

GONZALES INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2015

Gonzales Independent School District
Annual Financial Report
For The Year Ended August 31, 2015

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Introductory Section

CERTIFICATE OF BOARD

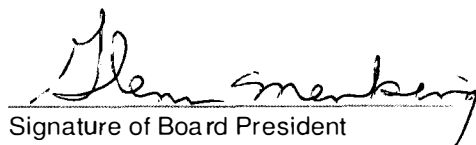
Gonzales Independent School District
Name of School District

Gonzales
County

089-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2015, at a meeting of the board of trustees of such school district on the 11th day of January, 2016.


Signature of Board Secretary


Signature of Board President

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

Financial Section

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FLOYD AND GINDLER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
421 ST. JAMES – P.O. BOX 638
Gonzales, TX 78629
(830)-672-2824

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gonzales Independent School District ("the District") as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Gonzales Independent School District as of August 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2015, Gonzales Independent School District adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for contributions made Subsequent to the Measurement Date -- an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

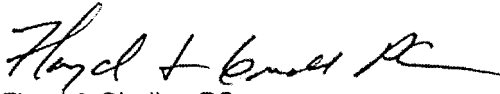
The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2016 on our consideration of Gonzales Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant

agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gonzales Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Floyd & Gindler PC", written in a cursive style.

Floyd & Gindler, PC

Gonzales, Texas
January 11, 2016

GONZALES INDEPENDENT SCHOOL DISTRICT GONZALES, TEXAS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Gonzales Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2015. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$30,832,582 at August 31, 2015.
- During the year, the District's expenses were \$3,722,483 less than the \$34,479,642 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$14,486,784.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

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

BOARD OF TRUSTEES: Glenn Menking, President; Gloria Torres, Vice President; Josie Smith-Wright, Secretary; Sue Gotthould; Justin Schwausch; Russ Hendershot, III, and Tom Lester Jr.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District’s combined net position was \$30,832,582 at August 31, 2015.

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

	Governmental Activities		Total Percentage Change
	2015	2014	2015-2014
Assets			
Current assets:			
Cash, equivalents and investments	\$ 32,567	\$ 27,010	20.6%
Receivables, net of allow.	1,017	647	57.2%
Due from other governments	735	690	6.5%
Other receivables, net	-	1	n/a
Inventories	79	65	21.5%
Total current assets	<u>34,398</u>	<u>28,413</u>	21.1%
Noncurrent assets:			
Building, furniture & equipment			
net of accumulated depreciation	21,090	21,488	-1.9%
Land and construction in progress	12,871	3,393	279.3%
Unrealized expenses	16	-	n/a
Total noncurrent assets	<u>33,977</u>	<u>24,881</u>	36.6%
Total assets	<u>68,375</u>	<u>53,294</u>	28.3%
Deferred outflows of resources:			
Deferred outflows related to TRS	338	-	n/a
Deferred outflow of resources-other	4	-	n/a
Total noncurrent assets	<u>342</u>	<u>-</u>	n/a
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	4,003	1,838	117.8%
Due to other governments	607	23	2539.1%
Unearned revenues	1	1	0.0%
Current portion debt	1,372	1,763	-22.2%
Total current liabilities	<u>5,983</u>	<u>3,625</u>	65.0%
Long-term liabilities:			
General obligation bonds	26,565		n/a
Bond premium	1,832		n/a
Capital leases	13	19,521	-99.9%
Net pension liability	2,644		n/a
Total noncurrent liabilities	<u>31,054</u>	<u>19,521</u>	59.1%
Total liabilities	<u>37,037</u>	<u>23,146</u>	60.0%
Deferred Inflows			
Deferred inflows related to TRS	809	-	n/a
Deferred revenues	38	43	-11.6%
	<u>847</u>	<u>43</u>	1869.8%
Net position			
Investment in capital assets	17,019	16,677	2.1%
Restricted	1,389	471	194.9%
Unrestricted	12,425	12,958	-4.1%
Total net position	<u>\$ 30,833</u>	<u>\$ 30,106</u>	2.4%

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

BOARD OF TRUSTEES: Glenn Menking, President; Glorin Torres, Vice President; Josie Smith-Wright, Secretary; Sue Gottwald; Justin Schwausch; Ross Hendershot, III; and Tom Lester Jr.

The total cost of all programs and services was \$30,757,159 as follows: 53.3% for instruction and instruction related services, 16.2% for support services-students, 11.4% for support services-nonstudent based, 7.1% for instructional and school leadership, and 12.0% for all other.

Governmental Activities

Total property tax rates for maintenance and operating (M&O) and debt service (I&S) increased from \$0.9677 in tax year 2013 to \$1.1248 in tax year 2014. Taxable property values increased 36.1% from the prior year. These two factors combined caused property tax revenues, both M&O and I&S, to increase \$9,961,715.12 or 54.6%. Also, the District's student enrollment increased from the prior year.

The Oil and Gas values within the Gonzales ISD taxing entity continued to dominate the District's financial situation as they led to increased property values and increased local tax revenue for the District. The increased tax revenue resulted in the District being considered property-wealthy for the first time. Because of this new classification, the District was required by Chapter 41 of the Texas Education Code to share its wealth with property-poor districts. This wealth sharing system is often referred to as "Robin Hood". On September 30, 2014, voters authorized the District to choose between two options for wealth-reduction. In lieu of sending funds directly to a property-poor district, the District opted to send funds to the Texas Education Agency for redistribution. By utilizing this option, the District was able to realize a reduction in the cost of recapture. These transfers (or recapture payments) are reflected in Table A-2 as contracted instructional services between schools.

Also for the first time, the District entered into an interlocal agreement to participate in the Wilson County Juvenile Justice Alternative Education (JJAEP) and the Cooperative Disciplinary Alternative Education Program (DAEP). This agreement removed the JJAEP/DAEP instructional setting from the Gonzales High School campus and students are instead transported to Floresville ISD for instruction. These payments are reflected in Table A-2 as payments to juvenile justice alternative education programs. Though we pay a fee to Floresville ISD and incur costs related to transportation, these costs are offset by the reduction of Gonzales ISD staff that were previously used to administer this program.

In September 2014, the District created the Gonzales ISD Police department. The first Chief of Police was hired in January 2015 with an additional officer starting in August. This caused an increase to security and monitoring expenses as depicted in Table A-2. The District now has two officers dedicated to serving the students of Gonzales ISD.

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

	Governmental Activities		Total Percentage Change
	2015	2014	2015-2014
Revenues			
Program revenues:			
Charges for services	\$ 358	\$ 414	-13.5%
Operating grants	4,236	4,118	2.9%
General revenues:			
Property taxes	28,553	18,238	56.6%
State aid-Formula	1,106	8,352	-86.8%
Investment income	68	76	-10.5%
Other income	159	286	-44.4%
Total revenues	<u>34,480</u>	<u>31,484</u>	9.5%
Expenses			
Instruction	15,537	15,112	2.8%
Instructional resources and media services	454	353	28.6%
Curriculum dev. & instructional staff dev.	408	403	1.2%
Instructional leadership	470	323	45.5%
School leadership	1,698	1,535	10.6%
Guidance, counseling and evaluation services	1,006	878	14.6%
Health services	323	285	13.3%
Student transportation	1,205	1,169	3.1%
Food services	1,322	1,288	2.6%
Cocunicular/extracurricular activities	1,125	964	16.7%
General administration	1,307	1,167	12.0%
Plant maintenance & oper.	2,917	2,636	10.7%
Security & monitoring	258	101	155.4%
Data processing services	322	248	29.8%
Community services	46	66	-30.3%
Interest on long term debt	586	368	59.2%
Bond issuance cost	173	181	-4.4%
Capital outlay	347	-	n/a
Contracted instructional services between schools	844	-	n/a
Payment to Juvenile Justice Alternative Ed Program	96	-	n/a
Other intergovernmental charges	313	311	0.6%
Total expenses	<u>30,757</u>	<u>27,388</u>	12.3%
Increase in net position	3,723	4,096	-9.1%
Beginning net position	30,106	26,166	15.1%
Prior period adjustment	(2,996)	(156)	
Ending net position	<u>\$ 30,833</u>	<u>\$ 30,106</u>	2.4%

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

- The cost of all governmental activities this year was \$30,757,159
- The amount that taxpayers paid for these activities through property taxes was \$28,552,472.

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

	Total Cost of Services		Total Percentage Change	Net Cost of Services		Total Percentage Change
	2015	2014	2015-2014	2015	2014	2015-2014
Instruction	\$ 15,537	\$ 15,112	2.81	\$ 14,332	\$ 12,875	11.32
School leadership	1,698	1,535	10.62	1,698	1,457	16.54
Guidance, counseling, & evaluation services	1,006	878	14.58	910	778	16.97
Student transportation	1,205	1,169	3.08	1,204	1,127	6.83
Food service	1,322	1,288	2.64	(82)	104	178.85
Cocurricular/extracurricular	1,125	964		1,011	769	
General administration	1,307	1,167	12.00	1,307	1,131	15.56
Plant maintenance & oper.	2,917	2,691	8.40	2,917	2,622	11.25

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from government fund types totaled \$34,094,959; an 8.5% increase from the preceding year. This was a result of the increased property values due to the oil and gas activities within the District's taxing entity. The result of increased property tax revenue from oil and gas activities is less State revenue. The State's funding formula drives the State's share of District revenue down as local revenues increase. Investment interest rates remained almost completely constant and low enough as to not contribute a significant amount to the overall revenue picture.

An additional \$8,910,000 of bonds was sold as authorized by voters in November 2013. These funds will provide for the continuation of the construction projects with the next phase scheduled to begin during the 2015 - 2016 fiscal year. Projects include an expansion of the Junior High School campus to provide additional space for the projected increase to student enrollment. Construction continued on the early childhood center as well as the additions to the North Avenue Intermediate and Gonzales High School campuses. The early childhood center was named Gonzales Primary Academy and is expected to be open for enrollment during the spring of the 2015 – 2016 school year. These capital expenditures made up approximately 22.9% of the \$41,375,580 total expenditures from all governmental fund types.

General Fund Budgetary Highlights

State law requires that every local education agency in Texas prepare and adopt an annual budget of anticipated revenues and expenditures. The budget may be amended during the year to address unanticipated or changing needs of the District. With these amendments, the General Fund's actual expenditures were \$2,611,872 less than the final budgeted amounts. The General Fund's fund balance increased by \$1,682,336. This increase in fund balance was planned to assist with offsetting the costs of recapture due to the District's property-wealth status.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the District had invested \$33,960,610 in a broad range of capital assets, including land, equipment, buildings, and vehicles, net of accumulated depreciation. (See Table A-4, stated in thousands).

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

	Governmental Activities		Total Percentage Change
	2015	2014	2015-2014
Land	\$ 1,471	\$ 1,424	3.3%
Construction in progress	11,401	1,968	479.3%
Buildings & improvements	36,857	36,857	0.0%
Vehicles	3,130	2,878	8.8%
Equipment	1,502	1,193	25.9%
Assets under capitalized leases	37	-	n/a
Total capital assets	54,398	44,320	22.7%
Accumulated depreciation	(20,437)	(19,439)	5.1%
Net capital assets	\$ 33,961	\$ 24,881	36.5%

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

Long Term Debt

At year-end the District had \$29,781,215 in outstanding debt as shown in Table A-5. More detailed information about the District's debt is presented in the Notes to the Financial Statements.

	Governmental Activities		Total Percentage Change
	2015	2014	2015-2014
General bonded indebtedness	\$ 27,721	\$ 20,469	35.4%
Bond premium	2,029	814	149.3%
Capital leases payable	31	-	n/a
Total long term debt	\$ 29,781	\$ 21,283	39.9%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Property values dropped considerably from 2014 to 2015. This resulted in the District adopting a deficit budget for the 2015 - 2016 fiscal year. With recapture payments anticipated to continue, the District will remain conservative in spending and ever aware of oil activity and values within the county.
- Interest rates are anticipated to increase during the fall. The District's investment officers will continue to monitor them as they make decisions for investing District funds.
- Using proceeds from bond sales as approved in the November 2013 election, the District has continued the construction process that will go through the 2015-2016 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

GONZALES INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 AUGUST 31, 2015

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 3,233,736
1120	Current Investments	29,332,570
1225	Property Taxes Receivable (Net)	1,017,297
1240	Due from Other Governments	735,338
1290	Other Receivables (Net)	415
1300	Inventories	78,454
1410	Unrealized Expenses	16,272
Capital Assets:		
1510	Land	1,470,541
1520	Buildings and Improvements, Net	19,278,263
1530	Furniture and Equipment, Net	1,775,825
1550	Capital Lease Assets, Net	35,397
1580	Construction in Progress	11,400,584
1990	Other Assets	338,133
1000	Total Assets	<u>68,712,825</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	Deferred Outflow of Resources	3,500
1700	Total Deferred Outflows of Resources	<u>3,500</u>
LIABILITIES:		
2110	Accounts Payable	2,905,738
2165	Accrued Liabilities	1,097,737
2180	Due to Other Governments	606,803
2300	Unearned Revenue	900
Noncurrent Liabilities:		
2501	Due Within One Year	1,372,426
2502	Due in More Than One Year	28,408,789
2590	Other Long-Term Liabilities	2,644,186
2000	Total Liabilities	<u>37,036,579</u>
DEFERRED INFLOWS OF RESOURCES:		
	Deferred Revenue	38,300
2605	Deferred Inflow Related to Pensions	808,864
2600	Total Deferred Inflows of Resources	<u>847,164</u>
NET POSITION:		
3200	Net Investment in Capital Assets	17,018,508
Restricted For:		
3850	Debt Service	1,066,972
3860	Capital Projects	322,155
3900	Unrestricted	12,424,947
3000	Total Net Position	<u>\$ 30,832,582</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 15,537,366	\$ --	\$ 1,635,385	\$ (13,901,981)
12	Instructional Resources and Media Services	454,198	--	11,337	(442,861)
13	Curriculum and Staff Development	407,532	--	197,150	(210,382)
21	Instructional Leadership	469,974	--	--	(469,974)
23	School Leadership	1,697,503	--	--	(1,697,503)
31	Guidance, Counseling, & Evaluation Services	1,005,927	--	100,451	(905,476)
32	Social Work Services	457	--	--	(457)
33	Health Services	322,972	--	--	(322,972)
34	Student Transportation	1,204,788	--	420	(1,204,368)
35	Food Service	1,322,105	243,766	1,160,817	82,478
36	Cocurricular/Extracurricular Activities	1,125,836	114,559	--	(1,011,277)
41	General Administration	1,306,901	--	--	(1,306,901)
51	Facilities Maintenance and Operations	2,917,332	--	--	(2,917,332)
52	Security and Monitoring Services	258,321	--	--	(258,321)
53	Data Processing Services	321,604	--	--	(321,604)
61	Community Services	45,691	--	36,117	(9,574)
72	Interest on Long-term Debt	586,150	--	--	(586,150)
73	Bond Issuance Costs and Fees	172,529	--	--	(172,529)
81	Capital Outlay	347,114	--	1,094,552	747,438
91	Contracted Instructional Services between Schools	844,005	--	--	(844,005)
95	Payments to Juvenile Justice Alternative Ed. Programs	96,130	--	--	(96,130)
99	Other Intergovernmental Charges	312,724	--	--	(312,724)
TG	Total Governmental Activities	<u>30,757,159</u>	<u>358,325</u>	<u>4,236,229</u>	<u>(26,162,605)</u>
TP	Total Primary Government	<u>\$ 30,757,159</u>	<u>\$ 358,325</u>	<u>\$ 4,236,229</u>	<u>(26,162,605)</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				26,446,620
DT	Property Taxes, Levied for Debt Service				2,105,852
IE	Investment Earnings				67,407
GC	Grants and Contributions Not Restricted to Specific Programs				1,106,363
MI	Miscellaneous				158,846
TR	Total General Revenues and Transfers				<u>29,885,088</u>
CN	Change in Net Position				3,722,483
NB	Net Position - Beginning				30,105,973
PA	Prior Period Adjustment				(2,995,874)
	Net Position - Beginning, as Restated				27,110,098
NE	Net Position - Ending				<u>\$ 30,832,582</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2015

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 Cash and Cash Equivalents	\$ 2,745,398	\$ 153,790	\$ 327,828	\$ 3,227,016
1120 Current Investments	12,823,857	15,447,710	1,061,003	29,332,570
1220 Taxes Receivable, Net	1,017,297	--	--	1,017,297
1240 Due from Other Governments	55,716	--	679,622	735,338
1260 Due from Other Funds	562,633	--	--	562,633
1290 Other Receivables	330	--	85	415
1300 Inventories	42,243	--	36,211	78,454
1410 Unrealized Expenditures	16,272	--	--	16,272
1000 Total Assets	<u>17,263,746</u>	<u>15,601,500</u>	<u>2,104,749</u>	<u>34,969,995</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Expenditures	3,500	--	--	3,500
1700 Total Deferred Outflows of Resources	<u>3,500</u>	<u>--</u>	<u>--</u>	<u>3,500</u>
1000A Total Assets and Deferred Outflows of Resources	<u>\$ 17,267,246</u>	<u>\$ 15,601,500</u>	<u>\$ 2,104,749</u>	<u>\$ 34,973,495</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 105,232	\$ 2,762,387	\$ 31,399	\$ 2,899,018
2150 Payroll Deductions & Withholdings	343,901	--	--	343,901
2160 Accrued Wages Payable	700,359	--	53,477	753,836
2170 Due to Other Funds	--	--	562,633	562,633
2180 Due to Other Governments	606,803	--	--	606,803
2300 Unearned Revenue	--	--	900	900
2000 Total Liabilities	<u>1,756,295</u>	<u>2,762,387</u>	<u>648,409</u>	<u>5,167,091</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred Revenue	1,024,167	--	38,300	1,062,467
2600 Total Deferred Inflows of Resources	<u>1,024,167</u>	<u>--</u>	<u>38,300</u>	<u>1,062,467</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 Inventories	42,243	--	36,211	78,454
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	275,659	275,659
3470 Capital Acquisitions & Contractual Obligations	1,000,000	12,839,113	--	13,839,113
3480 Retirement of Long-Term Debt	--	--	1,066,972	1,066,972
Committed Fund Balances:				
3510 Construction	210,000	--	--	210,000
3530 Capital Expenditures for Equipment	215,000	--	--	215,000
3600 Unassigned	13,019,541	--	--	13,019,541
Unassigned, Reported in Nonmajor:				
3610 Special Revenue Funds	--	--	39,198	39,198
3000 Total Fund Balances	<u>14,486,784</u>	<u>12,839,113</u>	<u>1,418,040</u>	<u>28,743,937</u>
4000 Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 17,267,246</u>	<u>\$ 15,601,500</u>	<u>\$ 2,104,749</u>	<u>\$ 34,973,495</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2015

Total fund balances - governmental funds balance sheet	\$ 28,743,937
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	33,960,610
Payables for bond principal which are not due in the current period are not reported in the funds.	(27,720,830)
Payables for capital leases which are not due in the current period are not reported in the funds.	(31,423)
Bond issue premiums reported as liabilities in the statement of net position are not reported in the funds.	(2,028,962)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	1,024,167
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(2,644,186)
Deferred Resource Inflows related to TRS are not reported in the funds.	(808,864)
Deferred Resource Outflows related to TRS are not reported in the funds.	<u>338,133</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 30,832,582</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	10	60	98	
	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 26,322,943	\$ 26,339	\$ 2,403,085	\$ 28,752,367
5800 State Program Revenues	2,110,977	--	375,300	2,486,277
5900 Federal Program Revenues	94,652	--	2,761,663	2,856,315
5020 Total Revenues	<u>28,528,572</u>	<u>26,339</u>	<u>5,540,048</u>	<u>34,094,959</u>
EXPENDITURES:				
Current:				
0011 Instruction	13,561,485	--	1,635,403	15,196,888
0012 Instructional Resources and Media Services	422,830	--	6,598	429,428
0013 Curriculum and Staff Development	202,415	--	197,125	399,540
0021 Instructional Leadership	458,330	--	--	458,330
0023 School Leadership	1,653,755	--	1,556	1,655,311
0031 Guidance, Counseling, & Evaluation Services	880,989	--	100,439	981,428
0032 Social Work Services	448	--	--	448
0033 Health Services	314,900	--	--	314,900
0034 Student Transportation	1,237,988	--	448	1,238,436
0035 Food Service	--	--	1,328,793	1,328,793
0036 Cocurricular/Extracurricular Activities	1,019,814	--	30,450	1,050,264
0041 General Administration	1,258,045	--	--	1,258,045
0051 Facilities Maintenance and Operations	2,892,453	--	31,500	2,923,953
0052 Security and Monitoring Services	298,853	--	--	298,853
0053 Data Processing Services	460,992	--	--	460,992
0061 Community Services	9,122	--	36,133	45,255
0071 Principal on Long-term Debt	330,046	--	1,335,000	1,665,046
0072 Interest on Long-term Debt	33,793	--	656,242	690,035
0073 Bond Issuance Costs and Fees	--	--	172,529	172,529
0081 Capital Outlay	77,965	9,476,282	--	9,554,247
0091 Contracted Instructional Services				
0091 Between Public Schools	844,005	--	--	844,005
0095 Payments to Juvenile Justice Alternative				
0095 Education Programs	96,130	--	--	96,130
0099 Other Intergovernmental Charges	312,724	--	--	312,724
6030 Total Expenditures	<u>26,367,082</u>	<u>9,476,282</u>	<u>5,532,216</u>	<u>41,375,580</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>2,161,490</u>	<u>(9,449,943)</u>	<u>7,832</u>	<u>(7,280,621)</u>
Other Financing Sources and (Uses):				
7911 Capital-Related Debt Issued (Regular Bonds)	--	8,910,000	--	8,910,000
7913 Issuance of Capital Leases	37,260	--	--	37,260
7915 Transfers In	--	--	400,000	400,000
7916 Premium or Discount on Issuance of Bonds	--	1,075,000	244,286	1,319,286
7917 Prepaid Interest	--	--	7,979	7,979
8911 Transfers Out	(500,000)	--	--	(500,000)
8949 Other Uses	(16,414)	--	--	(16,414)
7080 Total Other Financing Sources and (Uses)	<u>(479,154)</u>	<u>9,985,000</u>	<u>652,265</u>	<u>10,158,111</u>
1200 Net Change in Fund Balances	<u>1,682,336</u>	<u>535,057</u>	<u>660,097</u>	<u>2,877,490</u>
0100 Fund Balances - Beginning	12,804,448	12,304,056	757,943	25,866,447
3000 Fund Balances - Ending	<u>\$ 14,486,784</u>	<u>\$ 12,839,113</u>	<u>\$ 1,418,040</u>	<u>\$ 28,743,937</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2015

Net change in fund balances - total governmental funds	\$ 2,877,490
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	10,207,604
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,128,130)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	376,704
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,658,623
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	5,837
The net revenue (expense) of internal service funds is reported with governmental activities.	5,473
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.	(8,910,000)
Bond premiums are reported in the funds but not in the SOA.	(1,319,287)
Amortization of bond premium is reported as an expense in the SOA but are not reported in the funds	104,470
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(37,260)
The District's share of the unrecognized deferred inflows and outflows for TRS had to be amortized.	(119,043)
Rounding difference	<u>1</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 3,722,483</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND

AUGUST 31, 2015

Data Control Codes		Nonmajor Internal Service Fund <u>Print</u> <u>Shop</u> <u>Fund</u>
	ASSETS:	
	Current Assets:	
1110	Cash and Cash Equivalents	\$ 6,720
	Total Current Assets	<u>6,720</u>
1000	Total Assets	<u>6,720</u>
	LIABILITIES:	
	Current Liabilities:	
2110	Accounts Payable	\$ 6,720
	Total Current Liabilities	<u>6,720</u>
2000	Total Liabilities	<u>6,720</u>
	NET POSITION:	
3000	Total Net Position	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET POSITION - INTERNAL SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	Nonmajor Internal Service Fund <u>Print Shop Fund</u>
OPERATING REVENUES:	
5700 Local and Intermediate Sources	\$ 76,873
5800 State Program Revenues	4,714
5020 Total Revenues	<u>81,587</u>
OPERATING EXPENSES:	
6100 Payroll Costs	75,473
6200 Professional and Contracted Services	76,834
6300 Supplies and Materials	23,806
6030 Total Expenses	<u>176,113</u>
Income (Loss) before Contributions and Transfers	(94,526)
7915 Transfers In	<u>100,000</u>
1300 Change in Net Position	5,474
0100 Total Net Position - Beginning	(5,474)
3300 Total Net Position - Ending	<u>\$</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

	Nonmajor Internal Service Fund
Cash Flows from Operating Activities:	
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	\$ 76,872 \$
Cash Payments to Employees for Services	(70,759)
Cash Payments to Other Suppliers for Goods and Services	(103,326)
Net Cash Provided (Used) by Operating Activities	<u>(97,213)</u>
Cash Flows from Non-capital Financing Activities:	
Transfers From (To) Primary Government	100,000
Net Cash Provided (Used) by Non-capital Financing Activities	<u>100,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,787
Cash and Cash Equivalents at Beginning of Year	3,933
Cash and Cash Equivalents at End of Year	<u>\$ 6,720 \$</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (94,526) \$
Adjustments to Reconcile Operating Income to Net Cash	
Change in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	(2,687)
Total Adjustments	<u>(2,687)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (97,213) \$</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2015

Data Control Codes	Private-purpose Trust Funds	Agency Funds Student Activity
ASSETS:		
1110 Cash and Cash Equivalents	\$ 179,732	\$ --
1120 Current Investments	94,102	149,470
1000 Total Assets	<u>273,834</u>	<u>149,470</u>
LIABILITIES:		
Current Liabilities:		
2190 Due to Student Groups	\$ --	\$ 149,470
2000 Total Liabilities	<u>--</u>	<u>149,470</u>
NET POSITION:		
3800 Held in Trust	273,834	--
3000 Total Net Position	<u>\$ 273,834</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

	Private- Purpose Trusts
Additions:	
Investment Income	\$ 453
Donations	44,965
Total Additions	<u>45,418</u>
Deductions:	
Scholarship Awards	37,997
Finance Charges	48
Total Deductions	<u>38,045</u>
Change in Net Position	7,373
Net Position-Beginning of the Year	266,461
Net Position-End of the Year	<u>\$ 273,834</u>

The accompanying notes are an integral part of this statement.

GONZALES INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

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

The District reports the following major governmental funds:

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

Capital Project Fund: This fund is used to account for construction projects undertaken with proceeds from general obligation bonds issued by the District. Expenditures are restricted to those allowed by bond agreements.

GONZALES INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

In addition, the District reports the following fund types:

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

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

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

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

b. **Measurement Focus, Basis of Accounting**

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

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

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

3. **Financial Statement Amounts**

a. **Cash and Cash Equivalents**

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

b. **Property Taxes**

GONZALES INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

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

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

Property taxes receivable at year end are as follows:

Gross property taxes receivable	\$ 2,033,903
Less: Allowance for uncollectible	(1,016,606)
Net property taxes receivable	<u>\$ 1,017,297</u>

c. Inventories and Prepaid Items

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

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

d. Capital Assets

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

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

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

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a

GONZALES INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

f. Receivable and Payable Balances

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

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

g. Interfund Activity

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

h. Use of Estimates

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

i. Data Control Codes

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

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

k. Net Position Flow Assumption

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

l. Fund Balance Flow Assumptions

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

4. Pensions

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

At August 31, 2015 the District reported the following:

Net Pension Asset	\$	--
Net Pension Liability	\$	2,644,186

5. New Accounting Standards Adopted

In fiscal year 2015, the District adopted five new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Governmental Operations*

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- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.*

- a. Statement No. 67 establishes financial reporting standards, but not funding or budgetary standards, for state and local government defined benefit pension plans and defined contribution pension plans that are administered through trusts or equivalent arrangements (Pension Trusts) in which:
 - 1) Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
 - 2) Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
 - 3) Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and presentation as pension trust funds in the financial statements of another government, and specifies the required approach to measuring the pension liability of employers and any nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which certain information is required to be presented. Distinctions are made regarding the particular presentation requirements depending upon the type of pension plan administered. For defined contribution plans, the Statement provides specific note disclosure requirements.

The adoption of Statement No. 67 has no impact on the District's financial statements.

- b. Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement.

- c. Statement No. 69 improves financial reporting by addressing accounting and financial reporting for

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government combinations and disposals of government operation. The term "government combinations" is used to refer to a variety of arrangements including mergers and acquisitions. Mergers include combinations of legally separate entities without the exchange of significant consideration. Government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. Government combinations also include transfers of operations that do not constitute entire legally separate entities in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 69.

- d. Statement No. 70 was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

The Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The Statement requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

There was no impact on the District's financial statements as a result of the implementation of Statement No. 70.

- e. Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Since the measurement date of the pension plan was different than the District's final year-end, the effects from the District's reported contributions to the plan subsequent to the respective measurement date of the plan as an increase in deferred outflow of resources and a decrease in net position.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

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

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C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2015, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,727,016 and the bank balance was \$4,178,099. The District's cash deposits at August 31, 2015 and during the year ended August 31, 2015, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

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

The District's investments at August 31, 2015 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Texpool	N/A	\$ 3,511,044
Lone Star Investment Pool		
Corporate Overnight Plus	N/A	23,204,499
Texas Cooperative Liquid Asset		
Security System	N/A	2,117,027
Certificates of Deposit		
South Star Bank	Various	500,000
Total Investments		<u>\$ 29,332,570</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

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the District was not significantly exposed to credit risk.

At August 31, 2015, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

<u>Investment or Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>
Texpool	AAAm	Standard and Poors
Lone Star Investment Pool		
Corporate Overnight Plus	AAA	Standard and Poors
Texas Cooperative Liquid Asset		
Security System	AAAm	Standard and Poors

b. Custodial Credit Risk

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

Investment Accounting Policy

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

Public Funds Investment Pools

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

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maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

Lone Star

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

TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

Texas Cooperative Liquid Asset Securities System (Texas Class)

Texas Class is a local government investment pool created as an investment pool for its participants, pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. Participants are local governments who elect to participate in the Trust. Under the agreement, there are four objectives of the Trust: (1) Legality-investing in only in investments legally permitted under Texas Law; (2) Safety-minimizing risk by managing portfolio investments so as to preserve principal and maintain a stable asset value and to maintain the highest rating from the Trust from a nationally recognized statistical rating organization for so long as such rating is required by Texas law; (3) Liquidity-managing portfolio investments to insure that cash will available as required to finance participant's operations; and (4) Yield-maximizing current income to the degree consistent with legality, safety and liquidity.

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D. Capital Assets

Capital asset activity for the year ended August 31, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,424,396	\$ 46,145	\$ --	\$ 1,470,541
Construction in progress	1,968,447	9,432,137	--	11,400,584
Total capital assets not being depreciated	<u>3,392,843</u>	<u>9,478,282</u>	<u>--</u>	<u>12,871,125</u>
Capital assets being depreciated:				
Buildings and improvements	36,857,084	--	--	36,857,084
Equipment	1,193,029	309,444	--	1,502,473
Vehicles	2,877,556	382,618	130,050	3,130,124
Assets under capitalized leases	--	37,260	--	37,260
Total capital assets being depreciated	<u>40,927,669</u>	<u>729,322</u>	<u>130,050</u>	<u>41,526,941</u>
Less Less accumulated depreciation for:				
Buildings and improvements	(16,800,805)	(778,016)	--	(17,578,821)
Equipment	(974,097)	(112,163)	--	(1,086,260)
Vehicles	(1,664,474)	(236,088)	(130,050)	(1,770,512)
Assets under capitalized leases	--	(1,863)	--	(1,863)
Total accumulated depreciation	<u>(19,439,376)</u>	<u>(1,128,130)</u>	<u>(130,050)</u>	<u>(20,437,456)</u>
Total capital assets being depreciated, net	<u>21,488,293</u>	<u>(398,808)</u>	<u>--</u>	<u>21,089,485</u>
Governmental activities capital assets, net	<u>\$ 24,881,136</u>	<u>\$ 9,079,474</u>	<u>\$ --</u>	<u>\$ 33,960,610</u>

Depreciation was charged to functions as follows:

Instruction	\$ 294,591
Instructional Resources and Media Services	19,889
Curriculum and Staff Development	6,441
Instructional Leadership	7,389
School Leadership	26,685
Guidance, Counseling, & Evaluation Services	15,821
Social Work Services	7
Health Services	5,076
Student Transportation	215,262
Food Services	22,696
Extracurricular Activities	95,937
General Administration	23,453
Plant Maintenance and Operations	57,709
Security and Monitoring Services	9,505
Data Processing Services	19,427
Community Services	71
Facilities Acquisition and Construction	308,171
	<u>\$ 1,128,130</u>

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E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2015, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 562,633	Short-term loans
	Total	\$ 562,633	

Not included in the above analysis, \$10,000 that is due from the Payroll Clearing Fund, which is consider part of the General Fund for financial statement purposes.

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

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2015, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Debt service fund	\$ 400,000	Provide resources for repayment of general obligation bonds
General fund	Nonmajor internal service fund	100,000	Supplement other fund sources
	Total	\$ 500,000	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2015, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 20,469,453	\$ 8,910,000	\$ 1,658,623	\$ 27,720,830	\$ 1,156,536
Bond premium	814,146	1,319,286	104,470	2,028,962	197,499
Capital leases	--	37,260	5,837	31,423	18,391
Total governmental activities	\$ 21,283,599	\$ 10,266,546	\$ 1,768,930	\$ 29,781,215	\$ 1,372,426
<u>General obligations bonds</u>					
Unlimited Tax REfunding Series 2005 CIB	3.39%	\$ 2,155,000	\$ --	\$ 510,000	1,645,000
Maintenance Tax Notes Series 2009 QSCB	1.0%	3,724,453	--	323,623	3,400,830
Unlimited Tax School Bldg Bonds Series 2014	2.0% to 5.0%'	14,590,000	--	825,000	13,765,000
Unlimited Tax School Bldg Bonds Series 2015A	3.0% to 4.0%	--	8,650,000	--	8,650,000
Unlimited Tax School Bldg Bonds Series 2015B	3.0% to 4.0%	--	260,000	--	260,000
Total		\$ 20,469,453	\$ 8,910,000	\$ 1,658,623	\$ 27,720,830

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2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2015, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 1,156,536	\$ 1,080,743	\$ 2,237,279
2017	1,094,475	991,409	2,085,884
2018	1,027,440	965,607	1,993,047
2019	1,025,431	945,662	1,971,093
2020	1,048,451	914,274	1,962,725
2021-2025	5,768,497	4,044,625	9,813,122
2026-2030	4,880,000	3,133,381	8,013,381
2031-2035	5,920,000	2,108,279	8,028,279
2036-2039	5,800,000	625,250	6,425,250
Totals	\$ 27,720,830	\$ 14,809,230	\$ 42,530,060

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of August 31, 2015, as follows:

Year Ending August 31:	Capital leases		
	Principal	Interest	Total
2016	\$ 18,391	\$ 1,696	\$ 20,087
2017	13,032	362	13,394
Totals	\$ 31,423	\$ 2,058	\$ 33,481

The effective interest rate on capital leases is 7.340%.

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2015, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Pension Plan

1. Plan Description

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

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

2. Pension Plan Fiduciary Net Position

Detailed information about the TRS' fiduciary net position is available in a separately-issued Comprehensive

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Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.trs.state.tx.us/about/documents/cafr.pdf#CAFR; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

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

4. Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

	Contribution Rates	
	2014	2015
Member	6.4%	6.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2014 Employer Contributions	\$ 250,971	
District's 2014 Member Contributions	\$ 1,048,694	
NECE 2014 On-Behalf Contributions to District	\$ 884,936	

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

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

GONZALES INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

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

In addition to the employer contributions listed above, when employing a retiree of the TRS the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

5. Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial evaluation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5 Year Market Value
Discount Rate	8%
Long-term Expected Rate of Return*	8%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.5%

* Includes inflation of 3%

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011, they contained significant margin for possible future mortality improvements. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards Practice No. 35.

6. Discount Rate

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

The long-term expected rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of

GONZALES INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2015

expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-term Expected Portfolio Real Rate of Return *
Global Equity			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
Stable Value			
U.S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
Real Return			
Global Inflat. Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy & Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
Risk Parity			
Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
Total	100%		8.7%

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

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1 percentage point less and 1 percentage point greater than the discount rate that was used (8%) in measuring the 2014 net pension liability.

	1% Decrease 7%	Current Discount Rate 8%	1% Increase 9%
District's proportionate share of the net pension liability	\$ 4,725,001	\$ 2,644,186	\$ 1,088,125
Plan net pension liability (in millions from TRS CAFR)	\$ 47,737	\$ 26,717	\$ 10,998

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

At August 31, 2015, the District reported a liability of \$2,644,186 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

GONZALES INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

District's proportionate share of the collective net pension liability	\$ 2,644,186
State's proportionate share of the net pension liability associated with the District	<u>9,343,469</u>
Total	<u>\$ 11,987,655</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 through August 31, 2014.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

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

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's measurement date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2015, the District recognized pension expense of \$863,786 and revenue of \$863,786 for support provided by the State.

At August 31, 2015, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual economic experience	\$ 40,893	\$ --
Changes in actuarial assumptions	171,875	--
Difference between projected and actual investment earnings	--	808,171
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	--	693
District contributions paid to TRS subsequent to the measurement date	<u>125,365</u>	<u>--</u>
Total	<u>\$ 338,133</u>	<u>\$ 808,864</u>

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

Year Ended August 31		
2016	\$	(166,266)
2017	\$	(166,266)
2018	\$	(166,266)
2019	\$	(166,266)
2020	\$	35,777
Thereafter	\$	33,191

GONZALES INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

I. Retiree Health Care Plans

1. TRS-Care

a. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at www.trs.state.tx.us under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas contribution rate was 1% for fiscal years 2015 and 2014, and 0.5% for fiscal year 2013. The active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2015, 2014 and 2013. For the years ended August 31, 2015, 2014, and 2013, the State's contributions to TRS-Care were \$171,766, \$163,857, and \$77,932, respectively, the active member contributions were \$111,647, \$106,506, and \$101,298, respectively, and the District's contributions were \$94,472, \$90,121, and \$85,725, respectively, which equaled the required contributions each year.

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2015, 2014, and 2013, the subsidy payments received by TRS-Care on behalf of the District were \$70,224, \$43,670, and \$42,011, respectively.

J. Employee Health Care Coverage

During the year ended August 31, 2015, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$250 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

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

TRS ActiveCare is a self funded program through the Teachers Retirement System of Texas. It is not an insured

GONZALES INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

plan. Rates and benefits are not determined by the vendors administering the program but by the TRS Trustees based on the claims experience of the Plan. The latest financial statement for the Teachers Retirement System of Texas is available for the year ended August 31, 2015.

K. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2015.

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Required Supplementary Information

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

GONZALES INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT G-1
 Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 25,508,210	\$ 25,529,770	\$ 26,322,943	\$ 793,173
5800	State Program Revenues	2,503,487	2,503,937	2,110,977	(392,960)
5900	Federal Program Revenues	230,000	230,000	94,652	(135,348)
5020	Total Revenues	<u>28,241,697</u>	<u>28,263,707</u>	<u>28,528,572</u>	<u>264,865</u>
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	14,648,835	13,930,912	13,561,485	369,427
0012	Instructional Resources and Media Services	427,596	446,860	422,830	24,030
0013	Curriculum and Staff Development	225,278	230,243	202,415	27,828
	Total Instruction & Instr. Related Services	<u>15,301,708</u>	<u>14,608,015</u>	<u>14,186,730</u>	<u>421,285</u>
Instructional and School Leadership:					
0021	Instructional Leadership	434,499	461,235	458,330	2,905
0023	School Leadership	1,523,861	1,684,934	1,653,755	31,179
	Total Instructional & School Leadership	<u>1,958,360</u>	<u>2,146,169</u>	<u>2,112,085</u>	<u>34,084</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	857,466	889,193	880,989	8,204
0032	Social Work Services	1,200	1,200	448	752
0033	Health Services	302,970	358,020	314,900	43,120
0034	Student (Pupil) Transportation	1,180,226	1,335,226	1,237,988	97,238
0035	Food Services	--	900	--	900
0036	Cocurricular/Extracurricular Activities	972,363	1,115,636	1,019,814	95,822
	Total Support Services - Student (Pupil)	<u>3,314,225</u>	<u>3,700,175</u>	<u>3,454,139</u>	<u>246,036</u>
Administrative Support Services:					
0041	General Administration	1,441,405	1,323,212	1,258,045	65,167
	Total Administrative Support Services	<u>1,441,405</u>	<u>1,323,212</u>	<u>1,258,045</u>	<u>65,167</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	2,890,364	3,320,564	2,892,453	428,111
0052	Security and Monitoring Services	114,013	327,623	298,853	28,770
0053	Data Processing Services	373,302	639,860	460,992	178,868
	Total Support Services - Nonstudent Based	<u>3,377,679</u>	<u>4,288,047</u>	<u>3,652,298</u>	<u>635,749</u>
Ancillary Services:					
0061	Community Services	1,500	9,550	9,122	428
	Total Ancillary Services	<u>1,500</u>	<u>9,550</u>	<u>9,122</u>	<u>428</u>
Debt Service:					
0071	Principal on Long-Term Debt	323,672	330,851	330,046	805
0072	Interest on Long-Term Debt	33,526	33,847	33,793	54
	Total Debt Service	<u>357,198</u>	<u>364,698</u>	<u>363,839</u>	<u>859</u>
Capital Outlay:					
0081	Capital Outlay	77,487	1,062,487	77,965	984,522
	Total Capital Outlay	<u>77,487</u>	<u>1,062,487</u>	<u>77,965</u>	<u>984,522</u>
Intergovernmental Charges:					
0091	Contracted Instr. Services Between Public Schools	1,015,401	1,015,401	844,005	171,396

GONZALES INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	106,000	106,000	96,130	9,870
0099	Other Intergovernmental Charges	355,200	355,200	312,724	42,476
	Total Intergovernmental Charges	<u>1,476,601</u>	<u>1,476,601</u>	<u>1,252,859</u>	<u>223,742</u>
6030	Total Expenditures	<u>27,306,163</u>	<u>28,978,954</u>	<u>26,367,082</u>	<u>2,611,872</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>935,534</u>	<u>(715,247)</u>	<u>2,161,490</u>	<u>2,876,737</u>
	Other Financing Sources (Uses):				
7913	Issuance of Capital Leases	--	--	37,260	37,260
8911	Transfers Out	(130,000)	(530,000)	(500,000)	30,000
8949	Other Uses	--	(16,414)	(16,414)	--
7080	Total Other Financing Sources and (Uses)	<u>(130,000)</u>	<u>(546,414)</u>	<u>(479,154)</u>	<u>67,260</u>
1200	Net Change in Fund Balance	805,534	(1,261,661)	1,682,336	2,943,997
0100	Fund Balance - Beginning	12,804,448	12,804,448	12,804,448	--
3000	Fund Balance - Ending	<u>\$ 13,609,982</u>	<u>\$ 11,542,787</u>	<u>\$ 14,486,784</u>	<u>\$ 2,943,997</u>

GONZALES INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 TEACHERS RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS *

	Fiscal Year <u>2015</u>
District's proportion of the net pension liability (asset)	0.009899%
District's proportionate share of the net pension liability (asset)	\$ 2,644,186
State's proportionate share of the net pension liability (asset) associated with the District	9,343,469
Total	\$ <u>11,987,655</u>
District's covered-employee payroll	\$ 16,385,682
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	16.14%
Plan fiduciary net position as a percentage of the total pension liability	83.25%

* Only one year of data is presented in accordance with GASB #68, paragraph 138. The information for all periods for the 10-year schedules are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.

GONZALES INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Fiscal Year <u>2015</u>
Contractually required contribution	\$ 227,549
Contributions in relation to the contractually required contribution	(227,549)
Contribution deficiency (excess)	<u>\$ --</u>
District's covered-employee payroll	\$ 16,385,682
Contributions as a percentage of covered-employee payroll	1.39%

* Only one year of data is presented in accordance with GASB #68, paragraph 138. The information for all periods for the 10-year schedules are required to be presented as required supplementary infomations may not be available initially. In these cases, during the transistion period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.

GONZALES INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2015

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. 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.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

GONZALES INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-1

CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ 26,339	\$ 26,339
5020	Total Revenues	<u>--</u>	<u>--</u>	<u>26,339</u>	<u>26,339</u>
EXPENDITURES:					
Current:					
Support Services - Nonstudent Based:					
0052	Security and Monitoring Services	--	350,001	--	350,001
	Total Support Services - Nonstudent Based	<u>--</u>	<u>350,001</u>	<u>--</u>	<u>350,001</u>
Capital Outlay:					
0081	Capital Outlay	--	26,741,450	9,476,282	17,265,168
	Total Capital Outlay	<u>--</u>	<u>26,741,450</u>	<u>9,476,282</u>	<u>17,265,168</u>
6030	Total Expenditures	<u>--</u>	<u>27,091,451</u>	<u>9,476,282</u>	<u>17,615,169</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>--</u>	<u>(22,289,056)</u>	<u>(9,449,943)</u>	<u>12,839,113</u>
Other Financing Sources (Uses):					
7911	Capital-Related Debt Issued (Regular Bonds)	--	8,910,000	8,910,000	--
7916	Premium or Discount on Issuance of Bonds	--	1,075,000	1,075,000	--
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>9,985,000</u>	<u>9,985,000</u>	<u>--</u>
1200	Net Change in Fund Balance	<u>--</u>	<u>(12,304,056)</u>	<u>535,057</u>	<u>12,839,113</u>
0100	Fund Balance - Beginning	12,304,056	12,304,056	12,304,056	--
3000	Fund Balance - Ending	<u>\$ 12,304,056</u>	<u>\$ --</u>	<u>\$ 12,839,113</u>	<u>\$ 12,839,113</u>

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Other Supplementary Information

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

GONZALES INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED AUGUST 31, 2015

Year Ended August 31	1		2		3
	Tax Rates				Assessed/Appraised Value For School Tax Purposes
	Maintenance	Debt Service			
2006 and Prior Years	\$ Various	\$ Various			\$ Various
2007	1.2313	.0647			456,855,840
2008	.9357	.0707			501,197,834
2009	1.015	.0655			577,066,040
2010	1.04	.0715			576,322,529
2011	1.04	.0683			554,584,162
2012	1.04	.0655			647,771,958
2013	.9357	.0367			1,201,951,716
2014	.9357	.032			1,848,152,263
2015 (School Year Under Audit)	1.04	.0848			2,554,219,694

1000 Totals

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

10 Beginning Balance 9/1/14	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/15
\$ 236,041	\$ --	\$ 17,023	\$ 730	\$ (32,594)	\$ 185,694
59,973	--	7,290	383	(1,930)	50,370
56,225	--	6,767	511	(1,775)	47,172
75,475	--	11,571	731	(1,703)	61,470
98,871	--	22,717	1,517	(1,848)	72,789
105,437	--	22,975	1,493	(1,665)	79,304
131,178	--	33,493	2,009	(1,550)	94,126
191,650	--	45,099	1,733	(9,955)	134,863
339,385	--	184,270	6,302	130,723	279,536
--	28,729,863	25,509,597	2,077,921	(113,766)	1,028,579
<u>\$ 1,294,235</u>	<u>\$ 28,729,863</u>	<u>\$ 25,860,802</u>	<u>\$ 2,093,330</u>	<u>\$ (36,063)</u>	<u>\$ 2,033,903</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

GONZALES INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)
GENERAL FUND
AS OF AUGUST 31, 2015

EXHIBIT J-2

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2015 (Exhibit C-1 object 3000 for the General Fund only)	\$ 14,486,784
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	42,243
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	1,000,000
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	425,000
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	--
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	--
7	Estimate of two months' average cash disbursements during the fiscal year	5,859,352
8	Estimate of delayed payments from state sources (58XX)	--
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
10	Estimate of delayed payments from federal sources (59XX)	--
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	7,326,595
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ 7,160,189

If Item 11 is a Positive Number

The District has historically tried to maintain an undesignated fund balance equal to three months of operating expenditures. This would equal approximately \$8,789,028.

GONZALES INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT J-3

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 282,800	\$ 300,619	\$ 265,905	\$ (34,714)
5800	State Program Revenues	6,800	67,115	45,231	(21,884)
5900	Federal Program Revenues	1,169,408	1,178,366	1,094,740	(83,626)
5020	Total Revenues	<u>1,459,008</u>	<u>1,546,100</u>	<u>1,405,876</u>	<u>(140,224)</u>
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	<u>1,459,008</u>	<u>1,679,483</u>	<u>1,304,861</u>	<u>374,622</u>
	Total Support Services - Student (Pupil)	<u>1,459,008</u>	<u>1,679,483</u>	<u>1,304,861</u>	<u>374,622</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>--</u>
	Total Support Services - Nonstudent Based	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>--</u>
6030	Total Expenditures	<u>1,489,008</u>	<u>1,709,483</u>	<u>1,334,861</u>	<u>374,622</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(30,000)</u>	<u>(163,383)</u>	<u>71,015</u>	<u>234,398</u>
Other Financing Sources (Uses):					
7915	Transfers In	<u>30,000</u>	<u>30,000</u>	<u>--</u>	<u>(30,000)</u>
7080	Total Other Financing Sources and (Uses)	<u>30,000</u>	<u>30,000</u>	<u>--</u>	<u>(30,000)</u>
1200	Net Change in Fund Balance	<u>--</u>	<u>(133,383)</u>	<u>71,015</u>	<u>204,398</u>
0100	Fund Balance - Beginning	<u>240,729</u>	<u>240,729</u>	<u>240,729</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ 240,729</u>	<u>\$ 107,346</u>	<u>\$ 311,744</u>	<u>\$ 204,398</u>

GONZALES INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 575,410	\$ 2,022,226	\$ 2,107,621	\$ 85,395
5020	Total Revenues	<u>575,410</u>	<u>2,022,226</u>	<u>2,107,621</u>	<u>85,395</u>
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	510,000	1,363,985	1,335,000	28,985
0072	Interest on Long-Term Debt	64,410	729,039	656,242	72,797
0073	Bond Issuance Costs and Fees	1,000	181,467	172,529	8,938
	Total Debt Service	<u>575,410</u>	<u>2,274,491</u>	<u>2,163,771</u>	<u>110,720</u>
6030	Total Expenditures	<u>575,410</u>	<u>2,274,491</u>	<u>2,163,771</u>	<u>110,720</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>--</u>	<u>(252,265)</u>	<u>(56,150)</u>	<u>196,115</u>
Other Financing Sources (Uses):					
7915	Transfers In	--	400,000	400,000	--
7916	Premium or Discount on Issuance of Bonds	--	244,287	244,286	(1)
7917	Prepaid Interest	--	7,979	7,979	--
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>652,265</u>	<u>652,265</u>	<u>--</u>
1200	Net Change in Fund Balance	<u>--</u>	<u>400,000</u>	<u>596,115</u>	<u>196,115</u>
0100	Fund Balance - Beginning	470,857	470,857	470,857	--
3000	Fund Balance - Ending	<u>\$ 470,857</u>	<u>\$ 870,857</u>	<u>\$ 1,066,972</u>	<u>\$ 196,115</u>

FLOYD AND GINDLER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
421 ST. JAMES – P.O. BOX 638
Gonzales, TX 78629
(830)-672-2824

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

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

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gonzales Independent School District, as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise Gonzales Independent School District's basic financial statements, and have issued our report thereon dated January 11, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Gonzales Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Gonzales Independent School District's Response to Findings

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

Purpose of this Report

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

Respectfully submitted,



Floyd & Gindler, PC

Gonzales, Texas
January 11, 2016

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

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

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Gonzales Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Gonzales Independent School District's major federal programs for the year ended August 31, 2015. Gonzales Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Gonzales Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2015.

Report on Internal Control Over Compliance

Management of the Gonzales Independent School District is responsible for establishing and maintaining

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

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

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

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

Respectfully submitted,



Floyd & Gindler, PC

Gonzales, Texas
January 11, 2016

GONZALES INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2015

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? _____ Yes X No

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

Noncompliance material to financial statements noted? _____ Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? _____ Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I, Part A Improving Basic Programs
84.027A/84.173A	IDEA-B Cluster

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

Auditee qualified as low-risk auditee? X Yes _____ No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

GONZALES INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2015

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
Finding 2014-1 Title II, Part A	Implemented	

GONZALES INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2015

None

GONZALES INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs *	84.010a	1561010108990	\$ 727,754
ESEA Title I Part A - Improving Basic Programs *	84.010a	16610101089901	<u>15,423</u>
Total CFDA Number 84.010a			<u>743,177</u>
IDEA-B Formula *	84.027	15660001089901600	599,899
IDEA-B Formula *	84.027	16660001089901660	<u>17,426</u>
Total CFDA Number 84.027			<u>617,325</u>
Career and Technical - Basic Grant	84.048	15420006089901	30,732
IDEA-B Preschool *	84.173	15661001089901600	11,160
IDEA-B Preschool *	84.173	16661001089901661	<u>401</u>
Total CFDA Number 84.173			<u>11,561</u>
ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358	15696001089901	59,640
Title III Part A English Language Acquisition and Language Enhance	84.365	15671001089901	23,216
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	15694501089901	160,425
Summer School LEP	84.369A	69551502	--
Total Passed Through State Department of Education			<u>1,646,076</u>
Total U. S. Department of Education			<u>1,646,076</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Health and Human Services:			
Summer Food Service Program *	10.559	089-901	20,726
Passed Through State Department of Education:			
School Breakfast Program *	10.553	089-901	297,811
National School Lunch Program *	10.555	089-901	720,728
Commodity Supplemental Food Program (Non-cash) *	10.565	089-901	76,202
Commodity Supplemental Food Program (Non-cash) *	10.565	089-901	<u>120</u>
Total CFDA Number 10.565			<u>76,322</u>
Total Passed Through State Department of Education			<u>1,094,861</u>
Total U. S. Department of Agriculture			<u>1,115,587</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,761,663</u>

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

The accompanying notes are an integral part of this schedule.

GONZALES INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2015

Basis of Presentation

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

GONZALES INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2015

<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 nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ --
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 2,644,186
SF13	Pension Expense (object 6147) at fiscal year-end.	\$ 119,043