

GOODRICH INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

AUGUST 31, 2014

GOODRICH INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

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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

[X] APPROVED --- [] DISAPPROVED
(Check One)

for the year ended August 31, 2014 at a meeting of the Board of Trustees of such school district on the 20th day of November, 2014.

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



Hereford, Lynch, Sellars & Kirkham

Certified Public Accountants • A Professional Corporation

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INDEPENDENT AUDITORS' 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2014, 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Goodrich Independent School District's basic financial statements. The combining fund financial statements and 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 fund financial statements and 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 fund financial statements and 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 November 7, 2014, 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
November 7, 2014

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, 2014.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities at the close of the most recent fiscal year by \$3,097,425 (*net position*). Of this amount, \$1,238,845 (*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 \$302,332.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$987,414, a decrease of \$249,098 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$958,209, or 38 percent of total general fund expenditures.
- The District's noncurrent liabilities decreased by \$26,155 (21 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 9 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 8 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 \$3,097,425 at the close of the most recent fiscal year.

GOODRICH INDEPENDENT SCHOOL DISTRICT'S NET POSITION

	Governmental Activities					
	2014		2013		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and Other Assets	\$ 1,389,708	42	\$ 1,582,447	44	\$ (192,739)	(12)
Capital Assets, net of Depreciation	1,939,226	58	2,047,636	56	(108,410)	(5)
Total Assets	3,328,934	100	3,630,083	100	(301,149)	
Long-Term Liabilities Outstanding	97,596	42	123,751	54	(26,155)	(21)
Other Liabilities	133,913	58	106,575	46	27,338	26
Total Liabilities	231,509	100	230,326	100	1,183	
Net Position:						
Net Investment in Capital Assets	1,858,580	60	1,944,060	57	(85,480)	(4)
Unrestricted	1,238,845	40	1,455,697	43	(216,852)	(15)
Total Net Position	\$ 3,097,425	100	\$ 3,399,757	100	\$ (302,332)	

Investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment), less any related debt used to acquire those assets that are still outstanding represent 60 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* (\$1,238,845) 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 \$302,332. Key elements of the changes are as follows:

GOODRICH INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities					
	2014		2013		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue:						
Program Revenues:						
Charges for Services	\$ 18,912	1	\$ 17,368	1	\$ 1,544	9
Operating Grants and Contributions	432,528	16	604,156	21	(171,628)	(28)
General Revenues:						
Property Taxes, Levied for General Purposes	1,406,258	52	1,268,755	44	137,503	11
Grants and Contributions Not Restricted to Specific Programs	791,973	29	817,836	29	(25,863)	(3)
Investment Earnings	3,989	-	4,810	-	(821)	(17)
Miscellaneous	40,229	2	139,678	5	(99,449)	(71)
Total Revenues	2,693,889	100	2,852,603	100	(158,714)	
Expenses:						
Instruction	1,234,713	41	1,343,205	45	(108,492)	(8)
Instructional Resources and Media Services	28,092	1	27,527	1	565	2
Curriculum and Staff Development	14,841	-	26,633	1	(11,792)	(44)
School Leadership	246,442	8	251,668	9	(5,226)	(2)
Guidance, Counseling, and Evaluation Services	69,420	2	69,366	2	54	-
Health Services	39,900	1	40,340	1	(440)	(1)
Student Transportation	124,175	4	117,001	4	7,174	6
Food Services	194,772	7	210,895	7	(16,123)	(8)
Extracurricular Activities	100,320	3	92,795	3	7,525	8
General Administration	376,419	13	316,297	11	60,122	19
Plant Maintenance and Operations	315,633	11	298,591	10	17,042	6
Security and Monitoring Services	2,540	-	3,751	-	(1,211)	(32)
Data Processing Services	113,645	4	39,958	1	73,687	184
Interest on Long-term Debt	4,634	-	3,229	-	1,405	44
Facilities Repair and Maintenance	23,545	1	30,192	1	(6,647)	(22)
Payments Related to Shared Services Agreements	75,921	3	95,349	3	(19,428)	(20)
Other Intergovernmental Charges	31,209	1	22,288	1	8,921	40
Total Expenses	2,996,221	100	2,989,085	100	7,136	
Change in Net Position	(302,332)		(136,482)		(165,850)	
Net Position - Beginning	3,399,757		3,536,239		(136,482)	
Net Position - Ending	\$ 3,097,425		\$ 3,399,757		\$ (302,332)	

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling \$1,224,501) represent 45 percent of total revenues and property taxes (\$1,406,258 represent 52 percent of total revenues. The remaining 3 percent is generated from investment earnings, charges for services, and miscellaneous revenues.

The primary functional expense of the District is Instruction (\$1,234,713) which represents 41 percent of total expenses. General administration (\$376,419) represents 13 percent of total expenses. Plant maintenance and operations (\$315,633) 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 \$302,332, 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 \$987,414 a decrease of \$249,098 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 \$958,209. 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 38 percent of total general fund expenditures. The fund balance of the District's general fund decreased by \$240,633 during the current fiscal year. The decrease in fund balance was insignificant and due to increases across various expenditures.

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, 2014, amounts to \$1,939,226 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, and furniture and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was 5 percent.

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

- \$8,732 Mower

GOODRICH INDEPENDENT SCHOOL DISTRICT'S CAPITAL ASSETS

(net of depreciation)

	Governmental Activities					
	2014		2013		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and Improvements	\$ 310,931	16	\$ 310,931	15	\$ -	-
Buildings and Improvements	1,180,690	61	1,224,650	60	(43,960)	(4)
Furniture and Equipment	447,605	23	512,055	25	(64,450)	(13)
Totals	\$ 1,939,226	100	\$ 2,047,636	100	\$ (108,410)	

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 \$97,596, which consisted of notes payable and compensated absences.

GOODRICH INDEPENDENT SCHOOL DISTRICT'S LONG-TERM LIABILITIES OUTSTANDING

	Governmental Activities					
	2014		2013		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Notes Payable	\$ 80,646	83	\$ 103,576	84	\$ (22,930)	(22)
Compensated Absences	16,950	17	20,175	16	(3,225)	(16)
Totals	\$ 97,596	100	\$ 123,751	100	\$ (26,155)	

The District's noncurrent liabilities decreased by \$26,155 (21 percent) during the current fiscal year.

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 250 students.
- District staff totals 45 employees, which includes of 21 teachers and 12 teachers' aides and secretaries.
- The District maintains 3 campuses for instruction.
- The unemployment rate for the County is currently 6.8 percent, which is a decrease from a rate of 7.9 percent a year ago. This compares unfavorably to the state's average unemployment rate of 5.3 percent, which is a decrease from a rate of 6.4 percent a year ago.
- Property values of the District are projected to remain stable in 2014-2015.
- A maintenance and operations tax rate of \$1.17 was adopted for 2014-2015. Preceding year rate was \$1.17.

All of these factors were considered in preparing the District's budget for the 2015 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund decreased to \$958,209. 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**EXHIBIT A-1****STATEMENT OF NET POSITION****AUGUST 31, 2014**

1

Data Control Codes		Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 537,877
1120	Current Investments	553,669
1225	Property Taxes Receivable, Net	271,481
1240	Due from Other Governments	26,681
Capital Assets:		
1510	Land and Improvements	310,931
1520	Buildings and Improvements, Net	1,180,690
1530	Furniture and Equipment, Net	447,605
1000	Total Assets	<u>3,328,934</u>
LIABILITIES:		
2110	Accounts Payable	7,193
2140	Interest Payable	3,100
2165	Accrued Liabilities	57,398
2180	Due to Other Governments	65,238
2300	Unearned Revenue	984
Noncurrent Liabilities:		
2501	Due Within One Year	40,813
2502	Due in More Than One Year	56,783
2000	Total Liabilities	<u>231,509</u>
NET POSITION:		
3200	Net Investment in Capital Assets	1,858,580
3900	Unrestricted	1,238,845
3000	Total Net Position	<u>\$ 3,097,425</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, 2014

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	\$ 1,234,713	\$ -	\$ 214,346	\$ (1,020,367)
0012	Instructional Resource and Media Services	28,092	-	17,105	(10,987)
0013	Curriculum and Staff Development	14,841	-	10	(14,831)
0023	School Leadership	246,442	-	9,595	(236,847)
0031	Guidance, Counseling, and Evaluation Services	69,420	-	-	(69,420)
0033	Health Services	39,900	-	2,498	(37,402)
0034	Student Transportation	124,175	-	2,412	(121,763)
0035	Food Services	194,772	12,493	139,172	(43,107)
0036	Extracurricular Activities	100,320	6,419	27,427	(66,474)
0041	General Administration	376,419	-	12,881	(363,538)
0051	Plant Maintenance and Operations	315,633	-	7,082	(308,551)
0052	Security and Monitoring Services	2,540	-	-	(2,540)
0053	Data Processing Services	113,645	-	-	(113,645)
0072	Interest on Long-term Debt	4,634	-	-	(4,634)
0081	Facilities Repair and Maintenance	23,545	-	-	(23,545)
0093	Payments Related to Shared Services Arrangement	75,921	-	-	(75,921)
0099	Other Intergovernmental Charges	31,209	-	-	(31,209)
TG	Total Governmental Activities	<u>2,996,221</u>	<u>18,912</u>	<u>432,528</u>	<u>(2,544,781)</u>
TP	Total Primary Government	<u>\$ 2,996,221</u>	<u>\$ 18,912</u>	<u>\$ 432,528</u>	<u>(2,544,781)</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				1,406,258
GC	Grants and Contributions Not Restricted to Specific Programs				791,973
IE	Investment Earnings				3,989
MI	Miscellaneous				40,229
TR	Total General Revenues				<u>2,242,449</u>
CN	Change in Net Position				(302,332)
NB	Net Position - Beginning				3,399,757
NE	Net Position - Ending				<u>\$ 3,097,425</u>

The accompanying notes are an integral part of this statement.

GOODRICH INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-1

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2014

Data Control Codes	199	Other Governmental Funds	98 Total Governmental Funds
	General Fund		
ASSETS:			
1110 Cash and Cash Equivalents	\$ 501,977	\$ 35,900	\$ 537,877
1120 Current Investments	553,669	-	553,669
1225 Property Taxes Receivable, Net	271,481	-	271,481
1240 Due from Other Governments	22,344	4,337	26,681
1000 Total Assets	<u>\$ 1,349,471</u>	<u>\$ 40,237</u>	<u>\$ 1,389,708</u>
LIABILITIES:			
2110 Accounts Payable	\$ -	\$ 7,193	\$ 7,193
2160 Accrued Wages Payable	54,543	2,855	57,398
2180 Due to Other Governments	65,238	-	65,238
2300 Unearned Revenue	-	984	984
2000 Total Liabilities	<u>119,781</u>	<u>11,032</u>	<u>130,813</u>
DEFERRED INFLOWS OF RESOURCES:			
2600 Unavailable Revenue - Property Taxes	271,481	-	271,481
Total Deferred Inflows of Resources	<u>271,481</u>	<u>-</u>	<u>271,481</u>
FUND BALANCES:			
3545 Committed - Other	-	29,205	29,205
3600 Unassigned	958,209	-	958,209
3000 Total Fund Balances	<u>958,209</u>	<u>29,205</u>	<u>987,414</u>
4000 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,349,471</u>	<u>\$ 40,237</u>	<u>\$ 1,389,708</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, 2014

EXHIBIT C-1R

Total Fund Balances - Governmental Funds (Exhibit C-1) **\$ 987,414**

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	\$ 8,162,567	
Accumulated Depreciation of Governmental Capital Assets	<u>(6,223,341)</u>	1,939,226

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.	271,481
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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	\$ (80,646)	
Accrued Interest on Notes Payable	(3,100)	
Compensated Absences	<u>(16,950)</u>	<u>(100,696)</u>

Total Net Position - Governmental Activities (Exhibit A-1) **\$ 3,097,425**

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, 2014

EXHIBIT C-2

Data Control Codes		199		98
		General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
5700	Local and Intermediate Revenue	\$ 1,426,946	\$ 38,114	\$ 1,465,060
5800	State Program Revenues	885,244	7,999	893,243
5900	Federal Program Revenues	1,582	304,090	305,672
5020	Total Revenues	2,313,772	350,203	2,663,975
EXPENDITURES:				
Current:				
0011	Instruction	1,059,761	155,057	1,214,818
0012	Instructional Resources and Media Services	8,837	17,105	25,942
0013	Curriculum and Staff Development	12,473	-	12,473
0023	School Leadership	238,913	755	239,668
0031	Guidance, Counseling, and Evaluation Services	69,555	-	69,555
0033	Health Services	39,969	-	39,969
0034	Student Transportation	88,970	-	88,970
0035	Food Service	-	178,703	178,703
0036	Extracurricular Activities	65,545	34,086	99,631
0041	General Administration	374,800	-	374,800
0051	Plant Maintenance and Operations	300,066	-	300,066
0052	Security and Monitoring Services	2,540	-	2,540
0053	Data Processing Services	108,592	-	108,592
Debt Service:				
0071	Principal on Long-term Debt	22,930	-	22,930
0072	Interest on Long-term Debt	3,741	-	3,741
Capital Outlay:				
0081	Facilities Acquisition and Construction	23,545	-	23,545
Intergovernmental:				
0093	Payments Related to Shared Service Arrangements	75,921	-	75,921
0099	Other Intergovernmental Charges	31,209	-	31,209
6030	Total Expenditures	2,527,367	385,706	2,913,073
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(213,595)	(35,503)	(249,098)
OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	27,038	27,038
8911	Transfers Out	(27,038)	-	(27,038)
7080	Total Other Financing Sources (Uses)	(27,038)	27,038	-
1200	Net Change in Fund Balances	(240,633)	(8,465)	(249,098)
0100	Fund Balances - Beginning	1,198,842	37,670	1,236,512
3000	Fund Balances - Ending	\$ 958,209	\$ 29,205	\$ 987,414

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, 2014****Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-2)** \$ (249,098)

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>	\$ 8,732	
Depreciation Expense	<u>(117,142)</u>	(108,410)

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.

29,914

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

22,930

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>	(893)
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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.

3,225

Change in Net Position - Governmental Activities (Exhibit B-1) \$ (302,332)

The accompanying notes are an integral part of this statement.

GOODRICH INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT C-4

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts			Positive
		Original	Final	Actual	(Negative)
REVENUES:					
5700	Local and Intermediate Revenue	\$ 1,474,728	\$ 1,474,728	\$ 1,426,946	\$ (47,782)
5800	State Program Revenues	957,204	957,204	885,244	(71,960)
5900	Federal Program Revenues	-	-	1,582	1,582
5020	Total Revenues	2,431,932	2,431,932	2,313,772	(118,160)
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	1,117,067	1,085,567	1,059,761	25,806
0012	Instructional Resources and Media Services	9,370	9,370	8,837	533
0013	Curriculum and Staff Development	29,800	14,100	12,473	1,627
	Total Instruction and Instructional Related Services	1,156,237	1,109,037	1,081,071	27,966
Instructional and School Leadership:					
0023	School Leadership	249,400	249,400	238,913	10,487
	Total Instructional and School Leadership	249,400	249,400	238,913	10,487
Support Services - Student (Pupil):					
0031	Guidance, Counseling, and Evaluation Services	71,198	71,198	69,555	1,643
0033	Health Services	43,465	43,465	39,969	3,496
0034	Student Transportation	99,818	102,798	88,970	13,828
0035	Food Service	3,469	3,469	-	3,469
0036	Extracurricular Activities	76,849	75,849	65,545	10,304
	Total Support Services - Student (Pupil)	294,799	296,779	264,039	32,740
Administrative Support Services:					
0041	General Administration	326,809	379,009	374,800	4,209
	Total Administrative Support Services	326,809	379,009	374,800	4,209
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	283,858	298,158	300,066	(1,908)
0052	Security and Monitoring Services	13,200	3,020	2,540	480
0053	Data Processing Services	111,993	115,993	108,592	7,401
	Total Support Services - Nonstudent Based	409,051	417,171	411,198	5,973
Debt Service:					
0071	Principal on Long-term Debt	20,127	22,930	22,930	-
0072	Interest on Long-term Debt	-	3,741	3,741	-
0073	Issuance Costs and Fees	-	656	-	656
	Total Debt Service	20,127	27,327	26,671	656
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	25,500	23,545	1,955
	Total Capital Outlay	-	25,500	23,545	1,955
Intergovernmental Charges:					
0093	Payments Related to Shared Service Arrangements	104,000	104,000	75,921	28,079
0099	Other Intergovernmental Charges	32,000	32,000	31,209	791
	Total Intergovernmental Charges	136,000	136,000	107,130	28,870
6030	Total Expenditures	2,592,423	2,640,223	2,527,367	112,856
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(160,491)	(208,291)	(213,595)	(5,304)
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out	(32,722)	(32,722)	(27,038)	5,684
7080	Total Other Financing Sources (Uses)	(32,722)	(32,722)	(27,038)	5,684
1200	Net Change in Fund Balances	(193,213)	(241,013)	(240,633)	380
0100	Fund Balances - Beginning	1,198,842	1,198,842	1,198,842	-
3000	Fund Balances - Ending	\$ 1,005,629	\$ 957,829	\$ 958,209	\$ 380

The accompanying notes are an integral part of this statement.

GOODRICH INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
AUGUST 31, 2014

EXHIBIT E-1

Data Control Codes		865
		Agency Fund
		Student Activity
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 11,569
1000	Total Assets	\$ 11,569
LIABILITIES:		
Current Liabilities:		
2190	<i>Due to Student Groups</i>	\$ 11,569
2000	Total Liabilities	\$ 11,569

The accompanying notes are an integral part of this statement.

GOODRICH INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

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, 2014

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 purchased rather than when consumed.

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 and improvements, 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, 2014

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:

<u>Capital Asset Classes</u>	<u>Lives</u>
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, 2014

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.

5. 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, 2014

II. Stewardship, Compliance, and Accountability

A. 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, which were not significant.

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

B. 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.

C. Excess of Expenditures Over Appropriations

For the year ended August 31, 2014, 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	\$ 298,158	\$ 300,066	\$ (1,908)

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

GOODRICH INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

Bank; 5) No-load money market mutual funds which shall be registered with the Securities and Exchange 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, 8) Commercial paper is an authorized investment if it has a stated maturity of 270 days or fewer from the date of its issuance; and is rated not less than A-1 or P-1 or an equivalent rating by at least: two nationally recognized credit rating agencies; or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

As of August 31, 2014, 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	AAA	\$ 247	0%	0.13
Lone Star - Corporate Overnight Plus	AAA+/s	553,422	100%	0.18
Total Fair Value		\$ 553,669	100%	
Portfolio Weighted Average Maturity				0.18

Credit risk. For fiscal year 2014, 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, 2014, District's bank balance of \$601,680 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	\$ 285,769	\$ -	\$ 285,769
Due From Other Governments	22,344	4,337	26,681
Gross Receivables	308,113	4,337	312,450
Less: Allowance for Uncollectibles	(14,288)	-	(14,288)
Net Total Receivables	\$ 293,825	\$ 4,337	\$ 298,162

GOODRICH INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

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	\$ (1,574)
Total Uncollectibles of the Current Fiscal Year	\$ (1,574)

Approximately 82% of the outstanding balance of property taxes is not anticipated to be collected within the next year.

C. Interfund Receivables and Payables and Transfers

Receivables/Payables

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

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
None	\$ -	\$ -
Total	\$ -	\$ -

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, 2014.

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	National School Breakfast/Lunch Program	\$ 27,038
Total		\$ 27,038

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, 2014 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 and Improvements	\$ 310,931	\$ -	\$ -	\$ 310,931
Total Capital Assets, not being Depreciated	310,931	-	-	310,931
Capital Assets, being Depreciated:				
Buildings and Improvements	6,745,635	-	-	6,745,635
Furniture and Equipment	1,097,269	8,732	-	1,106,001
Total Capital Assets, being Depreciated	7,842,904	8,732	-	7,851,636
Less Accumulated Depreciation for:				
Buildings and Improvements	(5,520,985)	(43,960)	-	(5,564,945)
Furniture and Equipment	(585,214)	(73,182)	-	(658,396)
Total Accumulated Depreciation	(6,106,199)	(117,142)	-	(6,223,341)
Total Capital Assets, being Depreciated, net	1,736,705	(108,410)	-	1,628,295
Governmental Activities Capital Assets, net	\$ 2,047,636	\$ (108,410)	\$ -	\$ 1,939,226

GOODRICH INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

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

Governmental Activities:		
11 Instruction	\$	21,687
12 Instructional Resources and Media Services		2,150
13 Curriculum and Instructional Staff Development		2,371
23 School Leadership		7,208
34 Student Transportation		35,281
35 Food Services		16,069
36 Extracurricular Activities		748
41 General Administration		2,082
51 Plant Maintenance and Operations		24,493
53 Data Processing Services		5,053
Total Depreciation Expense-Governmental Activities	\$	<u>117,142</u>

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, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Notes Payable	\$ 103,576	\$ -	\$ (22,930)	\$ 80,646	\$ 23,863
Compensated Absences	20,175	-	(3,225)	16,950	16,950
Governmental Activity Long-term Liabilities	\$ <u>123,751</u>	\$ -	\$ <u>(26,155)</u>	\$ <u>97,596</u>	\$ <u>40,813</u>

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:

<u>Series</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
2012 Bus Note	3.14%	\$ 89,715	2017	\$ 89,715	\$ -	\$ (17,064)	\$ 72,651
Dell Server and Camera System	1.50%	19,384	2015	13,861	-	(5,866)	7,995
Totals, Notes Payable, net				\$ <u>103,576</u>	\$ -	\$ <u>(22,930)</u>	\$ <u>80,646</u>

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

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
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	\$ <u>80,646</u>	\$ <u>8,187</u>	\$ <u>88,833</u>

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

Nonmajor and Other Funds :		
Scholarship Fund	\$	29,205
Total Other Committed Fund Balance	\$	<u>29,205</u>

GOODRICH INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

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	\$ 1,376,344	\$ -	\$ 1,376,344
Investment Income	3,954	35	3,989
Food Sales	-	12,493	12,493
Other	46,648	25,586	72,234
Total	\$ 1,426,946	\$ 38,114	\$ 1,465,060

IV. Other Information

A. Risk Management

Health Care Coverage

During the year ended August 31, 2014, 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, 2014, 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, 2014

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 2014-2012 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
2014	6.4%	\$ 89,606	6.800%	\$ 77,061	\$ 7,256
2013	6.4%	\$ 89,330	6.400%	\$ 71,539	\$ 6,604
2012	6.4%	\$ 90,693	6.000%	\$ 69,292	\$ 7,394

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, 2014

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 2014-2012.

Contribution Rates

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2014	0.65%	\$ 9,101	1.00%	\$ 12,683	0.55%	\$ 7,701
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

In addition, the State of Texas contributed \$3,672, \$5,222 and \$7,096 in 2014, 2013, and 2012, 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 2014, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$1,787. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$1,787 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

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GOODRICH INDEPENDENT SCHOOL DISTRICT**EXHIBIT H-1**

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2014

Data Control Codes		211	212
		ESEA Title I	
		Part A Improving Basic Programs	ESEA Title I Part C Migrant SSA
ASSETS:			
1110	Cash and Cash Equivalents	\$ -	\$ -
1240	Due from Other Governments	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES:			
2110	Accounts Payable	\$ -	\$ -
2160	Accrued Wages Payable	-	-
2300	Unearned Revenue	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>
FUND BALANCES:			
3545	Committed - Other	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>

GOODRICH INDEPENDENT SCHOOL DISTRICT**COMBINING BALANCE SHEET****NONMAJOR SPECIAL REVENUE FUNDS****AUGUST 31, 2014**

	240	244
Data Control Codes	National School Breakfast/Lunch Program	Career and Technical Grant
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ 5,711	\$ -
1240 <i>Due from Other Governments</i>	4,337	-
1000 Total Assets	<u>\$ 10,048</u>	<u>\$ -</u>
LIABILITIES:		
2110 <i>Accounts Payable</i>	\$ 7,193	\$ -
2160 <i>Accrued Wages Payable</i>	2,855	-
2300 <i>Unearned Revenue</i>	-	-
2000 Total Liabilities	<u> 10,048</u>	<u> -</u>
FUND BALANCES:		
3545 <i>Committed - Other</i>	-	-
3000 Total Fund Balances	<u> -</u>	<u> -</u>
4000 Total Liabilities and Fund Balances	<u>\$ 10,048</u>	<u>\$ -</u>

255	289	410	499	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ESEA Title II Training & Recruiting	Small Rural School Achievement Program	State Textbook Fund	Bergman Scholarship Fund	
\$ -	\$ -	\$ 984	\$ 29,205	\$ 35,900
-	-	-	-	4,337
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 984</u>	<u>\$ 29,205</u>	<u>\$ 40,237</u>
\$ -	\$ -	\$ -	\$ -	\$ 7,193
-	-	-	-	2,855
-	-	984	-	984
<u>-</u>	<u>-</u>	<u>984</u>	<u>-</u>	<u>11,032</u>
-	-	-	29,205	29,205
-	-	-	29,205	29,205
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 984</u>	<u>\$ 29,205</u>	<u>\$ 40,237</u>

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

EXHIBIT H-2

Data Control Codes	211 ESEA Title I Part A Improving Basic Programs	212 ESEA Title I Part C Migrant SSA
REVENUES:		
5700 <i>Local and Intermediate Revenue</i>	\$ -	\$ -
5800 <i>State Program Revenues</i>	-	-
5900 <i>Federal Program Revenues</i>	131,636	2,079
5020 Total Revenues	131,636	2,079
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	114,531	2,079
0012 <i>Instructional Resources and Media Services</i>	17,105	-
0023 <i>School Leadership</i>	-	-
0035 <i>Food Service</i>	-	-
0036 <i>Extracurricular Activities</i>	-	-
6030 Total Expenditures	131,636	2,079
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	-	-
OTHER FINANCING SOURCES (USES):		
7915 <i>Transfers In</i>	-	-
7080 Total Other Financing Sources (Uses)	-	-
1200 Net Change in Fund Balances	-	-
0100 Fund Balances - Beginning	-	-
3000 Fund Balances - Ending	\$ -	\$ -

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

	240	244
Data Control Codes	National School Breakfast/Lunch Program	Career and Technical Grant
REVENUES:		
5700 <i>Local and Intermediate Revenue</i>	\$ 12,493	\$ -
5800 <i>State Program Revenues</i>	4,139	-
5900 <i>Federal Program Revenues</i>	135,033	2,485
5020 Total Revenues	<u>151,665</u>	<u>2,485</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	-	2,485
0012 <i>Instructional Resources and Media Services</i>	-	-
0023 <i>School Leadership</i>	-	-
0035 <i>Food Service</i>	178,703	-
0036 <i>Extracurricular Activities</i>	-	-
6030 Total Expenditures	<u>178,703</u>	<u>2,485</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>(27,038)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):		
7915 <i>Transfers In</i>	27,038	-
7080 Total Other Financing Sources (Uses)	<u>27,038</u>	<u>-</u>
1200 Net Change in Fund Balances	-	-
0100 Fund Balances - Beginning	-	-
3000 Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>

255	289	410	499	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
ESEA Title II Training & Recruiting	Small Rural School Achievement Program	State Textbook Fund	Bergman Scholarship Fund	
\$ -	\$ -	\$ -	\$ 25,621	\$ 38,114
-	-	3,860	-	7,999
25,926	6,931	-	-	304,090
<u>25,926</u>	<u>6,931</u>	<u>3,860</u>	<u>25,621</u>	<u>350,203</u>
25,171	6,931	3,860	-	155,057
-	-	-	-	17,105
755	-	-	-	755
-	-	-	-	178,703
-	-	-	34,086	34,086
<u>25,926</u>	<u>6,931</u>	<u>3,860</u>	<u>34,086</u>	<u>385,706</u>
-	-	-	(8,465)	(35,503)
-	-	-	-	27,038
-	-	-	-	27,038
-	-	-	(8,465)	(8,465)
-	-	-	37,670	37,670
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,205</u>	<u>\$ 29,205</u>

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OTHER SUPPLEMENTARY INFORMATION

GOODRICH INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF DELINQUENT TAXES RECEIVABLE****FOR THE YEAR ENDED AUGUST 31, 2014**

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised	
	<u>Maintenance</u>		<u>Debt Service</u>		<u>Value For School</u> <u>Tax Purposes</u>	
2005 and Prior Years	\$	Various	\$	Various	\$	Various
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		1.04		-		120,272,981
2014 (School Year Under Audit)		1.17		-		118,257,179

1000 Totals

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

EXHIBIT J-1

10 Beginning Balance 9/1/13	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/14
\$ 44,894	\$ -	\$ 769	\$ -	\$ (774)	\$ 43,351
8,984	-	241	-	(71)	8,672
10,895	-	310	-	(48)	10,537
15,487	-	607	-	(37)	14,843
24,189	-	1,129	-	(27)	23,033
23,733	-	1,594	-	(28)	22,111
28,551	-	3,833	-	(10)	24,708
34,368	-	7,911	-	60	26,517
63,180	-	29,951	-	474	33,703
-	1,383,609	1,299,059	-	(6,256)	78,294
<u>\$ 254,281</u>	<u>\$ 1,383,609</u>	<u>\$ 1,345,404</u>	<u>\$ -</u>	<u>\$ (6,717)</u>	<u>\$ 285,769</u>
		\$ -	\$ -		

GOODRICH INDEPENDENT SCHOOL DISTRICT**EXHIBIT J-2****NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM****BUDGETARY COMPARISON SCHEDULE****FOR THE YEAR ENDED AUGUST 31, 2014**

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES:				
5700 Local and Intermediate Revenue	\$ 15,600	\$ 15,600	\$ 12,493	\$ (3,107)
5800 State Program Revenues	4,470	4,470	4,139	(331)
5900 Federal Program Revenues	133,000	133,000	135,033	2,033
5020 Total Revenues	153,070	153,070	151,665	(1,405)
EXPENDITURES:				
Current:				
Support Services - Student (Pupil):				
0035 Food Service	185,792	185,792	178,703	7,089
Total Support Services - Student (Pupil)	185,792	185,792	178,703	7,089
6030 Total Expenditures	185,792	185,792	178,703	7,089
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	(32,722)	(32,722)	(27,038)	5,684
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	32,722	32,722	27,038	(5,684)
7080 Total Other Financing Sources (Uses)	32,722	32,722	27,038	(5,684)
1200 Net Change in Fund Balances	-	-	-	-
0100 Fund Balances - Beginning	-	-	-	-
3000 Fund Balances - Ending	\$ -	\$ -	\$ -	\$ -

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION



Hereford, Lynch, Sellars & Kirkham

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 7, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as items finding reference number 2014-001.

Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
November 7, 2014

GOODRICH INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND RESPONSES****FOR THE YEAR ENDED AUGUST 31, 2014**

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	
2014-001 CHAPTER 2256 PUBLIC FUNDS INVESTMENT ACT (PFIA)	
<i>Significant Deficiency in Controls and Noncompliance</i>	
<u>Criteria:</u> The Public Funds Investment Act (PFIA) requires: <ul style="list-style-type: none">The investment officer shall attend a training session not less than once within the District’s two fiscal years and within one year of being named the investment officer of the school.	
<u>Condition:</u> The investment officer of Goodrich ISD was not in compliance with the Public Funds Investment Act as it relates to training.	
<u>Questioned Cost:</u> None	
<u>Perspective Information:</u> The District did not maintain the required training.	
<u>Cause:</u> The District’s hours of training were not within the last two fiscal years.	
<u>Effect:</u> Goodrich ISD was not in compliance with the Public Funds Investment Act.	
<u>Recommendation:</u> We recommend that Goodrich ISD perform the following tasks as required by the PFIA: <ul style="list-style-type: none">Investment officer to obtain 10 hours of investment training as required by the PFIA.	
<u>Views of Responsible Officials and Planned Corrective Actions:</u> See corrective action plan.	

GOODRICH INDEPENDENT SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2014**

PRIOR YEAR FINDINGS

No items noted.

GOODRICH INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2014

CURRENT YEAR FINDINGS

2014-001 CHAPTER 2256 PUBLIC FUNDS INVESTMENT ACT (PFIA)

Contact Person:

Sherry Mitchell
Business Manager

Response:

The District's investment officer plans to obtain the required training.

Estimated Date of Completion:

August 31, 2015

GOODRICH INDEPENDENT SCHOOL DISTRICT**EXHIBIT L-1****SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2014**

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