

**GREENVILLE INDEPENDENT
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

TEN MONTHS ENDED JUNE 30, 2019

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GREENVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
TEN MONTHS ENDED JUNE 30, 2019

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CERTIFICATE OF BOARD

Greenville Independent School District
Name of School District

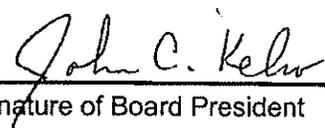
Hunt
County

116-905
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's report of the above named school district was reviewed and ✓ **approved**/ _____ **disapproved** for the period ended June 30, 2019, at a meeting of the board of school trustees of such school district on November 19, 2019.



Signature of Board Secretary



Signature of Board President

If the auditor's report was checked above as disapproved, the reasons(s) therefore is/are (attach list if necessary):

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board

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 Greenville Independent School District (District), as of and for the period ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville Independent School District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the period then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 District's basic financial statements as a whole. The schedules identified in the table of contents as other supplementary information are presented for the purpose of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used in the preparation of the basic financial statements. Such information has been subjected to the auditing procedures of the basic financial statement 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 the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplementary information schedules 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. 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 assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2019, on our consideration of the 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 the District's internal control over financial reporting and compliance.



October 7, 2019
Greenville, Texas

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

Members of the Board

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 the Greenville Independent School District (District), as of and for the period ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 7, 2019.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Internal Control – Continued

Purpose of this Report

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

Rutherford, Taylor & Company PC

October 7, 2019
Greenville, Texas

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the Board

Report on Compliance for Each Major Federal Program

We have audited Greenville Independent School District's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the period ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Internal Control over Compliance with the Uniform Guidance – Continued

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 consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Rutherford, Taylor & Company PC

October 7, 2019
Greenville, Texas

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
TEN MONTHS ENDED JUNE 30, 2019

Financial Statement Findings (Section II)

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
TEN MONTHS ENDED JUNE 30, 2019

Federal Award Findings and Questioned Costs (Section III)

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
TEN MONTHS ENDED JUNE 30, 2019

Prior Period Findings (Section IV)

2018-1

Internal Control Deficiencies – Cash Reconciliations

The District made personnel changes in addition to implementing procedural changes to streamline the reconciliation process. The procedure changes and personnel changes resolved the reconciliation issues as all bank and investment accounts are reconciled monthly in a timely manner.

Status: Completed

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
TEN MONTHS ENDED JUNE 30, 2019

Corrective Action Plans (Section V)

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
TEN MONTHS ENDED JUNE 30, 2019

This section of Greenville Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the period ended June 30, 2019. Please read it in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

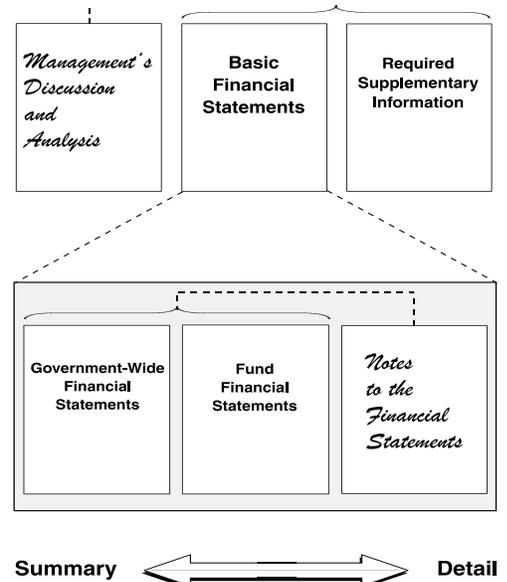
- The District's total combined net position was \$ (1,722,973) at June 30, 2019.
- During the period, the District's expenses were \$ 6,623,938 less than the \$ 63,765,550 generated in local property taxes and other revenues for governmental activities.
- The total cost of the District's programs increased over the prior year due to the prior year implementation of GASB 75 which required reporting on-behalf supplemental contributions from the state and retiree healthcare program changes.
- The General Fund reported a fund balance this period of \$ 17,395,717.

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 a print shop.
- 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.

Figure A-1, Required Components of the District's Annual Financial Report



The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
TEN MONTHS ENDED JUNE 30, 2019

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

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Government-wide	Governmental Funds	Fund Statements	
	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Proprietary Funds	Fiduciary Funds
Scope			Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current period'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 they have changed. Net position—the difference between the District's assets and liabilities—is 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 and student population.

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 period-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 on the subsequent page that explain the relationship (or differences) between them.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
TEN MONTHS ENDED JUNE 30, 2019

- Fiduciary funds—The District is the trustee, or fiduciary, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$ (1,722,973) at June 30, 2019.

Greenville Independent School District's Net Position			Table A-1
	Governmental Activities		Total Percentage Change
	2019	2018	2018-2019
Assets:			
Cash and Investments	\$ 23,785,505	\$ 13,376,574	77.81%
Other Assets	8,931,939	4,720,791	89.20%
Capital Assets less Accumulated Depreciation	<u>93,232,824</u>	<u>96,839,218</u>	-3.72%
Total Assets	\$ 125,950,268	\$ 114,936,583	9.58%
Total Deferred Outflows of Resources	\$ 9,908,192	\$ 3,894,683	154.40%
Liabilities:			
Current Liabilities	\$ 6,740,197	\$ 2,997,267	124.88%
Long-term Liabilities	<u>122,625,060</u>	<u>114,759,121</u>	6.85%
Total Liabilities	\$ 129,365,257	\$ 117,756,388	9.86%
Total Deferred Inflows of Resources	\$ 8,216,176	\$ 9,421,789	-12.80%
Net Position:			
Net Investment in Capital Assets	\$ 8,157,042	\$ 11,025,566	-26.02%
Restricted	6,534,682	3,843,356	70.03%
Unrestricted	<u>(16,414,697)</u>	<u>(23,215,833)</u>	-29.30%
Total Net Position	\$ (1,722,973)	\$ (8,346,911)	-79.36%

Approximately \$ 5,312,256 of the District's restricted net position represent funds for debt retirement. Unrestricted net position represents resources available to fund the programs of the District next year.

CHANGES IN NET POSITION

The District's total revenues were \$ 63,765,550. 46% of the District's revenue comes from property taxes (See Table A-3). 52% comes from state aid and federal grants, while only 2% relates to charges for services and other miscellaneous revenues, including investment earnings.

The total cost of all programs and services was \$ 57,141,612. 57% of these costs are for instruction and instructional related staff and student services.

The District's base tax collection percentage rate (current and delinquent – base tax only) was 98.38%. The total tax collection percentage rate (base tax and penalty and interest) was 99.40%

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
TEN MONTHS ENDED JUNE 30, 2019

GOVERNMENTAL ACTIVITIES

Changes in Greenville Independent School District's Net Position			Table A-2
	Governmental Activities		Total Percentage Change
	2019	2018	2018-2019
Program Revenues:			
Charges for Services	\$ 899,815	\$ 940,362	-4.31%
Operating Grants and Contributions	14,436,010	3,878,978	272.16%
General Revenues:			
Property Taxes	29,117,604	27,265,944	6.79%
State Aid – Formula	18,884,932	20,705,268	-8.79%
Investment Earnings	417,593	258,656	61.45%
Other	9,596	73,398	-86.93%
Total Revenues	<u>\$ 63,765,550</u>	<u>\$ 53,122,606</u>	20.03%
Expenses:			
Instruction	\$ 29,999,045	\$ 21,747,882	37.94%
Instructional Resources and Media Services	392,841	245,133	60.26%
Curriculum and Staff Development	2,233,651	1,967,649	13.52%
Instructional Leadership	589,800	481,858	22.40%
School Leadership	3,333,561	2,236,086	49.08%
Guidance, Counseling and Evaluation Services	1,654,774	1,158,426	42.85%
Social Work Services	132	127	3.94%
Health Services	457,595	362,560	26.21%
Student (Pupil) Transportation	1,553,036	992,586	56.46%
Food Services	2,842,529	2,879,397	-1.28%
Cocurricular/Extracurricular Activities	2,103,904	1,963,264	7.16%
General Administration	1,845,697	1,757,314	5.03%
Plant Maintenance and Operations	4,370,303	4,101,647	6.55%
Security and Monitoring Services	503,701	399,659	26.03%
Data Processing Services	1,499,210	1,228,028	22.08%
Community Services	261,693	97,616	168.08%
Debt Service	2,643,141	3,338,856	-20.84%
Capital Outlay	21,181	161,749	-86.91%
Payments for Shared Service Arrangements	270,192	328,174	-17.67%
Other Intergovernmental Charges	565,626	529,375	6.85%
Total Expenses	<u>\$ 57,141,612</u>	<u>\$ 45,997,386</u>	24.23%
Excess (Deficiency) Before Other Resources, Uses and Transfers	<u>\$ 6,623,938</u>	<u>\$ 7,145,220</u>	7.30%
Increase (Decrease) in Net Position	<u>\$ 6,623,938</u>	<u>\$ 7,145,220</u>	7.30%
Net Position - Beginning (September 1)	\$ (8,346,911)	\$ 18,040,854	-146.27%
Prior Period Adjustment	-	(33,532,985)	100.00%
Net Position - Beginning, as Restated	<u>\$ (8,346,911)</u>	<u>\$ (15,492,131)</u>	46.12%
Net Position - Ending (June 30)	<u>\$ (1,722,973)</u>	<u>\$ (8,346,911)</u>	79.36%

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
TEN MONTHS ENDED JUNE 30, 2019

- Table A-3 presents the cost of selected functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.
- The cost of all governmental activities this period was \$ 57,141,612.
- However, the amount that our taxpayers paid for these activities through property taxes was \$ 29,117,604.
- Some of the cost was paid by those who directly benefited from the programs, \$ 899,815, or
- By grants and contributions, \$ 14,436,010.

Greenville Independent School District Net Cost of Selected District Functions							Table A-3
	<u>Total Cost of Services</u>		%	<u>Net Cost of Services</u>		%	
	2019	2018		Change	2019		2018
Instruction	\$ 29,999,045	\$ 21,747,882	37.94%	\$ 21,541,341	\$ 20,377,612	5.71%	
School Leadership	3,333,561	2,236,086	49.08%	2,785,273	2,646,956	5.23%	
General Administration	1,845,697	1,757,314	5.03%	1,722,418	2,068,652	-16.74%	
Plant Maintenance and Operations	4,370,303	4,101,647	6.55%	4,043,987	4,439,361	-8.91%	
Debt Service	2,643,141	3,338,856	-20.84%	2,507,030	3,187,422	-21.35%	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues in the governmental funds totaled \$ 61,613,639. This represents a decrease of \$ 486,829 from the prior year revenues of \$ 62,100,468. The change represents a decrease state aid.

Expenditures in the governmental funds totaled \$ 49,725,207. This represents a decrease of \$ 11,458,864 from the prior year expenditures of \$ 61,184,071. The majority of this decrease relates to the completion of capital outlay projects going on throughout the District as well as decreased costs across all functional categories.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the period, the District revised its General Fund budget several times. With these adjustments, actual expenditures were \$ 8,656,423 below final budget amounts. The most significant positive variance resulted from reduced overall expenditures relating to the fiscal year change that reduced the months in the fiscal period to ten.

Resources available were \$ 1,089,955 below the final General Fund budgeted amount. The unfavorable variance was the result of changing the fiscal year end date to June 30 which reflected only ten months of revenue earnings.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
TEN MONTHS ENDED JUNE 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At period-end, the District had invested \$ 149,740,592 in a broad range of capital assets, including land, equipment, buildings and vehicles (See Table A-4).

Greenville Independent School District's Capital Assets			Table A-4
	Governmental Activities		Total Percentage Change
	2019	2018	2018-2019
Land	\$ 1,607,652	\$ 1,607,652	0.00%
Buildings and Improvements	140,266,587	139,999,384	0.19%
Vehicles	4,044,228	3,938,295	2.69%
Equipment	3,822,125	3,653,930	4.60%
Totals at Historical Cost	\$149,740,592	\$149,199,261	0.36%
Less Accumulated Depreciation	(56,507,768)	(52,360,043)	7.92%
Net Capital Assets	<u>\$ 93,232,824</u>	<u>\$ 96,839,218</u>	-3.72%

DEBT

At period-end the District had \$ 85,337,372 in debt outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the basic financial statements.

Bond Ratings -
The District's bonds presently carry "AAA" ratings.

Greenville Independent School District's Debt			Table A-5
	Governmental Activities		Total Percentage Change
	2019	2018	2018-2019
Bonds Payable	\$ 74,780,000	\$ 75,165,000	-0.51%
Loans Payable	1,667,898	1,772,898	-5.92%
Other Debt Payable	8,889,474	9,430,384	-5.74%
Total Debt Payable	<u>\$ 85,337,372</u>	<u>\$ 86,368,282</u>	-1.19%

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
TEN MONTHS ENDED JUNE 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's property valuation has stabilized and reflects an upward trend based on overall economic conditions and commercial development in the District. Local property tax rates are restricted by state statute, without local elections, to \$ 1.04 for maintenance and operations. The District electorate passed a tax ratification measure to increase the maintenance and operation rate by .02 to a maximum of \$1.06. The state funding formula was changed in previous years to provide state funds to replace the lost local property tax revenue. This change in funding and other legislative changes could impact the District's financial operations, including cash flows.

Student population has remained at a steady historical growth rate in the District. The economic outlook for the area is for growth to at an historical growth rate as indicated by steady property valuation changes over the previous few years. Housing has not expanded at the rate of other north central Texas communities. These economic conditions should allow the District to maintain constant funding and staffing levels.

The State has increased funding levels for the 2019-2021 biennium, which will affect the revenue levels of the District. The level of funding per attendance credits increased significantly. With these increases, the state imposed requirements to spend at least 30% of the new funding on salaries to personnel with at least 75% of the 30% to be for teachers and other designated classes of employees. With these increases in funding, the District anticipates monitoring expenditure levels to ensure financial stability remains strong.

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. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Deidra Reeves, Assistant Superintendent of Business Operations, PO Box 1022, Greenville, TX 75401.

BASIC FINANCIAL STATEMENTS

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

Data Control Codes	1	Governmental Activities
ASSETS		
1110	Cash and Investments	\$ 23,785,505
1225	Property Taxes Receivable, Net	1,837,900
1240	Due from Other Governments	6,979,249
1290	Other Receivables, Net	101,055
1300	Inventories	13,735
	Capital Assets:	
1510	Land	1,607,652
1520	Buildings and Improvements, Net	90,086,900
1530	Furniture and Equipment, Net	<u>1,538,272</u>
1000	Total Assets	<u>\$ 125,950,268</u>
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred Outflows - Refunding	\$ 230,073
1705	Deferred Outflows - Pensions	7,772,309
1706	Deferred Outflows - OPEB	<u>1,905,810</u>
1700	Total Deferred Outflows of Resources	<u>\$ 9,908,192</u>
LIABILITIES		
2110	Accounts Payable	\$ 598,390
2140	Interest Payable	1,416,962
2165	Accrued Liabilities	3,903,500
2300	Unearned Revenue	821,345
	Noncurrent Liabilities:	
2501	Due within one year	1,654,512
2502	Due in more than one year	83,682,860
2540	Net Pension Liability	15,193,602
2545	Net OPEB Liability	<u>22,094,086</u>
2000	Total Liabilities	<u>\$ 129,365,257</u>
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflows - Pensions	\$ 1,229,494
2606	Deferred Inflows - OPEB	<u>6,986,682</u>
2600	Total Deferred Inflows of Resources	<u>\$ 8,216,176</u>
NET POSITION		
3200	Net Investments in Capital Assets	\$ 8,157,042
	Restricted For:	
3820	Federal and State Programs	1,104,609
3850	Debt Service	5,312,256
3890	Other Purposes	117,817
3900	Unrestricted	<u>(16,414,697)</u>
3000	Total Net Position	<u>\$ (1,722,973)</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
TEN MONTHS ENDED JUNE 30, 2019

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	
					Governmental Activities
Governmental Activities:					
11	Instruction	\$ 29,999,045	\$ 66,490	\$ 8,391,214	\$ (21,541,341)
12	Instructional Resources and Media Services	392,841	-	31,658	(361,183)
13	Curriculum and Staff Development	2,233,651	-	1,241,752	(991,899)
21	Instructional Leadership	589,800	-	68,387	(521,413)
23	School Leadership	3,333,561	-	548,288	(2,785,273)
31	Guidance, Counseling and Evaluation Services	1,654,774	-	150,352	(1,504,422)
32	Social Work Services	132	-	-	(132)
33	Health Services	457,595	-	66,044	(391,551)
34	Student (Pupil) Transportation	1,553,036	-	136,347	(1,416,689)
35	Food Services	2,842,529	391,709	2,744,904	294,084
36	Cocurricular/Extracurricular Activities	2,103,904	400,857	121,403	(1,581,644)
41	General Administration	1,845,697	-	123,279	(1,722,418)
51	Plant Maintenance and Operations	4,370,303	40,759	285,557	(4,043,987)
52	Security and Monitoring Services	503,701	-	28,382	(475,319)
53	Data Processing Services	1,499,210	-	65,352	(1,433,858)
61	Community Services	261,693	-	96,318	(165,375)
72	Interest on Long-term Debt	2,638,835	-	136,111	(2,502,724)
73	Debt Issuance Costs and Fees	4,306	-	-	(4,306)
81	Capital Outlay	21,181	-	-	(21,181)
93	Payments for Shared Service Arrangements	270,192	-	200,662	(69,530)
99	Other Intergovernmental Charges	565,626	-	-	(565,626)
TG	Total Governmental Activities	<u>\$ 57,141,612</u>	<u>\$ 899,815</u>	<u>\$ 14,436,010</u>	<u>\$ (41,805,787)</u>
TP	Total Primary Government	<u>\$ 57,141,612</u>	<u>\$ 899,815</u>	<u>\$ 14,436,010</u>	<u>\$ (41,805,787)</u>
General Revenues:					
MT	Property Taxes, Levied for General Purpose				\$ 23,782,903
DT	Property Taxes, Levied for Debt Service				5,334,701
IE	Investment Earnings				417,593
GC	Grant and Contributions Not Restricted to Specific Programs				18,884,932
MI	Miscellaneous				9,596
TR	Total General Revenues				<u>\$ 48,429,725</u>
CN	Change in Net Position				\$ 6,623,938
NB	Net Position - Beginning (September 1)				<u>(8,346,911)</u>
NE	Net Position - Ending (June 30)				<u>\$ (1,722,973)</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes	10 General Fund	State Instructional Materials Fund	50 Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
1110 Cash and Investments	\$ 15,898,177	\$ 793,927	\$ 6,368,742	\$ 724,659	\$ 23,785,505
1225 Property Taxes Receivable, Net	1,527,083	-	310,817	-	1,837,900
1240 Due from Other Governments	5,469,027	-	-	1,510,222	6,979,249
1290 Other Receivables	56,232	-	13,152	31,671	101,055
1300 Inventories	13,735	-	-	-	13,735
		\$ -			
1000 Total Assets	<u>\$ 22,964,254</u>	<u>\$ 793,927</u>	<u>\$ 6,692,711</u>	<u>\$ 2,266,552</u>	<u>\$ 32,717,444</u>
LIABILITIES					
Current Liabilities:					
2110 Accounts Payable	\$ 561,886	\$ -	\$ -	\$ 36,504	\$ 598,390
2150 Payroll Deductions & Withholdings	326,982	-	-	58,899	385,881
2160 Accrued Wages Payable	3,152,586	-	-	365,033	3,517,619
2300 Unearned Revenues	-	793,927	-	27,418	821,345
2000 Total Liabilities	<u>\$ 4,041,454</u>	<u>\$ 793,927</u>	<u>\$ -</u>	<u>\$ 487,854</u>	<u>\$ 5,323,235</u>
DEFERRED INFLOWS OF RESOURCES					
2610 Deferred Property Taxes	\$ 1,527,083	\$ -	\$ 310,817	\$ -	\$ 1,837,900
2600 Total Deferred Inflows of Resources	<u>\$ 1,527,083</u>	<u>\$ -</u>	<u>\$ 310,817</u>	<u>\$ -</u>	<u>\$ 1,837,900</u>
FUND BALANCES					
Nonspendable Fund Balances:					
3410 Inventories	\$ 13,735	\$ -	\$ -	\$ -	\$ 13,735
Restricted Fund Balances:					
3450 Federal/State Funds Grants	-	-	-	1,104,609	1,104,609
3480 Retirement of Long-Term Debt	-	-	6,381,894	-	6,381,894
3490 Other Restrictions of Fund Balance	-	-	-	379,407	379,407
Committed Fund Balance:					
3545 Other Committed Fund Balance	-	-	-	294,682	294,682
Assigned Fund Balances:					
3590 Other Assigned Fund Balance	6,000,000	-	-	-	6,000,000
3600 Unassigned	11,381,982	-	-	-	11,381,982
3000 Total Fund Balances	<u>\$ 17,395,717</u>	<u>\$ -</u>	<u>\$ 6,381,894</u>	<u>\$ 1,778,698</u>	<u>\$ 25,556,309</u>
4000 Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 22,964,254</u>	<u>\$ 793,927</u>	<u>\$ 6,692,711</u>	<u>\$ 2,266,552</u>	<u>\$ 32,717,444</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET (GOVERNMENTAL FUNDS)
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2019

Total fund balances - Balance Sheet (governmental funds)	\$	25,556,309
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not reported in the funds.		93,232,824
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		1,837,900
Payables for bond principal which are not due in the current period are not reported in the funds.		(74,780,000)
Payables for bond interest which are not due in the current period are not reported in the funds.		(1,416,962)
Payable for notes which are not due in the current period are not reported in the funds.		(1,667,898)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.		230,073
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.		(15,193,602)
Deferred Resource Inflows related to the pension plan are not reported in the funds.		(1,229,494)
Deferred Resource Outflows related to the pension plan are not reported in the funds.		7,772,309
Bond premiums are amortized in the SNA but not in the funds.		(8,889,474)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.		(22,094,086)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.		(6,986,682)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.		<u>1,905,810</u>
Net position of governmental activities - Statement of Net Position	\$	<u>(1,722,973)</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
TEN MONTHS ENDED JUNE 30, 2019

Data	10	State	50	Other	98
Control	General	Instructional	Debt	Other	Total
Codes	Fund	Materials Fund	Service Fund	Governmental Funds	Governmental Funds
REVENUES					
5700 Local and Intermediate Sources	\$ 24,149,776	\$ -	\$ 5,397,352	\$ 1,037,808	\$ 30,584,936
5800 State Program Revenues	20,498,838	72,579	136,111	768,605	21,476,133
5900 Federal Program Revenues	1,081,058	-	-	8,471,512	9,552,570
5020 Total Revenues	\$ 45,729,672	\$ 72,579	\$ 5,533,463	\$ 10,277,925	\$ 61,613,639
EXPENDITURES					
Current:					
0011 Instruction	\$ 20,475,278	\$ 72,579	\$ -	\$ 4,295,148	\$ 24,843,005
0012 Instructional Resources and Media Services	187,060	-	-	100,240	287,300
0013 Curriculum and Staff Development	922,621	-	-	1,156,639	2,079,260
0021 Instructional Leadership	538,463	-	-	11,190	549,653
0023 School Leadership	2,543,725	-	-	489,444	3,033,169
0031 Guidance, Counseling and Evaluation Services	1,231,963	-	-	268,048	1,500,011
0032 Social Work Services	-	-	-	132	132
0033 Health Services	381,287	-	-	20,720	402,007
0034 Student (Pupil) Transportation	1,525,434	-	-	3,223	1,528,657
0035 Food Services	-	-	-	2,587,386	2,587,386
0036 Cocurricular/Extracurricular Activities	1,406,247	-	-	295,926	1,702,173
0041 General Administration	1,750,758	-	-	2,277	1,753,035
0051 Plant Maintenance and Operations	3,988,799	-	-	801	3,989,600
0052 Security and Monitoring Services	383,288	-	-	-	383,288
0053 Data Processing Services	1,341,261	-	-	136	1,341,397
0061 Community Services	8,787	-	-	231,068	239,855
0071 Principal on Long-term Debt	105,000	-	385,000	-	490,000
0072 Interest on Long-term Debt	42,315	-	1,844,456	-	1,886,771
0073 Debt Issuance Cost and Fees	806	-	3,500	-	4,306
0081 Capital Outlay	-	-	-	288,384	288,384
0093 Payments for Shared Service Arrangements	69,509	-	-	200,683	270,192
0099 Other Intergovernmental Charges	565,626	-	-	-	565,626
6030 Total Expenditures	\$ 37,468,227	\$ 72,579	\$ 2,232,956	\$ 9,951,445	\$ 49,725,207
1100 Excess (Deficiency) of Revenues Over Expenditures	\$ 8,261,445	\$ -	\$ 3,300,507	\$ 326,480	\$ 11,888,432
1200 Net Changes in Fund Balances	\$ 8,261,445	\$ -	\$ 3,300,507	\$ 326,480	\$ 11,888,432
0100 Fund Balances - Beginning (September 1)	9,134,272	-	3,081,387	1,452,218	13,667,877
3000 Fund Balances - Ending (June 30)	\$ 17,395,717	\$ -	\$ 6,381,894	\$ 1,778,698	\$ 25,556,309

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 TEN MONTHS ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds	\$ 11,888,432
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
Capital outlays are not reported as expenses in the SOA.	541,331
The depreciation of capital assets used in governmental activities is not reported in the funds.	(4,147,725)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this period.	248,449
Expenses not requiring the use of current financial resources are not reported as expenditures on the funds.	507,667
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	385,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	105,000
(Increase) decrease in accrued interest expense from beginning of period to end of period.	(1,259,731)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	(311,463)
OPEB contributions in the current year are de-expended and recorded as deferred resource outflows	234,890
OPEB contributions deferred in the prior year were expended in the current period.	(257,439)
Pension expenses relating to GASB 68 were recorded in the SOA but not in the funds.	(1,348,823)
Pension contributions in the current year are de-expended and recorded as deferred resource outflows.	818,831
Pension contributions deferred in the prior year are expended in the current period.	<u>(780,481)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 6,623,938</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30 ,2019

Data Control Codes		Private-Purpose Trust Funds	Agency Funds
		Scholarship Funds	Student Activity
ASSETS			
1110	Cash and Investments	\$ 73,110	\$ 74,833
1800	Restricted Assets	163,175	-
1000	Total Assets	\$ 236,285	\$ 74,833
LIABILITIES			
Current Liabilities:			
2190	Due to Student Groups	\$ -	\$ 74,833
2000	Total Liabilities	\$ -	\$ 74,833
NET POSITION			
3800	Held in Trust	\$ 236,285	\$ -
3000	Total Net Position	\$ 236,285	\$ -

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
TEN MONTHS ENDED JUNE 30, 2019

	Private-Purpose Trust Funds <hr/> Scholarship Funds <hr/>
REVENUES	
Donations	\$ 5,579
Investment Earnings - Interest Revenue	<hr/> 4,305
Total Revenues	<hr/> \$ 9,884 <hr/>
EXPENSES	
Scholarship Payments	<hr/> \$ -
Total Expenses	<hr/> \$ - <hr/>
Changes in Net Position	\$ 9,884
Net Position - Beginning (September 1)	<hr/> 226,401
Net Position - Ending (June 30)	<hr/> \$ 236,285 <hr/>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

A. Summary of Significant Accounting Policies

The basic financial statements of the Greenville Independent School District (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 (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 as a body corporate 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 (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

2. Basis of Presentation – Basis of Accounting

a. Basis of Presentation

Government-wide Statements – The statement of net position (SNP) 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 (SOA) 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.

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.

State Instructional Materials Fund – This fund is restricted by TEA for the purpose of purchasing student textbooks and instructional materials.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

A. Summary of Significant Accounting Policies (Continued)

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

In addition, the District reports the following fund types:

Special Revenue Funds – The District accounts for resources restricted to or designated for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods. The Board can commit specific types of resources to specific purposes which are included as special revenue funds.

Capital Projects Fund – This fund accounts for proceeds of long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

Fiduciary Funds – These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations or other governments. These include private-purpose trust and agency funds. Private-purpose trust funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement, and are accounted for in essentially the same manner as proprietary funds. Agency funds are purely custodial and thus do not involve measurement of results of operations.

b. Measurement Focus – Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements – These financial statements are reported using the economic resources measurement focus. The government-wide 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 period for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal period 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 considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after period-end. 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 long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital lease are reported as other financing sources.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

A. Summary of Significant Accounting Policies (Continued)

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.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund accounting," all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen not to apply future FASB Standards.

3. Budgetary Data

The official budget was prepared for adoption for the general, food service and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1.
- b. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
- c. Prior to the expenditure of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the functional level by personnel responsible for organizational financial reporting. All budget appropriations lapse at the period end. Budget amendments throughout the period were not significant.

4. Encumbrance Accounting

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 canceled or appropriately provided for in the subsequent year's budget. End-of-period outstanding encumbrances that were provided for in the subsequent year's budget are:

General Fund	\$	-0-
Special Revenue Fund		-0-
Debt Service Fund		-0-
		<hr/>
Total	\$	<u>-0-</u>

5. Financial Statement Amounts

Cash and Investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District's cash and temporary investments.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

A. Summary of Significant Accounting Policies (Continued)

For the purpose 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.

Fund Balance

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance – represents amounts that cannot be spent because they are either not spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the District’s highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned fund balance – represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated the authority. The Board has delegated the authority to assign fund balances to the Superintendent.

Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The following schedule provides information about the specific fund balance classification by fund:

	General	State Instructional Materials Fund	Debt Service	Other Governmental	Total
Nonspendable					
Inventory	\$ 13,735	\$ -	\$ -	\$ -	\$ 13,735
Restricted					
Child Nutrition Program	-	-	-	1,104,609	1,104,609
Retirement of Long Term Debt	-	-	6,381,894	-	6,381,894
Construction	-	-	-	261,590	261,590
Regional Day School	-	-	-	117,817	117,817
Committed					
Campus Activity Funds	-	-	-	294,682	294,682
Assigned					
Other Assigned	6,000,000	-	-	-	6,000,000
Unassigned	11,381,982	-	-	-	11,381,982
Totals	<u>\$ 17,395,717</u>	<u>\$ -</u>	<u>\$ 6,381,894</u>	<u>\$ 1,778,698</u>	<u>\$ 25,556,309</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

A. Summary of Significant Accounting Policies (Continued)

Inventories

On government-wide financial statements, inventories are presented at cost using the weighted average method and are expenses when used. On fund financial statements, inventories of governmental funds are valued at cost. For all funds, cost is determined using the weighted average method, and are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time of purchase. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they do not represent available spendable resources.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital 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 \$ 10,000 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 and Improvements	15-50
Vehicles	5-10
Other Equipment	3-15

6. Deferred Outflows and inflows of Resources

The District implemented GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* and GASB Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits and Other Pensions*. In addition to assets and liabilities, the government-wide Statement of Net Position and governmental fund Balance Sheet report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District reports certain deferred inflows and outflows related to pensions on the government-wide Statement of Net Position. At the governmental fund level, earned but unavailable revenue is reported as a deferred inflow of resources. To the extent practical, this change in accounting principle is required to be reported as an adjustment to prior periods.

The District also implemented GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which amends the transition provisions of GASB 68. GASB 71 requires that, at transition, governments recognize a beginning deferred outflow of resources for pension contributions made subsequent to the measurement date of the beginning Net Pension Liability. Implementation is reflected in the financial statements and the prior period adjustment.

7. 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 period end.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

A. Summary of Significant Accounting Policies (Continued)

8. Interfund Activities

Interfund activity results from loans, service 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 "Transfer" 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.

9. Vacation, Sick Leave and Other Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave accrues at various rates established by the State and adopted by the Board of Trustees. Sick leave does not vest but accumulates and is recorded as an expenditure as it is paid.

10. 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. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement System of Texas (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, 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.

11. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan 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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expenses, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit term. There are no investments as this a pay-as-you-go plan and all cash is held in a cash account.

12. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from these estimates.

13. Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the *Guide*. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

A. Summary of Significant Accounting Policies (Continued)

14. Accounting System

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the *Guide*. Mandatory codes are utilized in the form provided in that section.

B. Deposits, Securities and Investments

The District's funds are deposited and invested under the terms of a depository contract. The contract requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At period end all District cash deposits were covered by FDIC insurance or by pledged collateral held by the District's agent bank in the name of the District. The District's deposits appear to have been properly secured throughout the fiscal period.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The District appears to have been in substantial compliance with the requirements of the Act.

State statutes and local policy authorize the District to invest in the following types of investment goods:

- a. obligations of the U.S. or its agencies or instrumentalities,
- b. obligations of the State of Texas or its agencies,
- c. obligations guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
- d. obligations of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
- e. guaranteed or secured certificates of deposit issued by a bank domiciled in the State of Texas, or
- f. fully collateralized repurchase agreements.

District investments include investments in external investment pools, such as Texas CLASS and Lone Star Investment Pool, and certificates of deposit. All external investment pools and certificates of deposits are reported at share price (fair value) and are presented as cash and investments.

The *Lone Star Investment Pool* is an investment pool available to governmental entities. The pool was established under the guidance of the Texas Public Funds Investment Act. A board of directors made up of members of the pool is responsible for the overall operation of the pool. The Board has employed various third party organizations to assist in the operations. These third parties are as follows: American Beacon Advisors and BNY Mellon Cash Investment Strategies – Investment Managers, RBC Wealth Management – Investment Consultant, Bank of New York Mellon – Custodian, First Public – Administration. In combination with these third party organizations, the pool has received a AAAM rating from Standard and Poor's. This rating allows the pool to meet the standards required by the Texas Public Funds Investment Act.

The *Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS)*, was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. The Texas CLASS Trust Agreement (Trust) is an agreement of indefinite term regarding the investment, reinvestment and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate (the "Participants"), MBIA Municipal Investors Service Corporation as Program Administrator (the "Program Administrator"), and Wells Fargo Bank Texas, NA as Custodian (the "Custodian").

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

B. Deposits, Securities and Investments (Continued)

Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. The Board administers the affairs of the Trust. It also selects the consultants for Texas CLASS, including the Program Administrator and the Custodian.

The Board of Trustees has appointed an Advisory Board composed of Participants and other persons who do not have a business relationship with the Trust and are qualified to advise the Trust. The Advisory Board provides advice to the Board of Trustees and the Program Administrator about the Investment Policy and Investment Strategy of the Trust and about other matters as requested by the Board of Trustees and the Program Administrator.

The Fund is rated AAAM by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

The following table lists the District's investment at period end:

	<u>Credit Rating</u>	<u>Fair Value</u>
Lone Star Investment Pool	AAAm	\$ 12,883,847
Texas CLASS	AAAm	2,506,610
Certificates of Deposit	n/a	250,533
Municipal Bonds	A or Greater	<u>1,676,927</u>
Total		<u>\$ 17,317,917</u>

In addition, the following is disclosed regarding coverage of combined cash balances on the date of highest balance:

- a. Name of bank: American National Bank, Greenville, Texas.
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$ 8,929,642.
- c. Largest cash, savings and time deposit combined account balances amounted to \$ 6,362,233, and occurred during the month of June 2019.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$ 311,041.

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at period 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 agencies are designed to give an indication of credit risk. At period end, the District was not significantly exposed to credit risk.

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 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 period end, the District had no exposure to custodial credit risk.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

B. Deposits, Securities and Investments (Continued)

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 period 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 period 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 period end, the District was not exposed to foreign currency risk.

C. Property Taxes

Property taxes are levied by October 1, 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 October 1 levy date. 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 collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Property taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Section 33.05, Property Tax Code, requires the tax collector for the District to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting this criteria may not be canceled if litigation concerning these taxes is pending.

The District levied taxes on property within the District at \$ 1.0600 to fund general operations and \$ 0.238481 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$ 2,236,797,443.

D. Capital Assets

Capital asset activities during the year ended were as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
<u>Governmental Activities</u>				
Capital Assets not Being Depreciated:				
Land	\$ 1,607,652	\$ -	\$ -	\$ 1,607,652
Total Capital Assets not being Depreciated	\$ 1,607,652	\$ -	\$ -	\$ 1,607,652
Capital Assets being Depreciated:				
Building and Improvements	\$ 139,999,384	\$ 267,203	\$ -	\$ 140,266,587
Equipment	3,653,930	168,195	-	3,822,125
Vehicles	3,938,295	105,933	-	4,044,228
Total Capital Assets being Depreciated	\$ 147,591,609	\$ 541,331	\$ -	\$ 148,132,940
Less Accumulated Depreciation for :				
Buildings and Improvements	\$ 46,495,728	\$ 3,683,959	\$ -	\$ 50,179,687
Equipment	2,669,395	289,878	-	2,959,273
Vehicles	3,194,920	173,888	-	3,368,808
Total Accumulated Depreciation	\$ 52,360,043	\$ 4,147,725	\$ -	\$ 56,507,768
Total Capital Assets being Depreciated, Net	\$ 95,231,566	\$ (3,606,394)	\$ -	\$ 91,625,172
Governmental Activities Capital Assets, Net	\$ 96,839,218	\$ (3,606,394)	\$ -	\$ 93,232,824

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

D. Capital Assets (Continued)

Depreciation was charged to governmental activities functions as follows:

Instruction	\$ 2,886,416
Instructional Resources and Media Services	63,795
School Leadership	33,737
Guidance, Counseling and Evaluation Services	17,309
Health Services	17,587
Student (Pupil) Transportation	154,262
Food Services	191,197
Co-curricular/Extracurricular Activities	356,040
General Administration	9,533
Plant Maintenance and Operations	181,510
Security and Monitoring Services	112,430
Data Processing	117,909
Total	<u>\$ 4,141,725</u>

E. Long Term Obligations

Long-Term Obligation Activity

Long-term obligation activities during the period ended were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 75,165,000	\$ -	\$ 385,000	\$ 74,780,000	\$ 1,335,000
Loans	1,772,898	-	105,000	1,667,898	319,512
Bond Premium (Discount)	9,430,384	-	540,910	8,889,474	-
Total Governmental Activities	<u>\$ 86,368,282</u>	<u>\$ -</u>	<u>\$ 1,030,910</u>	<u>\$ 85,337,372</u>	<u>\$ 1,654,512</u>

Bonds

The District has issued various series of general obligation bonds to fund facility construction and improvements. Bonds mature at various times with varying rates of interest. The bonds issued require the District to levy an ad valorem tax annually to retire the current maturities.

The following bonded debt issues are outstanding at period end:

Description	Interest Rate	Original Balance	Outstanding Balance
Unlimited Tax Refunding Bonds, Series 2011	2.960%	\$ 1,505,000	\$ 855,000
Unlimited Tax School Building Bonds, Series 2014	3.254%	64,315,000	63,055,000
Unlimited Tax Refunding Bonds, Series 2016	1.562%	13,230,000	<u>10,870,000</u>
Totals			<u>\$ 74,780,000</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

E. Long Term Obligations (Continued)

Maturity requirements on bonds outstanding at period end are as follows:

<u>Period Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 1,335,000	\$ 3,656,888	\$ 4,991,888
2021	1,400,000	3,599,288	4,999,288
2022	1,450,000	3,532,300	4,982,300
2023	1,530,000	3,461,574	4,991,574
2024	1,600,000	3,386,575	4,986,575
2025-2029	12,130,000	15,505,650	27,635,650
2030-2034	14,065,000	12,497,250	26,562,250
2035-2039	18,070,000	8,601,000	26,671,000
2040-2044	23,200,000	3,595,750	26,795,750
Totals	<u>\$ 74,780,000</u>	<u>\$ 57,836,275</u>	<u>\$ 132,616,275</u>

There are a number of limitations and restrictions contained in the general obligation bond indentures. The District appears to be in compliance with all significant limitations and restrictions as of period end.

Loans

The District entered into various agreements identified here as loans. These loans include financing arrangements, which include maintenance tax notes. The following schedule lists the outstanding loans at period end:

<u>Description</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>
American National Bank (Vehicles) – (TEC 45.108)	3.50%	\$ 531,571	\$ 222,898
Maintenance Tax Notes, Series 2010 – (TEC 45.108)	5.46%	3,050,000	<u>1,445,000</u>
Totals			<u>\$ 1,667,898</u>

Maturity requirements on the loans outstanding at period end are as follows:

<u>Period Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 319,512	\$ 83,940	\$ 403,452
2021	323,387	68,599	391,986
2022	209,999	53,099	263,098
2023	210,000	41,633	251,633
2024	205,000	30,167	235,167
2025-2029	400,000	27,300	427,300
Totals	<u>\$ 1,667,898</u>	<u>\$ 304,738</u>	<u>\$ 1,972,636</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

F. Pension Plan

1. *Plan Description*

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The 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.

2. *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.

3. *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 period. 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.

Employees' 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 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2018 and 2019.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

F. Pension Plan (Continued)

Contribution Rates

	<u>2018</u>	<u>2019</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%

2019	Employer Contributions	\$	968,175
2019	Member Contributions	\$	2,409,947
2018	NECE On-Behalf Contributions	\$	1,780,532

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 pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers are required to pay the employer contribution rate in the following instances:

On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

During a new member's first 90 days of employment.

When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

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

When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 TEN MONTHS ENDED JUNE 30, 2019

F. Pension Plan (Continued)

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

At August 31, 2019, the District reported a liability of \$ 15,193,602 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 15,193,602
State's proportionate share that is associated with the District	<u>29,110,475</u>
 Total	 <u><u>\$ 44,304,077</u></u>

The net pension liability was measured as of August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contribution to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was 0.0276034382% which was a decrease of 0.0013220591% from its proportion measured as of August 31, 2017.

Changes Since the Prior Actuarial Valuation

The following changes have occurred to the actuarial assumptions or other inputs that affects measurement of the total premium liability since the prior measurement date:

- a. Use of the roll forward method for the 2018 valuation
- b. Use of the 2017 experience study which includes demographic assumptions such as post-retirement mortality, termination rates, and rates of retirement
- c. Use of economic assumption such as salary increases
- d. Change in discount rate from 8.0% to 6.907%
- e. Change in assumed rate of return from 8.0% to 7.25%

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

For the ten months ended June 30, 2019, the District recognized pension expense of \$ 5,010,465 and revenue of \$ 2,881,161 for support provided by the State.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

F. Pension Plan (Continued)

At August 31, 2018, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experiences	\$ 94,704	\$ 372,791
Changes of actuarial assumptions	5,478,025	171,188
Differences between projected and actual investment earnings	-	288,287
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	<u>1,380,749</u>	<u>397,228</u>
Total as of August 31, 2018 measurement date	\$ 6,953,478	\$ 1,229,494
Contributions paid to TRS subsequent to the measurement date	<u>818,831</u>	<u>-</u>
Total at fiscal period end	<u>\$ 7,772,309</u>	<u>\$ 1,229,494</u>

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

<u>Fiscal Period Ending June 30</u>	<u>Amount</u>
2020	\$ 1,598,708
2021	992,029
2022	820,325
2023	919,291
2024	838,691
Thereafter	554,940

5. *Actuarial Assumptions*

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.91%
Long-term Expected Investment Rate of Return	7.25%
Inflation	2.30%
Salary Increases Including Inflation	3.05 % to 9.05%
Payroll Growth Rate	2.50%
Benefit Changes During the Year	None
Ad hoc Post-Employment Benefit Changes	None

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

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

F. Pension Plan (Continued)

6. *Discount Rate*

The discount rate used to measure the total pension liability was 6.907%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges future real rates of return (expected returns, net 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, 2018 are summarized below:

Asset Class	Target Allocation *	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns **
Global Equity			
U.S.	18%	5.70%	1.04%
Non-U.S. Developed	13%	6.90%	0.90%
Emerging Markets	9%	8.95%	0.80%
Directional Hedge Funds	4%	3.53%	0.14%
Private Equity	13%	10.18%	1.32%
Stable Value			
U.S. Treasuries	11%	1.11%	0.12%
Absolute Return	0%	0.00%	0.00%
Stable Value Hedge Funds	4%	3.09%	0.12%
Cash	1%	-0.3%	0.00%
Real Return			
Global Inflation Linked Bonds	3%	0.70%	0.02%
Real Assets	14%	5.21%	0.73%
Energy and Natural Resources	5%	7.48%	0.37%
Commodities	0%	0.00%	0.00%
Risk Parity			
Risk Parity	5%	3.70%	0.18%
Inflation Expectation			2.30%
Alpha			-0.79%
Total	100%		7.25%

* Target allocations are based on the FY2014 policy model. Infrastructure was moved from Real Assets to Energy and Natural Resources in FY2017, but the reallocation does not affect the long-term expected

** The Expected Contribution to ong-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

F. Pension Plan (Continued)

7. *Discount Rate Sensitivity Analysis*

The following presents the District's share of the net pension liability of the plan using the discount rate of 6.907% as well as what the District's share of the net pension liability would be if it were calculated using a discount rate that is 1 – percentage point lower (5.907%) or 1 – percentage point higher (7.907%) than the current rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
District's proportionate share of the net OPEB liability	\$ 22,930,789	\$ 15,193,602	\$ 8,929,891

8. *Pension Plan Fiduciary Net Position*

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2016 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2018 and 2017.

<u>Net Pension Liability</u>	<u>August 31, 2018</u>	<u>August 17, 2017</u>
Total Pension Liability	\$ 209,611,328,793	\$ 179,336,834,819
Less: Plan Fiduciary Net Position	(154,568,901,833)	(147,361,922,120)
Net Pension Liability	<u>\$ 55,042,426,960</u>	<u>\$ 31,974,912,699</u>
Net Position as percentage of Total Pension Liability	73.74%	82.17%

G. Defined Other Post-Employment Benefit Plans

1. *Plan Description*

The employer participates in the Texas Public School Retired Employees Group Insurance Program (TRS Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

2. *OPEB Plan Fiduciary Net Position*

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

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

G. Defined Other Post-Employment Benefit Plans (Continued)

3. *Benefits Provided*

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-Care Plan Premium Rates			
Effective Sept. 1, 2017 - Dec. 31, 2018			
	TRS-Care 1 <u>Basic Plan</u>	TRS-Care 2 <u>Optional Plan</u>	TRS-Care 3 <u>Optional Plan</u>
Retiree *	\$ -	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree * and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children only	28	62	82

* or surviving spouse

4. *Contributions*

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal period. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

G. Defined Other Post-Employment Benefit Plans (Continued)

Contribution Rates

	<u>2018</u>	<u>2019</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%
2019 Employer Contributions	\$ 282,674	
2019 Member Contributions	\$ 203,437	
2018 NECE On-Behalf Contributions	\$ 373,068	

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$ 535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$ 15.6 million in fiscal year 2017 and \$ 394.6 million in fiscal year 2018.

5. *Actuarial Assumptions*

The total OPEB liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2018 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017 rolled forward
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	3.69%
Aging Factors	Based on pan specific experience
	Third-party administrative expenses related to the delivery of health care benefits are included in the age- adjusted claims costs.
Expenses	
Payroll Growth Rate	2.50%
Projected Salary Increases	3.05% to 9.05%
Healthcare Trend Rates	4.50% to 12.00%
	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
Election Rates	65
Ad hoc post-employment benefit changes	None

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

G. Defined Other Post-Employment Benefit Plans (Continued)

6. *Discount Rate*

A single discount rate of 3.69% was used to measure the total OPEB liability. There was a change of 0.27% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active 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 OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2018.

7. *Discount Rate Sensitivity Analysis*

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% greater than the discount rate that was used (3.69%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
District's proportionate share of the net OPEB liability	\$ 22,930,789	\$ 15,193,602	\$ 8,929,891

8. *Healthcare Cost Trend Rates Sensitivity Analysis*

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 18,349,498	\$ 22,094,086	\$ 27,025,789

9. *OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs*

At June 30, 2019, the District reported a liability of \$ 22,094,086 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 22,094,086
State's proportionate share that is associated with the District	<u>27,040,711</u>
Total	<u><u>\$ 49,134,797</u></u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

G. Defined Other Post-Employment Benefit Plans (Continued)

The Net OPEB Liability was measured as of August 31, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contribution to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018, the employer's proportion of the collective Net OPEB Liability was 0.044249311% which was an increase of 0.0002307482% from its proportion measured as of August 31, 2017.

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurements of the total OPEB liability since the prior measurement period:

- a. Use of a roll-forward method for the actuarial assumption
- b. Known retirees that discontinued health insurance were adjusted
- c. Changes in the healthcare trend rate allowing for the return of the Health Insurance Fee
- d. Demographic and economic changes resulting from the 2017 experience study
- e. Discount rate increase from 3.42% to 3.69%

Changes to the benefits provided since the prior measurement date include:

- a. Changes of retiree registration entry date
- b. Requiring retiree to contribute \$200 monthly towards insurance premiums
- c. Various changes in Medicare eligible retirees including prescription coverage and other appropriate health benefit plans.

For the period ended June 30, 2019, the District recognized OPEB expense of \$ 1,552,481 and revenue of \$ 983,579 for support provided by the State.

At June 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experiences	\$ 1,172,451	\$ 348,677
Changes in actuarial assumptions	368,690	6,638,005
Differences between projected and actual investment earnings	3,864	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	<u>125,915</u>	<u>-</u>
Total as of August 31, 2018 measurement date	\$ 1,670,920	\$ 6,986,682
Contributions paid to TRS subsequent to the measurement date	<u>234,890</u>	<u>-</u>
Total at fiscal period end	<u>\$ 1,905,810</u>	<u>\$ 6,986,682</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

G. Defined Other Post-Employment Benefit Plans (Continued)

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

<u>Fiscal Period Ending June 30</u>	<u>Amount</u>
2020	\$ (853,905)
2021	(853,905)
2022	(853,905)
2023	(854,653)
2024	(855,053)
Thereafter	(1,044,359)

H. Medicare Part D

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the ten months ended June 30, 2019, and the years ended August 31, 2018 and 2017, the subsidy payments received by TRS-Care on behalf of the District were \$ 107,023, \$ 101,466 and \$ 96,711, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the district.

I. Risk Management

Health Care

During the period ended, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of at least \$ 325 per month per employee and employees, at their option, authorized payroll withholdings to provide dependents' coverage under the Plan. All premiums were paid to TRS Active Care (Aetna). The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the Greenville Independent School District and Aetna is renewable September 1 of each year, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for Aetna are available for the year ended December 31, 2018, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

Unemployment Compensation Pool

During the period ended, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Local Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

I. Risk Management (Continued)

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2018 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Other Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal period 2019, the District purchased commercial insurance to cover these 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.

J. Litigation

The District does not appear to be involved in any pending litigation as of period-end.

K. Commitments and Contingencies

The District participates in numerous state and federal 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, if any, refunds of any money received may be required and the collectability of any related receivable at period end, 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 combined financial statements for such contingencies.

L. Shared Service Arrangements

The District participates in cooperative programs with other local districts. The District does not account for revenue or expenditures of these programs and does not disclose them in these financial statements.

<u>Shared Service Agreement</u>	<u>Fiscal Agent</u>	<u>Service</u>
Regional Day School for the Deaf	Greenville Independent School District	Deaf Education
Block Grant SSA	Education Service Center, Region X	ESEA Title II ESEA Title VI ESEA Title III ESEA Title I, Part C
McKinney Homeless	Greenville Independent School District	Stewart B. McKinney Homeless Funds

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

M. Revenue from Local and Intermediate Sources

During the period, the District received revenue from local and intermediate sources consisting of the following:

	General	State Instructional Materials Fund	Debt Service	Other Governmental	Total
Property Tax Collections	\$ 23,573,204	\$ -	\$ 5,295,952	\$ -	\$ 28,869,156
Investment Income	307,911	-	101,400	8,282	417,593
Food Service Income	-	-	-	391,709	391,709
Services to Other Districts	-	-	-	258,511	258,511
Co-curricular Activities	83,855	-	-	317,003	400,858
Rent	40,759	-	-	-	40,759
Donations	-	-	-	62,303	62,303
Tuition	29,225	-	-	-	29,225
Other	114,822	-	-	-	114,822
Totals	\$ 24,149,776	\$ -	\$ 5,397,352	\$ 1,037,808	\$ 30,584,936

N. General Fund Federal Revenue Sources

The District recorded federal revenue in the General Fund from the following federal programs or services:

School Health & Related Services	\$ 66,588
Indirect Cost – Education Programs/Food Service	<u>1,014,470</u>
Total	<u>\$ 1,081,058</u>

O. Receivables

Receivables at period end for the District's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts, are as follows:

	General	State Instructional Materials Fund	Debt Service	Other Governmental	Total
Due from Other Governments	\$ 5,469,027	\$ -	\$ -	\$ 1,510,222	\$ 6,979,249
Property Taxes	1,696,759	-	345,352	-	2,042,111
Less Allowance for Uncollectible Property Taxes	(169,676)	-	(34,535)	-	(204,211)
Other Receivables	56,232	-	13,152	31,671	101,055
Net Receivables	\$ 7,052,342	\$ -	\$ 323,969	\$ 1,541,893	\$ 8,918,204

P. Subsequent Events

The District's management has evaluated subsequent events through October 7, 2019, the date which the financial statements were available for use.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2019

Q. State Aid Reconciliation

The State provides various types of funding for local school districts as provided for in state statute. The following reconciliation presents funding earned by the District in each category presented. Because of the State's delay in reconciling the funding to local districts, the summary below represents an estimate of earnings. The settle-up with the State will occur some 9 to 10 months following the fiscal period end.

Funding is earned for: 1) Available – annual allotment based on prior year enrollment; 2) Foundation – annual allotment based on student attendance, property tax collections and valuations, and special student population; 3) Instructional Facilities Allotment – based on property wealth; and 4) Existing Debt Allotment – based on eligible debt, student attendance and property wealth. Various other sources are received but not reconciled here as these are the major sources of funding.

	<u>Available</u>	<u>Foundation</u>	<u>IFA</u>	<u>EDA</u>
CY Summary of Finances (SOF)	\$ 2,435,877	\$ 17,441,877	Not	\$ 136,111
Prior Year Settle Ups	-	1,626	Eligible	-
August Instructional Days Change	<u>(135,487)</u>	<u>(964,741)</u>		-
Financial Statement Earnings	<u>\$ 2,300,390</u>	<u>\$ 16,478,762</u>	<u>\$ -</u>	<u>\$ 136,111</u>
Financial Statement Amounts				
SOF Receivable (Overpayment)	\$ 475,811	\$ 4,976,149	\$ -	\$ -

* Overpayments are represented in the financial statements as Unearned Revenue (government-wide and governmental).

R. Accounting Changes

The District notified the Texas Education Agency of their intent to change the fiscal reporting period end date to June 30 as allowed by state statute. The District completed this change with this ten month accounting period beginning September 1, 2018 and ending June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
TEN MONTHS ENDED JUNE 30, 2019

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
5700 Local and Intermediate Sources	\$ 23,818,360	\$ 24,443,436	\$ 24,149,776	\$ (293,660)
5800 State Program Revenues	20,244,571	21,496,279	20,498,838	(997,441)
5900 Federal Program Revenues	1,093,471	1,093,471	1,081,058	(12,413)
5020 Total Revenues	\$ 45,156,402	\$ 47,033,186	\$ 45,729,672	\$ (1,303,514)
EXPENDITURES				
Instruction and Instructional Related Services:				
0011 Instruction	\$ 24,904,236	\$ 25,381,818	\$ 20,475,278	\$ 4,906,540
0012 Instructional Resources and Media Services	203,365	228,014	187,060	40,954
0013 Curriculum and Staff Development	1,422,987	1,442,964	922,621	520,343
Total Instruction and Instr. Related Services	\$ 26,530,588	\$ 27,052,796	\$ 21,584,959	\$ 5,467,837
Instructional and School Leadership:				
0021 Instructional Leadership	\$ 654,011	\$ 664,080	\$ 538,463	\$ 125,617
0023 School Leadership	2,835,536	2,908,738	2,543,725	365,013
Total Instructional and School Leadership	\$ 3,489,547	\$ 3,572,818	\$ 3,082,188	\$ 490,630
Support Services - Student (Pupil):				
0031 Guidance, Counseling and Evaluation Services	\$ 1,448,103	\$ 1,481,561	\$ 1,231,963	\$ 249,598
0033 Health Services	437,477	448,736	381,287	67,449
0034 Student (Pupil) Transportation	1,422,819	1,779,930	1,525,434	254,496
0036 Cocurricular/Extracurricular Activities	1,552,608	1,663,861	1,406,247	257,614
Total Support Services - Student (Pupil)	\$ 4,861,007	\$ 5,374,088	\$ 4,544,931	\$ 829,157
Administrative Support Services:				
0041 General Administration	\$ 2,106,917	\$ 2,144,591	\$ 1,750,758	\$ 393,833
Total Administrative Support Services	\$ 2,106,917	\$ 2,144,591	\$ 1,750,758	\$ 393,833
Support Services - Nonstudent Based:				
0051 Plant Maintenance and Operations	\$ 4,640,164	\$ 4,712,476	\$ 3,988,799	\$ 723,677
0052 Security and Monitoring Services	438,569	446,488	383,288	63,200
0053 Data Processing Services	1,826,037	1,850,673	1,341,261	509,412
Total Support Services - Nonstudent Based	\$ 6,904,770	\$ 7,009,637	\$ 5,713,348	\$ 1,296,289
Ancillary Services:				
0061 Community Services	\$ 25,000	\$ 25,000	\$ 8,787	\$ 16,213
Total Ancillary Services	\$ 25,000	\$ 25,000	\$ 8,787	\$ 16,213
Debt Service:				
0071 Principal on Long-term Debt	\$ 315,759	\$ 315,759	\$ 105,000	\$ 210,759
0072 Interest on Long-term Debt	117,397	117,397	42,315	75,082
0073 Debt Issuance Costs and Fees	1,500	1,500	806	694
Total Debt Service	\$ 434,656	\$ 434,656	\$ 148,121	\$ 286,535
Intergovernmental Charges:				
0093 Payments for Shared Service Arrangements	\$ 150,000	\$ 150,000	\$ 69,509	\$ 80,491
0099 Other Intergovernmental Charges	575,075	575,075	565,626	9,449
Total Intergovernmental Charges	\$ 725,075	\$ 725,075	\$ 635,135	\$ 89,940
6030 Total Expenditures	\$ 45,077,560	\$ 46,338,661	\$ 37,468,227	\$ 8,870,434
1100 Excess (Deficiency) of Revenues Over Expenditures	\$ 78,842	\$ 694,525	\$ 8,261,445	\$ 7,566,920
1200 Net Change in Fund Balance	\$ 78,842	\$ 694,525	\$ 8,261,445	\$ 7,566,920
0100 Fund Balance - Beginning (September 1)	9,134,272	9,134,272	9,134,272	-
3000 Fund Balance - Ending (June 30)	\$ 9,213,114	\$ 9,828,797	\$ 17,395,717	\$ 7,566,920

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 TEN MONTHS ENDED JUNE 30, 2019

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
District's proportion of the net pension liability	0.0276034382%	0.0289254983%	0.0289073000%	2.8919100000%	0.0188226000%
District's proportionate share of the net pension liability	\$ 15,193,602	\$ 9,248,816	\$ 10,923,638	\$ 10,222,517	\$ 5,027,777
State's proportionate share of the net pension liability associated with the District	<u>29,110,475</u>	<u>16,695,163</u>	<u>18,501,144</u>	<u>17,084,658</u>	<u>14,915,939</u>
Total	<u>\$ 44,304,077</u>	<u>\$ 25,943,979</u>	<u>\$ 29,424,782</u>	<u>\$ 27,307,175</u>	<u>\$ 19,943,716</u>
District's covered-employee payroll (for Measurement Year)	\$ 33,394,485	\$ 32,430,857	\$ 29,982,493	\$ 27,792,451	\$ 27,286,099
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	45.50%	28.52%	36.43%	36.78%	18.43%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%

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

* The years above present data for the measurement period ending date. The measurement period represents the period for which the pensions plan prepares its reports which provides a 12 month delay for financial reporting in accordance with GASB 68.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 TEN MONTHS ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 968,175	\$ 929,825	\$ 947,927	\$ 918,458	\$ 856,308
Contributions in relations to the contractual required contributions	<u>(968,175)</u>	<u>(929,825)</u>	<u>(947,927)</u>	<u>(918,458)</u>	<u>(856,308)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered employee payroll	\$ 31,297,945	\$ 33,394,485	\$ 32,430,857	\$ 29,982,493	\$ 27,792,451
Contributions as a percentage of covered employee payroll	3.09%	2.78%	2.92%	3.06%	3.08%

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

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 YEAR ENDED JUNE 30, 2019

	<u>2018*</u>	<u>2017*</u>
District's proportion of the Net OPEB Liability (Asset)	0.0442493111%	0.0440185629%
District's proportionate share of the Net OPEB Liability (Asset)	\$ 22,094,086	\$ 19,142,002
State's proportionate share of the Net OPEB Liability (Asset) associated with the District	<u>27,040,711</u>	<u>23,938,842</u>
Total	<u>\$ 49,134,797</u>	<u>\$ 43,080,844</u>
District's covered-employee payroll (for Measurement Year)	\$ 33,394,485	\$ 32,430,857
District's proportionate share of the Net OPEB Liability as a percentage of it's covered-employee payroll	66.16%	59.02%
Plan fiduciary net position as a percentage of the Total OPEB Liability	1.57%	0.91%

Note: Only two years of data is presented in accordance with GASB 75 paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

* The years above present data for the measurement period ending date. The measurement period represents the period for which the pension plan prepares its reports which provides a 12 month delay for financial reporting in accordance with GASB 75.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 282,674	\$ 305,223
Contributions in relations to the contractual required contributions	<u>(282,674)</u>	<u>(305,223)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 31,297,945	\$ 33,394,485
Contributions as a percentage of covered employee payroll	0.90%	0.91%

Note: Only two years of data is presented in accordance with GASB 75, paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEN MONTHS ENDED JUNE 30, 2019

A. Budget

The official budget was prepared for adoption for all Government 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 reflected in the basic financial statements:

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

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 period 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 period 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 the time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-period outstanding encumbrances that were provided for in the subsequent year's budget.

B. Defined Benefit Pension Plan

1. Changes of Assumptions

The following changes occurred in the plan assumptions:

- a. A roll forward method was used to determine the August 31, 2018 valuation.
- b. Demographic assumptions including post retirement mortality, termination rates and rates of retirement were updated based on the experience study performed for the period ended August 31, 2017.
- c. The same experience study resulted in changes to the economic assumptions including rates of salary increases for individual participants.
- d. The discount rate was decreased from 8.0% to 6.907%.
- e. The assumed long term rate of return decreased from 8.0% to 7.25%.

2. Changes of Benefit Terms

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

GREEVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEN MONTHS ENDED JUNE 30, 2019

C. OPEB Healthcare Plan

1. Changes of Assumptions

The following changes occurred in the plan assumptions:

- a. A roll forward method was used to develop the August 31, 2018 valuation.
- b. Adjustments were made for known retirees that discontinued their health insurance in the 2018 year.
- c. The health care trend rate assumption was adjusted to allow for the anticipated return of the Health Insurance Fee.
- d. The demographic and economic assumptions were changed to consider the result of the experience study for the year ended August 31, 2017.
- e. The discount rate was increased from 3.42% to 3.69%.

2. Changes of Benefit Terms

The following changes have occurred in the benefits terms:

- a. Implemented a high-deductible health plan that provides a zero cost generic prescriptions for certain preventative drugs and zero premium for disability retirees who retired as a disability retiree and are not eligible to enroll in Medicare.
- b. Created a single Medicare advantage plan and Medicare prescription drug plan for all Medicare eligible participants.
- c. Allowed the system (TRS) to provide other appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- d. Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age rather than waiting for the next enrollment period.
- e. Eliminated free coverage under the TRS-Care except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month towards health insurance premiums.

OTHER SUPPLEMENTARY INFORMATION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 TEN MONTHS ENDED JUNE 30, 2019

Tax Roll Year	Last Ten Years Ended August 31	1 Tax Rates Maintenance	2 Debt Service	3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/2018	20 Current Year's Total Levy	30 Maintenance Tax Collections	30a Debt Service Tax Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2019
XXXX	2018 and Prior Years	Various	Various	Various	\$ 430,225		\$ 12,281	\$ 1,647	\$ (14,592)	\$ 401,705
2011	2012	1.040000	0.154800	1,567,107,757	86,832		1,549	227	(168)	84,888
2012	2013	1.040000	0.314164	1,576,137,330	101,435		1,770	246	555	99,974
2013	2014	1.040000	0.133700	1,654,696,515	97,428		3,630	540	(901)	92,357
2014	2015	1.040000	0.140400	1,586,154,352	102,470		8,119	1,106	(843)	92,402
2015	2016	1.040000	0.315000	1,738,375,390	118,954		14,863	1,911	2,919	105,099
2016	2017	1.040000	0.308100	1,775,582,092	138,347		27,429	3,703	2,444	109,659
2017	2018	1.040000	0.269170	1,920,664,770	231,853		54,643	16,551	(18,409)	142,250
2018	2019	1.040000	0.268481	2,060,938,820	458,513		146,506	43,418	(21,969)	246,620
2018	2019	1.060000	0.238481	2,236,797,443	-	29,044,390	22,428,807	5,804,979	(143,447)	667,157
1000 TOTALS					\$ 1,766,057	\$ 29,044,390	\$ 22,699,597	\$ 5,874,328	\$ (194,411)	\$ 2,042,111
					July 2019		\$ 60,861	\$ 16,869		
					August 2019		130,979	26,186		
					Total Collections		\$ 22,891,437	\$ 5,917,383		

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
TEN MONTHS ENDED JUNE 30, 2019

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 350,000	\$ 350,000	\$ 391,709	\$ 41,709
5800	State Program Revenues	15,000	15,000	15,581	581
5900	Federal Program Revenues	2,700,000	2,700,000	2,683,021	(16,979)
5020	Total Revenues	\$ 3,065,000	\$ 3,065,000	\$ 3,090,311	\$ 25,311
EXPENDITURES					
Current:					
Support Services - Student (Pupil):					
0035	Food Service	\$ 3,065,000	\$ 3,065,000	\$ 2,587,386	\$ 477,614
	Total Support Services - Student (Pupil)	\$ 3,065,000	\$ 3,065,000	\$ 2,587,386	\$ 477,614
6030	Total Expenditures	\$ 3,065,000	\$ 3,065,000	\$ 2,587,386	\$ 477,614
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ 502,925	\$ 502,925
1200	Net Change in Fund Balance	\$ -	\$ -	\$ 502,925	\$ 502,925
0100	Fund Balance - Beginning (September 1)	601,684	601,684	601,684	-
3000	Fund Balance - Ending (June 30)	\$ 601,684	\$ 601,684	\$ 1,104,609	\$ 502,925

GREENVILLE INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
TEN MONTHS ENDED JUNE 30, 2019

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 5,310,063	\$ 5,151,022	\$ 5,397,352	\$ 246,330
5800	State Program Revenues	-	150,000	136,111	(13,889)
5020	Total Revenues	\$ 5,310,063	\$ 5,301,022	\$ 5,533,463	\$ 232,441
EXPENDITURES					
Debt Service:					
0071	Principal on Long-term Debt	\$ 1,625,000	\$ 1,625,000	\$ 385,000	\$ 1,240,000
0072	Interest on Long-term Debt	3,685,063	3,685,063	1,844,456	1,840,607
0073	Bond Issuance Costs and Fees	-	10,000	3,500	6,500
	Total Debt Service	<u>\$ 5,310,063</u>	<u>\$ 5,320,063</u>	<u>\$ 2,232,956</u>	<u>\$ 3,087,107</u>
6030	Total Expenditures	\$ 5,310,063	\$ 5,320,063	\$ 2,232,956	\$ 3,087,107
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ (19,041)	\$ 3,300,507	\$ 3,319,548
1200	Net Change in Fund Balance	\$ -	\$ (19,041)	\$ 3,300,507	\$ 3,319,548
0100	Fund Balance - Beginning (September 1)	<u>3,081,387</u>	<u>3,081,387</u>	<u>3,081,387</u>	<u>-</u>
3000	Fund Balance - Ending (June 30)	<u>\$ 3,081,387</u>	<u>\$ 3,062,346</u>	<u>\$ 6,381,894</u>	<u>\$ 3,319,548</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 AS OF JUNE30, 2019

<u>Data Control Codes</u>		<u>Response</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 period end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	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 government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal period for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal period-end.	\$ -0-
SF11	Net Pension Assets (1920) at fiscal period-end.	\$ -0-
SF12	Net Pension Liabilities (2540) at fiscal period-end.	\$ 15,193,602
SF13	Net OPEB Liabilities (2545) at fiscal period-end.	\$ 22,094,086

FEDERAL AWARDS SECTION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
TEN MONTHS ENDED JUNE 30, 2019

(01) Federal Grantor/ Pass Through Grantor/ Program Title	(02) Federal CFDA Number	(02A) Pass-Through Identifying Grant Number	(03) Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through the Texas Education Agency:			
ESEA Title I Part A - Improving Basic Programs (C)*	84.010	19610101116905	\$ 1,458,681
Carl D. Perkins Vocational Education	84.048	19420006116905	74,083
ESEA Title II Part A - Supporting Effective Instruction	84.367	19694501116905	184,860
21st Century Grant	84.287	196950247110013	1,196,214
IDEA-B Discretionary (B)	84.027	19660011116905673	32,000
IDEA-B Formula (B)	84.027	196600111169056600	1,017,553
IDEA-B Preschool (B)	84.173	186610011169056610	30,753
IDEA-B Preschool (B)	84.173	196610011169056610	39,452
IDEA-C Early Intervention	84.181	193911011169053911	243
ESEA Title IV Part A Subpart 1	84.424	18680101116905	113,085
ESEA Title IV Part A Subpart 1	84.424	19680101116905	105,780
Title V Part B Subpart 2 - Rural and Low Income	84.358	1969601116905	91,515
Perkins Career Clusters	84.048	184200557110019	12,621
2018-2020 School Transformation Fund (C)*	84.377	176107337110013	274,355
Principal Preparation Grant	84.367	196945677110006	5,368
ESEA Title III Part A - English Language Acquisition	84.365	18671001057950	<u>102,432</u>
Total passed through the Texas Education Agency			<u>\$ 4,738,995</u>
Passed through Education Service Center - Region 20:			
IDEA-B Discretionary (B)	84.027	2265431910038	<u>\$ 7,637</u>
Total passed through Education Service Center - Region 20			<u>\$ 7,637</u>
Total Department of Education			<u>\$ 4,746,632</u>

* Denotes Major Programs
A - Food Service Cluster
B - Special Education Cluster
C - Title I Cluster

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
TEN MONTHS ENDED JUNE 30, 2019

(01) Federal Grantor/ Pass Through Grantor/ Program Title	(02) Federal CFDA Number	(02A) Pass-Through Identifying Grant Number	(03) Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct Program:			
Head Start	93.600	07CH6997/19	\$ 1,041,859
Total Department of Health and Human Services			<u>\$ 1,041,859</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Texas Department of Agriculture:			
School Breakfast Program (A)	10.553	0600	\$ 642,484
National School Lunch Program (A)	10.555	0600	1,827,840
USDA Commodity Food Distribution	10.565	116006A	<u>212,697</u>
Total Department of Agriculture			<u>\$ 2,683,021</u>
Total Expenditure of Federal Awards			<u>\$ 8,471,512</u>

* Denotes Major Programs
A - Food Service Cluster
B - Special Education Cluster
C - Title I Cluster

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 TEN MONTHS ENDED JUNE 30, 2019

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Greenville Independent School District and is presented on the modified accrual basis of accounting. Expenditures are recognized in the accounting period in which a fund liability occurs. Funds are considered earned to the extent of expenditures made.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. No provision has been made for amounts on hand at period end.

C. Subrecipients

The District provided federal awards to subrecipients in the Head Start program as follows:

Commerce Independent School District	\$	145,677
Quinlan Independent School District		<u>145,677</u>
Total		<u>\$ 291,354</u>

D. Reconciliations of Federal Revenue with Financial Statements

The District records amounts received from the federal government or other recipients of federal grant as federal revenue in the financial statements. This reconciliation identifies the difference between the financial statement revenues and the schedule of expenditures of federal awards:

Total Federal Expenditures (Exhibit K-1)	\$	8,471,512
Federal Program Indirect Cost		66,588
School Health and Related Services		<u>1,014,470</u>
Federal Revenue (Exhibit C-3)		<u>\$ 9,552,570</u>