees Participating in Teacher Retirement System

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year; (2) state statute 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.

Contributions. Contribution rates and contributions for fiscal years 2013-2011 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceeded the statutory minimum.

Contribution Rates and Contribution Amounts

Year	Member		State		School District Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2013	6.4%	\$ 89,330	6.400%	\$ 71,539	\$ 6,604
2012	6.4%	\$ 90,693	6.000%	\$ 69,292	\$ 7,394
2011	6.4%	\$ 103,536	6.644%	\$ 90,757	\$ 9,909

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The contributions made by the State are on behalf of the District and have been recorded in the governmental funds' financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

E. School District Retiree Health Plan

Plan Description. The Goodrich Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care 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 Teacher Retirement System of Texas 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 under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

GOODRICH INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2013

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. Contribution rates and amounts are shown in the table below for fiscal years 2013-2011.

Contribution Rates

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2013	0.65%	\$ 9,073	0.50%	\$ 6,374	0.55%	\$ 7,677
2012	0.65%	\$ 9,211	1.00%	\$ 12,781	0.55%	\$ 7,794
2011	0.65%	\$ 10,515	1.00%	\$ 15,133	0.55%	\$ 8,898

In addition, the State of Texas contributed \$5,222, \$7,096 and \$4,289 in 2013, 2012, and 2011, respectively, for on-behalf payments for Medicare Part D and Early Retiree Reinsurance Program.

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The contributions made by the State are on behalf of the District and have been recorded in the governmental funds' financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

F. Nonmonetary Transactions

During 2013, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$5,853. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$5,853 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

COMBINING FUNDS FINANCIAL STATEMENTS

(This page was intentionally left blank)

GOODRICH INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-1

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2013

Data Control Codes	211 ESEA Title I Part A Improving Basic Programs	212 ESEA Title I Part C Migrant SSA	240 National School Breakfast/Lunch Program
ASSETS:			
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240 Due from Other Governments	-	-	2,996
1260 Due from Other Funds	-	-	2,748
1000 Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,744</u>
LIABILITIES:			
2110 Accounts Payable	\$ -	\$ -	\$ 3,820
2160 Accrued Wages Payable	-	-	1,924
2170 Due to Other Funds	-	-	-
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>5,744</u>
FUND BALANCES:			
3545 Committed - Other	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,744</u>

GOODRICH INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2013

Data Control Codes		255	289	404
		ESEA Title II Training & Recruiting	Small Rural School Achievement Program	Student Success Initiative
	ASSETS:			
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Due from Other Governments	-	-	112
1241	Due from Other Funds	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112</u>
	LIABILITIES:			
2110	Accounts Payable	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-
2170	Due to Other Funds	-	-	112
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>112</u>
	FUND BALANCES:			
3545	Committed - Other	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112</u>

410	420	429	499	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
State Textbook Fund	Algebra Readiness	Texas Cool Schools Grant	Bergman Scholarship Fund	
\$ -	\$ -	\$ -	\$ 37,670	\$ 37,670
-	-	-	-	3,108
-	-	-	-	2,748
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,670</u>	<u>\$ 43,526</u>
 \$ -	 \$ -	 \$ -	 \$ -	 \$ 3,820
-	-	-	-	1,924
-	-	-	-	112
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,856</u>
 -	 -	 -	 37,670	 37,670
-	-	-	37,670	37,670
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,670</u>	<u>\$ 43,526</u>

(This page was intentionally left blank)

GOODRICH INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT H-2

<u>Data Control Codes</u>	211 ESEA Title I Part A Improving Basic Programs	212 ESEA Title I Part C Migrant SSA	240 National School Breakfast/Lunch Program
REVENUES:			
5700 <i>Local and Intermediate Revenue</i>	\$ -	\$ -	\$ 14,445
5800 <i>State Program Revenues</i>	-	-	4,550
5900 <i>Federal Program Revenues</i>	111,887	4,873	130,325
5020 <i>Total Revenues</i>	<u>111,887</u>	<u>4,873</u>	<u>149,320</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	95,149	4,873	-
0012 <i>Instructional Resources and Media Services</i>	16,738	-	-
0023 <i>School Leadership</i>	-	-	-
0034 <i>Student Transportation</i>	-	-	-
0035 <i>Food Service</i>	-	-	194,826
0036 <i>Extracurricular Activities</i>	-	-	-
0041 <i>General Administration</i>	-	-	-
0051 <i>Plant Maintenance and Operations</i>	-	-	-
6030 <i>Total Expenditures</i>	<u>111,887</u>	<u>4,873</u>	<u>194,826</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	-	-	(45,506)
OTHER FINANCING SOURCES (USES):			
7915 <i>Transfers In</i>	-	-	45,506
7080 <i>Total Other Financing Sources (Uses)</i>	-	-	45,506
1200 <i>Net Change in Fund Balances</i>	-	-	-
0100 <i>Fund Balances - Beginning</i>	-	-	-
3000 <i>Fund Balances - Ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GOODRICH INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

<u>Data Control Codes</u>	255 ESEA Title II Training & Recruiting	289 Small Rural School Achievement Program	404 Student Success Initiative
REVENUES:			
5700 <i>Local and Intermediate Revenue</i>	\$ -	\$ -	\$ -
5800 <i>State Program Revenues</i>	-	-	1,112
5900 <i>Federal Program Revenues</i>	16,729	6,221	-
5020 <i>Total Revenues</i>	<u>16,729</u>	<u>6,221</u>	<u>1,112</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	14,650	6,221	1,112
0012 <i>Instructional Resources and Media Services</i>	-	-	-
0023 <i>School Leadership</i>	2,079	-	-
0034 <i>Student Transportation</i>	-	-	-
0035 <i>Food Service</i>	-	-	-
0036 <i>Extracurricular Activities</i>	-	-	-
0041 <i>General Administration</i>	-	-	-
0051 <i>Plant Maintenance and Operations</i>	-	-	-
6030 <i>Total Expenditures</i>	<u>16,729</u>	<u>6,221</u>	<u>1,112</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
7915 <i>Transfers In</i>	<u>-</u>	<u>-</u>	<u>-</u>
7080 <i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
1200 <i>Net Change in Fund Balances</i>	-	-	-
0100 <i>Fund Balances - Beginning</i>	<u>-</u>	<u>-</u>	<u>-</u>
3000 <i>Fund Balances - Ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

410	420	429	499	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
State Textbook Fund	Algebra Readiness	Texas Cool Schools Grant	Bergman Scholarship Fund	
\$ -	\$ -	\$ -	\$ 40,779	\$ 55,224
79,850	107,852	20,515	-	213,879
-	-	-	-	270,035
<u>79,850</u>	<u>107,852</u>	<u>20,515</u>	<u>40,779</u>	<u>539,138</u>
79,850	101,967	-	-	303,822
-	-	-	-	16,738
-	-	-	-	2,079
-	1,411	-	-	1,411
-	-	-	-	194,826
-	-	-	30,000	30,000
-	4,474	-	-	4,474
-	-	20,515	-	20,515
<u>79,850</u>	<u>107,852</u>	<u>20,515</u>	<u>30,000</u>	<u>573,865</u>
-	-	-	10,779	(34,727)
-	-	-	-	45,506
-	-	-	-	45,506
-	-	-	10,779	10,779
-	-	-	26,891	26,891
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,670</u>	<u>\$ 37,670</u>

(This page was intentionally left blank)

OTHER SUPPLEMENTARY INFORMATION

GOODRICH INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF DELINQUENT TAXES RECEIVABLE****FOR THE YEAR ENDED AUGUST 31, 2013**

Year Ended August 31	1	2	3
	Tax Rates		Assessed/Appraised
	Maintenance	Debt Service	Value For School Tax Purposes
2004 and Prior Years	\$ Various	\$ Various	\$ Various
2005	1.4961	-	65,961,567
2006	1.50	-	67,142,933
2007	1.37	-	82,133,942
2008	1.04	-	85,342,788
2009	1.04	-	96,893,173
2010	1.04	-	99,135,385
2011	1.04	-	110,064,519
2012	1.04	-	112,930,192
2013 (School Year Under Audit)	1.04	-	120,272,981

1000 Totals

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

10 Beginning Balance 9/1/12	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/13
\$ 40,054	\$ -	\$ 840	\$ -	\$ (1)	\$ 39,213
5,956	-	226	-	(49)	5,681
9,712	-	684	-	(44)	8,984
12,044	-	803	-	(346)	10,895
16,331	-	598	-	(246)	15,487
25,820	-	1,124	-	(507)	24,189
26,088	-	2,027	-	(328)	23,733
35,415	-	6,723	-	(141)	28,551
68,764	-	33,928	-	(468)	34,368
-	1,250,839	1,183,508	-	(4,151)	63,180
<u>\$ 240,184</u>	<u>\$ 1,250,839</u>	<u>\$ 1,230,461</u>	<u>\$ -</u>	<u>\$ (6,281)</u>	<u>\$ 254,281</u>
		\$ -	\$ -		

GOODRICH INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT J-3

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES:				
5700 Local and Intermediate Revenue	\$ 13,100	\$ 13,100	\$ 14,445	\$ 1,345
5800 State Program Revenues	4,755	4,755	4,550	(205)
5900 Federal Program Revenues	125,000	125,000	130,325	5,325
5020 Total Revenues	142,855	142,855	149,320	6,465
EXPENDITURES:				
Current:				
Support Services - Student (Pupil):				
0035 Food Service	170,686	186,386	194,826	(8,440)
Total Support Services - Student (Pupil)	170,686	186,386	194,826	(8,440)
6030 Total Expenditures	170,686	186,386	194,826	(8,440)
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	(27,831)	(43,531)	(45,506)	(1,975)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	27,831	43,531	45,506	1,975
7080 Total Other Financing Sources (Uses)	27,831	43,531	45,506	1,975
1200 Net Change in Fund Balances	-	-	-	-
0100 Fund Balances - Beginning	-	-	-	-
3000 Fund Balances - Ending	\$ -	\$ -	\$ -	\$ -

(This page was intentionally left blank)

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

HLSK

Hereford, Lynch, Sellars & Kirkham

Certified Public Accountants • A Professional Corporation

Conroe
1406 Wilson Rd., Suite 100
Conroe, Texas 77304
Tel 936-756-8127
Metro 936-441-1338
Fax 936-756-8132

Members of the
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
Private Companies Practice Section
of the AICPA Division for Firms

Cleveland
111 East Boothe
Cleveland, Texas 77327
Tel 281-592-6443
Fax 281-592-7706

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

The Board of Trustees of
Goodrich Independent School District
P.O. Box 789
Goodrich, Texas 77335

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Goodrich Independent School District (District), as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise Goodrich Independent School District's basic financial statements and have issued our report thereon dated December 19, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Goodrich 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 Goodrich Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Goodrich 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 Goodrich 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully,

Hereford, Lynch, Sellars & Kirkham, P.C.

HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.
Certified Public Accountants

Conroe, Texas
December 19, 2013

GOODRICH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED AUGUST 31, 2013

SECTION I – SUMMARY OF AUDITORS’ RESULTS	
FINANCIAL STATEMENTS	
1. Type of auditors' report issued	Unmodified
2. Internal Control over Financial Reporting:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
3. Noncompliance material to Financial Statements noted?	No
SECTION II –FINDINGS RELATED TO FINANCIAL STATEMENTS	
1. FINDINGS RELATED TO INTERNAL CONTROL OVER FINANCIAL REPORTING	
None reported	
2. FINDINGS RELATED TO COMPLIANCE WITH LAWS AND REGULATIONS	
None reported	

GOODRICH INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2013

PRIOR YEAR FINDINGS

No items noted.

GOODRICH INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2013

<i>CURRENT YEAR FINDINGS</i>
No items noted.

GOODRICH INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2013****EXHIBIT L-1**

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