

**GREENVILLE INDEPENDENT
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2018

RUTHERFORD, TAYLOR & COMPANY, P.C.
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GREENVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2018

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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 year ended August 31, 2018, at a meeting of the board of school trustees of such school district on _____.

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 year ended August 31, 2018, 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 August 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note Q to the financial statements, in 2018 the District adopted various accounting pronouncements issued by the Governmental Accounting Standards Board including GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 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. In our opinion, the other supplementary information schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 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.



January 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 year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be material weaknesses noted as item 2018-1.

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.



January 7, 2019
Greenville, Texas

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR 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 year ended August 31, 2018. 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 the requirements of laws, regulations, contracts and grants applicable to each of 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 year ended August 31, 2018.

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

Internal Control over Compliance with the Uniform Guidance – Continued

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.

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.

A handwritten signature in blue ink that reads "Rutherford, Taylor & Company, P.C." The signature is written in a cursive, flowing style.

January 7, 2019
Greenville, Texas

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COST
 YEAR ENDED AUGUST 31, 2018

Summary of Auditor's Results

Financial Statements –

Type of auditor's report issued	Unmodified Opinion
Internal Control over Financial Reporting: Material Weaknesses identified	Yes
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to the financial statements noted	None

Federal Awards –

Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of Auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	No
Identification of major programs	Head Start (93.600) 21 st Century Grant (84.287)
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Entity qualified as a low risk auditee	Yes
Pass-through Entities	Texas Education Agency

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2018

Financial Statement Findings (Section II)

2018-1	Internal Control Deficiencies – Cash Reconciliations
Criteria:	Reconciliation of the bank and investment account balances with the general ledger are critical to providing assurances of completion in the financial statements.
Condition Found:	The operating bank account was not reconciled to the general ledger during the year. The operating account was not fully reconciled until year end. Monthly attempts were made to perform procedures with regard to the reconciliation, but not fully completed until year end.
Questioned Cost/Basis:	None
Instances/Universe:	The operating account is the primary transactional account for the District. Only the year end balance was reconciled to the general ledger.
Effect:	Reconciliations of various bank and investment accounts are critical to the completeness assertion in the financial statements. Generally transactions are either the result of cash deposits or cash disbursements and the reconciliation of the accounts to the general ledger verifies that the transactions are recorded in the records. This process does not ensure that all items are correctly reflected in the general ledger but does provide assurance that the various transactions are included. The reconciliation process will help to establish that all of the transactions occurring are recorded and reflected as such in the Districts financial records. Without this process, items can be omitted from the records resulting in inaccurate financial data.
Recommendation:	Bank and investment accounts should be reconciled to the general ledger within 30 days to ensure all transactions are reflected and recorded properly in the financial statements.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2018

Federal Award Findings and Questioned Costs (Section III)

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2018

Prior Year Findings (Section IV)

2017-1

Internal Control Deficiencies – Cash Reconciliations

The District made personnel changes in addition to implementing procedural changes to streamline the reconciliation process. While the account reconciliations were not finalized, steps were taken to ensure transactions were complete. By the end of the year items were identified and corrections made to reflect a reconciled balance at year end.

Status: In Progress

2017-2

Expenditures Over Appropriations

The District began a monthly review and analysis of financial transactions to specifically review budgetary data for compliance. There are no functional categories that are over-expended at year end.

Status: Complete

2017-3

Internal Control Deficiencies – Budget Adoption and Amendments

The District's budget was reviewed and adjusted throughout the year based on transactions occurring and anticipated. The subsequent year budget appears to have been built on anticipated expenditures and adjusted for personnel changes and wage adjustments. Budget workshops were held to provide information to the Board and the public.

Status: Complete

2017-4

Internal Control Deficiencies – Account Coding

Various transactions were corrected prior to year end based on reviews of initial transactions recording. These corrections were made based on review of the accounting department personnel. The adjustments were minor compared to the previous year transactions and the actions taken by the District appear prudent to ensure accuracy in the financial reports.

Status: Complete

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2018

Corrective Action Plans (Section V)

2018-1

Internal Control Deficiencies – Cash Reconciliation

The reconciliation process and procedures developed during the year should resolve the deficiency as reconciliations are being completed timely. The CFO is signing off on the reconciliations completed monthly by personnel as an indication of checks and balances.

Contact Person: Deidra Reeves, CFO

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2018

This section of Greenville Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2018. Please read it in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

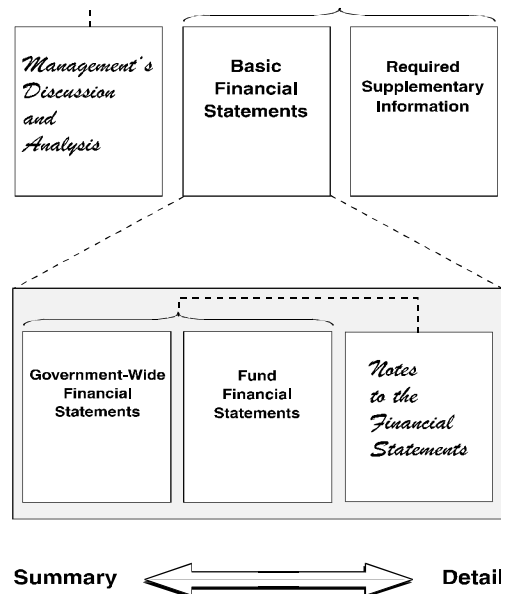
- The District's total combined net position was \$ (8,346,911) at August 31, 2018.
- During the year, the District's expenses were \$ 7,145,220 less than the \$ 53,122,606 generated in local property taxes and other revenues for governmental activities.
- The total cost of the District's programs decreased from last year as the District implemented GASB 75 in the current year. The implementation caused a significant reduction for OPEB plan changes which are reflected as decreases to both revenue and expenses.
- The General Fund reported a fund balance this year of \$ 9,134,272.

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
YEAR ENDED AUGUST 31, 2018**

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

<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<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
<i>Accounting basis and measurement focus</i>	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
<i>Type of asset/liability information</i>	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
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

GOVERNMENT-WIDE STATEMENTS

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

The two government-wide statements report the District's net position and how 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 year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explain the relationship (or differences) between them.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2018

- **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 \$ (8,346,911) at August 31, 2018.

Greenville Independent School District's Net Position			Table A-1
	Governmental Activities		Total
	2018	2017	Percentage Change 2017-2018
Assets:			
Cash and Investments	\$ 13,376,574	\$ 10,197,211	31.18%
Other Assets	4,720,791	6,934,761	-31.93%
Capital Assets less Accumulated Depreciation	96,839,218	99,239,226	-2.42%
Total Assets	\$ 114,936,583	\$ 116,371,198	-1.23%
Total Deferred Outflows of Resources	\$ 3,894,683	\$ 4,964,379	-21.55%
Liabilities:			
Current Liabilities	\$ 2,997,267	\$ 2,991,299	0.20%
Long-term Liabilities	114,759,121	99,673,589	15.13%
Total Liabilities	\$ 117,756,388	\$ 102,664,888	14.70%
Total Deferred Inflows of Resources	\$ 9,421,789	\$ 629,836	1395.91%
Net Position:			
Net Investment in Capital Assets	\$ 11,025,566	\$ 12,375,497	-10.91%
Restricted	3,843,356	3,174,773	21.06%
Unrestricted	(23,215,833)	2,490,583	-1032.14%
Total Net Position	\$ (8,346,911)	\$ 18,040,853	-146.27%

Approximately \$ 3,199,750 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 \$ 53,122,606. 51% of the District's revenue comes from property taxes (See Table A-3). 39% comes from state aid and federal grants, while only 10% relates to charges for services and other miscellaneous revenues, including investment earnings.

The total cost of all programs and services was \$ 45,977,386. 52% 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 99.57%. The total tax collection percentage rate (base tax and penalty and interest) was 100.96%

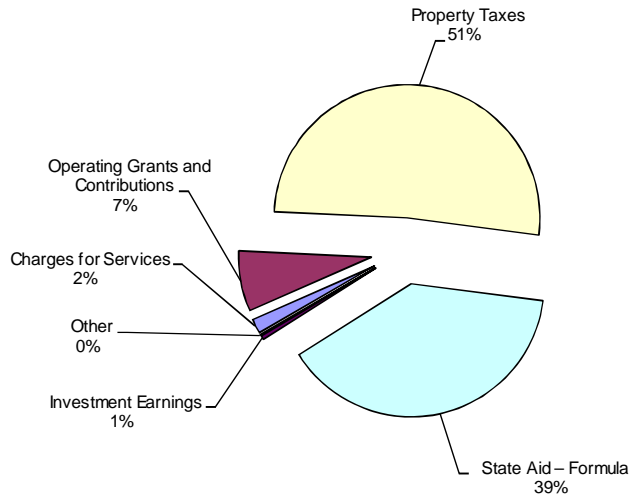
GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2018

GOVERNMENTAL ACTIVITIES

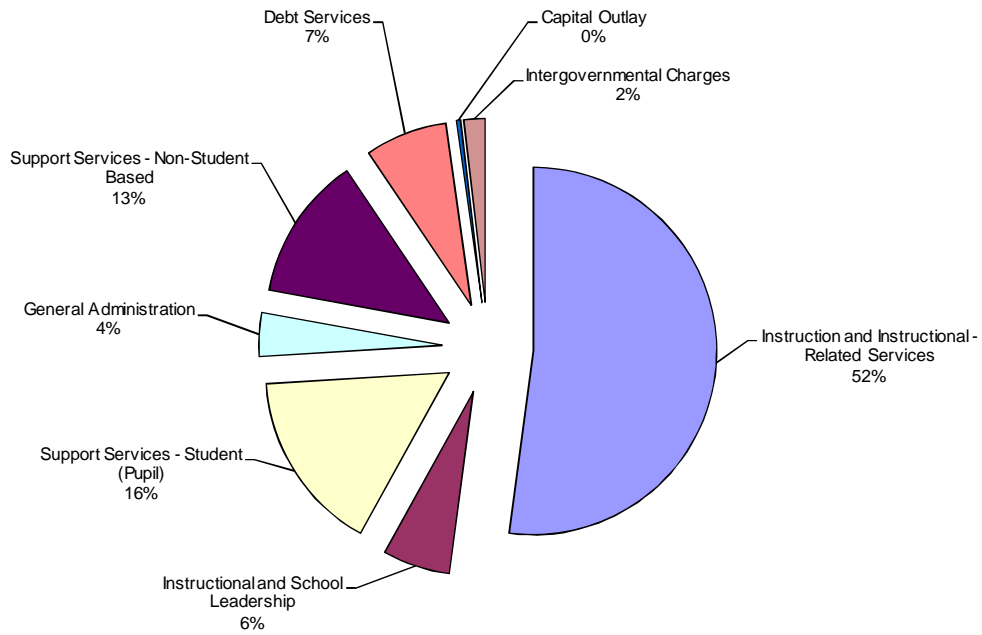
Changes in Greenville Independent School District's Net Position			Table A-2
	Governmental Activities		Total
	2018	2017	Percentage Change 2017-2018
Program Revenues:			
Charges for Services	\$ 940,362	\$ 1,230,477	-23.58%
Operating Grants and Contributions	3,878,978	12,415,654	-68.76%
General Revenues:			
Property Taxes	27,265,944	25,258,657	7.95%
State Aid – Formula	20,705,268	18,934,828	9.35%
Investment Earnings	258,656	149,437	73.09%
Other	73,398	65,332	12.35%
Total Revenues	\$ 53,122,606	\$ 58,054,385	-8.50%
Expenses:			
Instruction	\$ 21,747,882	\$ 29,787,619	-26.99%
Instructional Resources and Media Services	245,133	332,221	-26.21%
Curriculum and Staff Development	1,967,649	2,770,197	-28.97%
Instructional Leadership	481,858	555,517	-13.26%
School Leadership	2,236,086	3,145,323	-28.91%
Guidance, Counseling and Evaluation Services	1,158,426	1,860,442	-37.73%
Social Work Services	127	155,527	-99.92%
Health Services	362,560	454,437	-20.22%
Student (Pupil) Transportation	992,586	1,453,457	-31.71%
Food Services	2,879,397	2,909,995	-1.05%
Cocurricular/Extracurricular Activities	1,963,264	2,279,632	-13.88%
General Administration	1,757,314	2,176,750	-19.27%
Plant Maintenance and Operations	4,101,647	4,778,914	-14.17%
Security and Monitoring Services	399,659	459,620	-13.05%
Data Processing Services	1,228,028	1,013,811	21.13%
Community Services	97,616	247,195	-60.51%
Debt Service	3,338,856	3,961,191	-15.71%
Capital Outlay	161,749	820,711	-80.29%
Payments for Shared Service Arrangements	328,174	372,238	-11.84%
Other Intergovernmental Charges	529,375	485,000	9.15%
Total Expenses	\$ 45,977,386	\$ 60,019,797	-23.40%
Excess (Deficiency) Before Other Resources, Uses and Transfers	\$ 7,145,220	\$ (1,965,412)	463.55%
Increase (Decrease) in Net Position	\$ 7,145,220	\$ (1,965,412)	463.55%
Net Position - Beginning (September 1)	\$ 18,040,854	\$ 20,006,266	-9.82%
Prior Period Adjustment	(33,532,985)	-	-100.00%
Net Position - Beginning, as Restated	\$ (15,492,131)	\$ 20,006,266	-177.44%
Net Position - Ending (August 31)	\$ (8,346,911)	\$ 18,040,854	-146.27%

**GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2018**

Sources of Revenue for Fiscal Year 2018 - See Table A-2



Functional Expenses for Fiscal Year 2018 - See Table A-2



GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2018

- 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 year was \$ 45,977,386.
- However, the amount that our taxpayers paid for these activities through property taxes was \$ 27,265,944.
- Some of the cost was paid by those who directly benefited from the programs, \$ 940,362, or
- By grants and contributions, \$ 3,878,978.

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>		%	
	2018	2017	Change	2018	2017	Change	
Instruction	\$ 21,747,882	\$ 29,787,619	-26.99%	\$ 20,377,612	\$ 23,370,696	-12.81%	
School Leadership	2,236,086	3,145,323	-28.91%	2,646,956	2,833,628	-6.59%	
General Administration	1,757,314	2,176,750	-19.27%	2,068,652	2,081,716	-0.63%	
Plant Maintenance and Operations	4,101,647	4,778,914	-14.17%	4,439,361	4,619,056	-3.89%	
Debt Service	3,338,856	3,961,191	-15.71%	3,187,422	3,807,183	-16.28%	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues in the governmental funds totaled \$ 62,100,468. This represents an increase of \$ 4,351,111 from the prior year revenues of \$ 57,749,357. The change represents increases in all revenue categories including state aid due to greater property tax collections and grant income.

Expenditures in the governmental funds totaled \$ 61,184,071. This represents a decrease of \$ 7,855,871 from the prior year expenditures of \$ 69,039,942. The majority of this decrease relates to the completion of capital outlay projects going on throughout the District as well as increased costs across all functional categories.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised its General Fund budget several times. With these adjustments, actual expenditures were \$ 3,019,249 below final budget amounts. The most significant positive variance resulted from reduced instruction expenditures.

Resources available were \$ 1,454,816 more than the final General Fund budgeted amount. The favorable variance was reflective of increased student attendance and enrollment resulting in better than expected state aid.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At year end, the District had invested \$ 149,199,261 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
	2018	2017	Percentage
			Change
			2017-2018
Land	\$ 1,607,652	\$ 1,607,652	0.00%
Construction in Progress	-	38,301,599	-100.00%
Buildings and Improvements	139,999,384	100,525,779	39.27%
Vehicles	3,938,295	3,938,295	0.00%
Equipment	3,653,930	3,366,657	8.53%
Totals at Historical Cost	\$149,199,261	\$147,739,982	0.99%
Less Accumulated Depreciation	(52,360,043)	(48,500,756)	7.96%
Net Capital Assets	<u>\$ 96,839,218</u>	<u>\$ 99,239,226</u>	-2.42%

DEBT

At year end the District had \$ 86,368,282 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
	2018	2017	Percentage
			Change
			2017-2018
Bonds Payable	\$ 75,165,000	\$ 76,690,000	-1.99%
Loans Payable	1,772,898	2,088,657	-15.12%
Other Debt Payable	9,430,384	9,971,294	-5.42%
Total Debt Payable	<u>\$ 86,368,282</u>	<u>\$ 88,749,951</u>	-2.68%

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2018

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 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 2017-2019 biennium, which will affect the revenue levels of the District. With these increases in funding, the District anticipates monitoring expenditure levels to ensure financial stability remains strong.

A challenge to the State's funding system resulted in the system being held constitutional. Future legislative sessions could produce minor changes to funding for student populations. The legal process ended the challenges by the various interested parties including the State. State funding will continue under the present system until legislative changes occur.

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, Chief Financial Officer, PO Box 1022, Greenville, TX 75401.

BASIC FINANCIAL STATEMENTS

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2018

Data Control Codes	1	Governmental Activities
ASSETS		
1110	Cash and Investments	\$ 13,376,574
1225	Property Taxes Receivable, Net	1,589,451
1240	Due from Other Governments	3,039,661
1290	Other Receivables, Net	75,772
1300	Inventories	15,907
	Capital Assets:	
1510	Land	1,607,652
1520	Buildings and Improvements, Net	93,503,656
1530	Furniture and Equipment, Net	1,727,910
1000	Total Assets	\$ 114,936,583
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred Outflows - Refunding	\$ 263,316
1705	Deferred Outflows - Pensions	3,323,147
1706	Deferred Outflows - OPEB	308,220
1700	Total Deferred Outflows of Resources	\$ 3,894,683
LIABILITIES		
2110	Accounts Payable	\$ 1,063,881
2140	Interest Payable	157,231
2165	Accrued Liabilities	1,719,065
2300	Unearned Revenue	57,090
	Noncurrent Liabilities:	
2501	Due within one year	1,944,512
2502	Due in more than one year	84,423,771
2540	Net Pension Liability	9,248,816
2545	Net OEPB Liability	19,142,022
2000	Total Liabilities	\$ 117,756,388
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflows - Pensions	\$ 1,414,645
2606	Deferred Inflows - OPEB	8,007,144
2600	Total Deferred Inflows of Resources	\$ 9,421,789
NET POSITION		
3200	Net Investments in Capital Assets	\$ 11,025,566
	Restricted For:	
3820	Federal and State Programs	601,684
3850	Debt Service	3,199,750
3890	Other Purposes	41,922
3900	Unrestricted	(23,215,833)
3000	Total Net Position	\$ (8,346,911)

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2018

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services			
Governmental Activities:						
11	Instruction	\$ 21,747,882	\$ 86,895	\$ 1,283,375	\$ (20,377,612)	
12	Instructional Resources and Media Services	245,133	-	(45,802)	(290,935)	
13	Curriculum and Staff Development	1,967,649	-	1,361,434	(606,215)	
21	Instructional Leadership	481,858	-	(110,884)	(592,742)	
23	School Leadership	2,236,086	-	(410,870)	(2,646,956)	
31	Guidance, Counseling and Evaluation Services	1,158,426	-	(41,914)	(1,200,340)	
32	Social Work Services	127	-	102	(25)	
33	Health Services	362,560	-	(48,670)	(411,230)	
34	Student (Pupil) Transportation	992,586	-	(202,736)	(1,195,322)	
35	Food Services	2,879,397	363,917	2,655,272	139,792	
36	Cocurricular/Extracurricular Activities	1,963,264	442,351	(130,288)	(1,651,201)	
41	General Administration	1,757,314	-	(311,338)	(2,068,652)	
51	Plant Maintenance and Operations	4,101,647	47,199	(384,913)	(4,439,361)	
52	Security and Monitoring Services	399,659	-	(56,324)	(455,983)	
53	Data Processing Services	1,228,028	-	(161,729)	(1,389,757)	
61	Community Services	97,616	-	58,775	(38,841)	
72	Interest on Long-term Debt	3,333,275	-	151,434	(3,181,841)	
73	Debt Issuance Costs and Fees	5,581	-	-	(5,581)	
81	Capital Outlay	161,749	-	-	(161,749)	
93	Payments for Shared Service Arrangements	328,174	-	274,054	(54,120)	
99	Other Intergovernmental Charges	529,375	-	-	(529,375)	
TG	Total Governmental Activities	<u>\$ 45,977,386</u>	<u>\$ 940,362</u>	<u>\$ 3,878,978</u>	<u>\$ (41,158,046)</u>	
TP	Total Primary Government	<u>\$ 45,977,386</u>	<u>\$ 940,362</u>	<u>\$ 3,878,978</u>	<u>\$ (41,158,046)</u>	
General Revenues:						
MT	Property Taxes, Levied for General Purpose				\$ 21,682,554	
DT	Property Taxes, Levied for Debt Service				5,583,390	
IE	Investment Earnings				258,656	
GC	Grant and Contributions Not Restricted to Specific Programs				20,705,268	
MI	Miscellaneous				73,398	
TR	Total General Revenues				<u>\$ 48,303,266</u>	
CN	Change in Net Position				<u>\$ 7,145,220</u>	
NB	Net Position - Beginning (September 1)				<u>\$ 18,040,854</u>	
PA	Prior Period Adjustment				<u>(33,532,985)</u>	
	Net Position - Beginning, as Restated				<u>\$ (15,492,131)</u>	
NE	Net Position - Ending (August 31)				<u>\$ (8,346,911)</u>	

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
ASSETS					
1110	Cash and Investments	\$ 10,034,919	\$ 3,079,124	\$ 262,531	\$ 13,376,574
1225	Property Taxes Receivable, Net	1,317,383	272,068	-	1,589,451
1240	Due from Other Governments	1,282,361	-	1,757,300	3,039,661
1290	Other Receivables	73,090	2,263	419	75,772
1300	Inventories	15,907	-	-	15,907
1000	Total Assets	\$ 12,723,660	\$ 3,353,455	\$ 2,020,250	\$ 18,097,365
LIABILITIES					
Current Liabilities:					
2110	Accounts Payable	\$ 552,940	\$ -	\$ 510,941	\$ 1,063,881
2160	Accrued Wages Payable	1,719,065	-	-	1,719,065
2300	Unearned Revenues	-	-	57,090	57,090
2000	Total Liabilities	\$ 2,272,005	\$ -	\$ 568,031	\$ 2,840,036
DEFERRED INFLOWS OF RESOURCES					
2600	Total Deferred Inflows of Resources	\$ 1,317,383	\$ 272,068	\$ -	\$ 1,589,451
FUND BALANCES					
Nonspendable Fund Balances:					
3410	Inventories	\$ 15,907	\$ -	\$ -	\$ 15,907
Restricted Fund Balances:					
3450	Federal/State Funds Grants	-	-	601,684	601,684
3480	Retirement of Long-Term Debt	-	3,081,387	-	3,081,387
3490	Other Restrictions of Fund Balance	-	-	583,615	583,615
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	266,920	266,920
Assigned Fund Balances:					
3590	Other Assigned Fund Balance	2,000,000	-	-	2,000,000
3600	Unassigned	7,118,365	-	-	7,118,365
3000	Total Fund Balances	\$ 9,134,272	\$ 3,081,387	\$ 1,452,219	\$ 13,667,878
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,723,660	\$ 3,353,455	\$ 2,020,250	\$ 18,097,365

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
AUGUST 31, 2018

Total fund balances - Balance Sheet (governmental funds)	\$	13,667,878
<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.		96,839,218
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		1,589,451
Payables for bond principal which are not due in the current period are not reported in the funds.		(75,165,000)
Payables for bond interest which are not due in the current period are not reported in the funds.		(157,231)
Payable for notes which are not due in the current period are not reported in the funds.		(1,772,899)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.		263,316
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.		(9,248,816)
Deferred Resource Inflows related to the pension plan are not reported in the funds.		(1,414,645)
Deferred Resource Outflows related to the pension plan are not reported in the funds.		3,323,147
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.		(19,142,022)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.		(8,007,144)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.		308,220
Bond premiums are amortized in the SNA but not in the funds.		<u>(9,430,384)</u>
Net position of governmental activities - Statement of Net Position	\$	<u><u>(8,346,911)</u></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
YEAR ENDED AUGUST 31, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES				
5700 Local and Intermediate Sources	\$ 22,194,629	\$ 5,635,865	\$ 1,015,324	\$ 28,845,818
5800 State Program Revenues	23,083,144	151,434	502,983	23,737,561
5900 Federal Program Revenues	1,128,353	-	8,388,736	9,517,089
5020 Total Revenues	\$ 46,406,126	\$ 5,787,299	\$ 9,907,043	\$ 62,100,468
EXPENDITURES				
Current:				
0011 Instruction	\$ 24,515,221	\$ -	\$ 4,099,813	\$ 28,615,034
0012 Instructional Resources and Media Services	273,845	-	-	273,845
0013 Curriculum and Staff Development	1,207,070	-	1,554,574	2,761,644
0021 Instructional Leadership	715,692	-	7,374	723,066
0023 School Leadership	3,126,516	-	167,044	3,293,560
0031 Guidance, Counseling and Evaluation Services	1,525,755	-	254,253	1,780,008
0032 Social Work Services	-	-	127	127
0033 Health Services	482,890	-	29,113	512,003
0034 Student (Pupil) Transportation	1,219,809	-	526	1,220,335
0035 Food Services	-	-	2,884,370	2,884,370
0036 Cocurricular/Extracurricular Activities	1,457,260	-	419,579	1,876,839
0041 General Administration	2,345,478	-	2,319	2,347,797
0051 Plant Maintenance and Operations	4,694,182	-	53,845	4,748,027
0052 Security and Monitoring Services	395,133	-	-	395,133
0053 Data Processing Services	1,406,817	-	-	1,406,817
0061 Community Services	116,691	-	60,228	176,919
0071 Principal on Long-term Debt	315,758	1,525,000	-	1,840,758
0072 Interest on Long-term Debt	104,893	3,738,738	-	3,843,631
0073 Debt Issuance Cost and Fees	806	4,775	-	5,581
0081 Capital Outlay	-	-	1,621,028	1,621,028
0093 Payments for Shared Service Arrangements	54,162	-	274,012	328,174
0099 Other Intergovernmental Charges	529,375	-	-	529,375
6030 Total Expenditures	\$ 44,487,353	\$ 5,268,513	\$ 11,428,205	\$ 61,184,071
1100 Excess (Deficiency) of Revenues Over Expenditures	\$ 1,918,773	\$ 518,786	\$ (1,521,162)	\$ 916,397
OTHER FINANCING SOURCES (USES)				
7915 Transfers In	\$ -	\$ -	\$ 260,500	\$ 260,500
8911 Transfers Out	(260,500)	-	-	(260,500)
7080 Net Other Financing Sources (Uses)	\$ (260,500)	\$ -	\$ 260,500	\$ -
1200 Net Changes in Fund Balances	\$ 1,658,273	\$ 518,786	\$ (1,260,662)	\$ 916,397
0100 Fund Balances - Beginning (September 1)	7,475,999	2,562,601	2,712,881	12,751,481
3000 Fund Balances - Ending (August 31)	\$ 9,134,272	\$ 3,081,387	\$ 1,452,219	\$ 13,667,878

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
 YEAR ENDED AUGUST 31, 2018

Net change in fund balances - total governmental funds	\$ 916,397
<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.	1,459,279
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,859,287)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	40,338
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	507,667
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,525,000
Repayment of loan principal is an expenditure in the funds but is not reported in the funds.	315,758
(Increase) decrease in accrued interest expense from beginning of period to end of period.	2,689
GASB 75 requires certain expenditures to be de-expended and recorded as deferred resource outflow.	305,223
Pension contributions deferred in the prior year were expended in the current year	(261,287)
Pension expense relating to GASB 75 is recorded in the SOA but not in the funds.	6,648,103
GASB 68 requires certain expenditures to be de-expended and recorded as deferred resource outflow.	929,825
Pension contributions deferred in the prior year were expended in the current year	(947,929)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	<u>(436,556)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 7,145,220</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
 AUGUST 31, 2018

Data Control Codes		Private-Purpose Trust Funds	Agency Funds
		Scholarship Funds	Student Activity
ASSETS			
1110	Cash and Investments	\$ 60,728	\$ 113,016
1800	Restricted Assets	165,673	-
1000	Total Assets	\$ 226,401	\$ 113,016
LIABILITIES			
Current Liabilities:			
2190	Due to Student Groups	\$ -	\$ 113,016
2000	Total Liabilities	\$ -	\$ 113,016
NET POSITION			
3800	Held in Trust	\$ 226,401	\$ -
3000	Total Net Position	\$ 226,401	\$ -

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
YEAR ENDED AUGUST 31, 2018

	Private-Purpose Trust Funds
	Scholarship Funds
REVENUES	
Donations	\$ 5,501
Investment Earnings - Interest Revenue	2,729
Total Revenues	\$ 8,230
EXPENSES	
Scholarship Payments	\$ -
Total Expenses	\$ -
Changes in Net Position	\$ 8,230
Net Position - Beginning (September 1)	218,171
Net Position - Ending (August 31)	\$ 226,401

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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 year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-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
YEAR ENDED AUGUST 31, 2018

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 year end. Budget amendments throughout the year 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-year 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
YEAR ENDED AUGUST 31, 2018

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	Debt Service	Other Governmental	Total
Nonspendable				
Inventory	\$ 15,907	\$ -	\$ -	\$ 15,907
Restricted				
Child Nutrition Program	-	-	601,684	601,684
Retirement of Long Term Debt	-	3,081,387	-	3,081,387
Construction	-	-	541,693	541,693
Regional Day School	-	-	41,922	41,922
Committed				
Campus Activity Funds	-	-	266,920	266,920
Assigned				
Other Assigned	2,000,000	-	-	2,000,000
Unassigned	7,118,365	-	-	7,118,365
Totals	<u>\$ 9,134,272</u>	<u>\$ 3,081,387</u>	<u>\$ 1,452,219</u>	<u>\$ 13,667,878</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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 year end.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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
YEAR ENDED AUGUST 31, 2018

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 year 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 year.

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
YEAR ENDED AUGUST 31, 2018

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 year end:

	<u>Credit Rating</u>	<u>Fair Value</u>
Lone Star Investment Pool	AAAm	\$ 9,503,154
Texas CLASS	AAAm	2,449,169
Certificates of Deposit	n/a	489,508
Municipal Bonds	A or Greater	<u>1,633,586</u>
Total		<u>\$ 14,075,417</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 \$ 6,410,541.
- c. Largest cash, savings and time deposit combined account balances amounted to \$ 1,250,225, and occurred during the month of September 2017.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$ 311,113.

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

- a. **Credit Risk**
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year 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 year end, the District had no exposure to custodial credit risk.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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 year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

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 \$ 1.0400 to fund general operations and \$ 0.268481 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$ 2,060,938,820.

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
Construction in Progress	38,301,599	4,577	38,306,176	-
Total Capital Assets not being Depreciated	\$ 39,909,251	\$ 4,577	\$ 38,306,176	\$ 1,607,652
Capital Assets being Depreciated:				
Building and Improvements	\$ 100,525,779	\$ 39,473,605	\$ -	\$ 139,999,384
Equipment	3,366,657	287,273	-	3,653,930
Vehicles	3,938,295	-	-	3,938,295
Total Capital Assets being Depreciated	\$ 107,830,731	\$ 39,760,878	\$ -	\$ 147,591,609
Less Accumulated Depreciation for :				
Buildings and Improvements	\$ 43,086,467	\$ 3,409,261	\$ -	\$ 46,495,728
Equipment	2,390,612	278,783	-	2,669,395
Vehicles	3,023,677	171,243	-	3,194,920
Total Accumulated Depreciation	\$ 48,500,756	\$ 3,859,287	\$ -	\$ 52,360,043
Total Capital Assets being Depreciated, Net	\$ 59,329,975	\$ 35,901,591	\$ -	\$ 95,231,566
Governmental Activities Capital Assets, Net	\$ 99,239,226	\$ 35,906,168	\$ 38,306,176	\$ 96,839,218

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

D. Capital Assets (Continued)

Depreciation was charged to governmental activities functions as follows:

Instruction	\$ 2,659,296
Instructional Resources and Media Services	58,988
School Leadership	28,334
Guidance, Counseling and Evaluation Services	14,609
Health Services	14,887
Student (Pupil) Transportation	151,864
Food Services	158,321
Co-curricular/Extracurricular Activities	357,378
General Administration	9,533
Plant Maintenance and Operations	178,238
Security and Monitoring Services	108,317
Data Processing	119,522
Total	<u>\$ 3,859,287</u>

E. Long Term Obligations

Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 76,690,000	\$ -	\$ 1,525,000	\$ 75,165,000	\$ 1,625,000
Loans	2,088,657	-	315,759	1,772,898	319,512
Bond Premium (Discount)	9,971,294	-	540,910	9,430,384	-
Total Governmental Activities	<u>\$ 88,749,951</u>	<u>\$ -</u>	<u>\$ 2,381,669</u>	<u>\$ 86,368,282</u>	<u>\$ 1,944,512</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 year 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	63,440,000
Unlimited Tax Refunding Bonds, Series 2016	1.562%	13,230,000	<u>10,870,000</u>
Totals			<u>\$ 75,165,000</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

E. Long Term Obligations (Continued)

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

Year Ending August 31	Principal	Interest	Total Requirements
2019	\$ 1,625,000	\$ 3,685,063	\$ 5,310,063
2020	1,390,000	3,631,613	5,021,613
2021	1,455,000	3,566,731	5,021,731
2022	1,520,000	3,497,799	5,017,799
2023	1,600,000	3,424,950	5,024,950
2024-2028	9,810,000	15,748,600	25,558,600
2029-2033	13,395,000	12,819,975	26,214,975
2034-2038	17,185,000	9,030,625	26,215,625
2039-2043	22,070,000	4,147,500	26,217,500
2044-2046	5,115,000	127,875	5,242,875
Totals	<u>\$ 75,165,000</u>	<u>\$ 59,680,731</u>	<u>\$ 134,845,731</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 year 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 year end:

Description	Interest Rate	Original Amount	Outstanding Balance
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>1,550,000</u>
Totals			<u>\$ 1,772,898</u>

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

Year Ending August 31	Principal	Interest	Total Requirements
2019	\$ 319,512	\$ 89,673	\$ 409,185
2020	323,387	74,332	397,719
2021	209,999	58,832	268,831
2022	210,000	47,366	257,366
2023	210,000	35,900	245,900
2024-2028	500,000	40,950	540,950
Totals	<u>\$ 1,772,898</u>	<u>\$ 347,053</u>	<u>\$ 2,119,951</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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 year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

F. Pension Plan (Continued)

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 2017 and 2018.

		<u>Contribution Rates</u>	
		<u>2017</u>	<u>2018</u>
	Member	7.7%	7.7%
	Non-Employer Contributing Entity (State)	6.8%	6.8%
	Employers	6.8%	6.8%
2018	Employer Contributions	\$	929,825
2018	Member Contributions	\$	2,571,379
2017	NECE On-Behalf Contributions	\$	1,707,674

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
YEAR ENDED AUGUST 31, 2018

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, 2018, the District reported a liability of \$ 9,248,816 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	\$ 9,248,816
State's proportionate share that is associated with the District	<u>16,695,163</u>
Total	<u>\$ 25,943,979</u>

The net pension liability was measured as of August 31, 2017 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, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.0289254973% which was an increase of 0.0000182007% from its proportion measured as of August 31, 2016.

Changes Since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period. There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2018, the District recognized pension expense of \$ 2,657,926 and revenue of \$ 1,273,441 for support provided by the State.

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 experience	\$ 135,314	\$ 498,776
Changes of actuarial assumptions	421,298	241,183
Differences between projected and actual investment earnings	-	674,034
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	<u>1,836,710</u>	<u>652</u>
Total as of August 31, 2017 measurement date	2,393,322	1,414,645
Contributions paid to TRS subsequent to the measurement date	<u>929,825</u>	<u>-</u>
Total at fiscal year end	<u>\$ 3,323,147</u>	<u>\$ 1,414,645</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

F. Pension Plan (Continued)

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:

Fiscal Year Ending	
August 31	Amount
2019	\$ 153,548
2020	743,924
2021	108,188
2022	(69,934)
2023	51,372
Thereafter	(8,421)

5. *Actuarial Assumptions*

The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term Expected Investment Rate of Return	8.00%
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50%
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 year period ended August 31, 2014 and adopted on September 24, 2015.

6. *Discount Rate*

The discount rate used to measure the total pension liability was 8.0%. 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, 2016 are summarized on the next page:

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

F. Pension Plan (Continued)

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

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

7. *Discount Rate Sensitivity Analysis*

The following presents the District's share of the net pension liability of the plan using the discount rate of 8%, 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 (7%) or 1 – percentage point higher (9%) than the current rate:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
District's proportionate share of the net pension liability	\$ 15,591,676	\$ 9,248,816	\$ 3,967,355

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

F. Pension Plan (Continued)

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, 2017 and 2016.

<u>Net Pension Liability</u>	<u>August 31, 2017</u>	<u>August 31, 2016</u>
Total Pension Liability	\$ 179,336,834,819	\$ 171,797,150,487
Less: Plan Fiduciary Net Position	(147,361,922,120)	(134,008,637,473)
Net Pension Liability	<u>\$ 31,974,912,699</u>	<u>\$ 37,788,513,014</u>
Net Position as percentage of Total Pension Liability	82.17%	78.00%

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.

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

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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

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, 2016 - Dec. 31, 2017			
	<u>TRS-Care 1</u>	<u>TRS-Care 2</u>	<u>TRS-Care 3</u>
	Basic Plan	Optional Plan	Optional Plan
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 year. 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.

Contribution Rates		
	<u>2017</u>	<u>2018</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/Private Funding remitted by Employers	1.00%	1.25%
2018 Employer Contributions	\$ 305,223	
2018 Member Contributions	\$ 216,887	
2017 NECE On-Behalf Contributions	\$ 286,202	

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 \$ 182.6 million in fiscal year 2018.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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

5. *Actuarial Assumptions*

The total OPEB liability in the August 31, 2017 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, 2017 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
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate	3.42%
Aging Factors	Based on plan 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	3.50% to 9.50%
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

Other Information: There was a significant plan change adopted in fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will be offered and all retirees will be required to contribute monthly premiums for coverage. Assumption changes made for the August 31, 2017 valuation include a change to the assumption regarding the phase out of the Medicare Part D subsidies and a change to the discount rate from 2.98% as of August 31, 2016 to 3.42% as of August 31, 2017.

6. *Discount Rate*

A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of 0.44% 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, 2017.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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

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 (3.42%) 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	\$ 22,592,338	\$ 19,142,022	\$ 16,368,746

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	\$ 15,937,645	\$ 19,142,022	\$ 23,346,567

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

At August 31, 2018 the District reported a liability of \$ 19,142,022 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 OPEB Liability	\$ 19,142,022
State's proportionate share that is associated with the District	<u>23,938,842</u>
Total	<u>\$ 43,080,864</u>

The Net OPEB Liability was measured as of August 31, 2017 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, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.0440185629%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements for August 31, 2017 for TRS stated that the change in proportion was immaterial and, therefore, disregarded this year.

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:

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

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

There were no changes of benefit terms that affected measurement of the Total OPEB liability during the measurement period.

For the year ended August 31, 2018, the District recognized OPEB expense of \$ (14,397,389) and revenue of \$ (8,010,573) for support provided by the State

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 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 experience	\$ -	\$ 399,604
Changes in actuarial assumptions	-	7,607,540
Differences between projected and actual investment earnings	2,908	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	<u>89</u>	<u>-</u>
Total as of August 31, 2017 measurement date	\$ 2,997	\$ 8,007,144
Contributions paid to TRS subsequent to the measurement date	<u>305,223</u>	<u>-</u>
Total at fiscal year end	<u>\$ 308,220</u>	<u>\$ 8,007,144</u>

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 Year Ending August 31</u>	<u>Amount</u>
2019	\$ (1,056,156)
2020	(1,056,156)
2021	(1,056,156)
2022	(1,056,156)
2023	(1,056,156)
Thereafter	(2,722,640)

H. Risk Management

Health Care

During the year 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 TRS Active Care (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 the TRS Active Care (Aetna) are available for the year ended December 31, 2017, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

H. Risk Management (Continued)

Unemployment Compensation Pool

During the year 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.

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, 2017 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 year 2018, 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.

I. Litigation

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

J. 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 year 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.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

K. 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

L. Revenue from Local and Intermediate Sources

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

	General	Debt Service	Other Governmental	Total
Property Tax Collections	\$ 21,655,257	\$ 5,570,350	\$ -	\$ 27,225,607
Investment Income	177,143	65,515	15,998	258,656
Food Service Income	-	-	363,917	363,917
Services to Other Districts	-	-	277,510	277,510
Co-curricular Activities	-	-	357,899	357,899
Rent	47,199	-	-	47,199
Donations	84,630	-	-	84,630
Tuition	47,910	-	-	47,910
Other	182,490	-	-	182,490
Totals	\$ 22,194,629	\$ 5,635,865	\$ 1,015,324	\$ 28,845,818

M. 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	\$ 119,353
Indirect Cost – Education Programs/Food Service	<u>1,009,001</u>
Total	<u>\$ 1,128,354</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

N. Receivables

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

	General	Debt Service	Other Governmental	Total
Due from Other Governments	\$ 1,282,361	\$ -	\$ 1,757,299	\$ 3,039,660
Property Taxes	1,463,759	302,298	-	1,766,057
Less Allowance for Uncollectible				
Property Taxes	(146,376)	(30,230)	-	(176,606)
Other Receivables	73,090	2,263	419	75,772
Net Receivables	<u>\$ 2,672,834</u>	<u>\$ 274,331</u>	<u>\$ 1,757,718</u>	<u>\$ 4,704,883</u>

O. Subsequent Events

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

P. 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 year 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.

	Available	Foundation	IFA	EDA
CY Summary of Finances (SOF)	\$ 1,011,033	\$ 18,541,095	Not	\$ 144,299
Prior Year Settle Ups	-	504,665	Eligible	7,135
August Instructional Days Change	111,698	536,778		-
Financial Statement Earnings	<u>\$ 1,122,731</u>	<u>\$ 19,582,538</u>	<u>\$ -</u>	<u>\$ 151,434</u>
Financial Statement Amounts				
SOF Receivable (Overpayment)	\$ -	\$ 182,133	\$ -	\$ -
August Instructional Days Receivable	135,487	964,741	-	-

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

Q. Change in Accounting Principles

Statement 75, *Accounting and Financial Reporting for Postemployment Benefits and Other Pensions*.

The Statement addresses accounting and reporting for postemployment benefits other than pensions (OPEB). Various standards for recognizing measuring and reporting liabilities, deferred outflows and deferred inflows are implemented to achieve the financial accounting and reporting objectives. Note disclosures and other required supplemental information were expanded to provide additional insight into the financial implications of the OPEB.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2018

R. Change in Accounting Principles (Continued)

Statement 85, *Omnibus 2017*

The Statement addresses a variety of technical corrections to previously issued statements that were identified during the implementation of the standards. Included are amendments to GASB Statement 75 that enhance the financial reporting requirements.

S. Prior Period Adjustments

Government-wide Financial Statements

The increase in net assets identified on Exhibit B-1 includes the following corrections of errors in prior periods or changes related to implementations of new accounting standards:

Implementation of GASB Statement 75, *Accounting and Financial Reporting for Post Employment Benefits and Other Pension*, relating to retiree healthcare benefits (OPEB) decreased beginning net assets \$ (33,532,985)

T. Negative Operating Grants and Contributions – Statement of Activities

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.

	Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (excluding on-behalf accruals)
11 - Instruction	\$ 1,283,375	\$ (4,829,808)	\$ 6,113,183
12 - Instructional Resources and Media Services	(45,802)	(55,498)	9,696
13 - Curriculum and Instructional Staff Development	1,361,434	(234,133)	1,595,567
21 - Instructional Leadership	(110,884)	(142,575)	31,691
23 - School Leadership	(410,870)	(700,193)	289,323
31 - Guidance, Counseling and Evaluation Services	(41,914)	(358,958)	317,044
32 - Social Work Services	102	-	102
33 - Health Services	(48,670)	(94,255)	45,585
34 - Student (Pupil) Transportation	(202,736)	(245,654)	42,918
35 - Food Services	2,655,272	-	2,655,272
36 - Extracurricular Activities	(130,288)	(157,861)	27,573
41 - General Administration	(311,338)	(377,265)	65,927
51 - Facilities Maintenance and Operations	(384,913)	(520,489)	135,576
52 - Security and Monitoring Services	(56,324)	(68,248)	11,924
53 - Data Processing Services	(161,729)	(195,982)	34,253
61 - Community Services	58,775	(29,654)	88,429
72 - Interest on Long-term Debt	151,434	-	151,434
93 - Payments for Shared Service Arrangements	274,054	-	274,054
	<u>\$ 3,878,978</u>	<u>\$ (8,010,573)</u>	<u>\$ 11,889,551</u>

REQUIRED SUPPLEMENTARY INFORMATION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 21,152,222	\$ 22,037,170	\$ 22,194,629	\$ 157,459
5800	State Program Revenues	20,219,930	21,854,140	23,083,144	1,229,004
5900	Federal Program Revenues	500,000	1,060,000	1,128,353	68,353
5020	Total Revenues	\$ 41,872,152	\$ 44,951,310	\$ 46,406,126	\$ 1,454,816
EXPENDITURES					
Instruction and Instructional Related Services:					
0011	Instruction	\$ 25,833,858	\$ 25,622,732	\$ 24,515,221	\$ 1,107,511
0012	Instructional Resources and Media Services	234,089	330,407	273,845	56,562
0013	Curriculum and Staff Development	432,781	1,451,782	1,207,070	244,712
	Total Instruction and Instr. Related Services	\$ 26,500,728	\$ 27,404,921	\$ 25,996,136	\$ 1,408,785
Instructional and School Leadership:					
0021	Instructional Leadership	\$ 785,911	\$ 753,245	\$ 715,692	\$ 37,553
0023	School Leadership	1,941,061	3,307,371	3,126,516	180,855
	Total Instructional and School Leadership	\$ 2,726,972	\$ 4,060,616	\$ 3,842,208	\$ 218,408
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	\$ 830,380	\$ 1,620,965	\$ 1,525,755	\$ 95,210
0033	Health Services	583,035	544,421	482,890	61,531
0034	Student (Pupil) Transportation	957,204	1,442,818	1,219,809	223,009
0035	Food Services	273,840	-	-	-
0036	Cocurricular/Extracurricular Activities	1,072,497	1,599,222	1,457,260	141,962
	Total Support Services - Student (Pupil)	\$ 3,716,956	\$ 5,207,426	\$ 4,685,714	\$ 521,712
Administrative Support Services:					
0041	General Administration	\$ 1,941,167	\$ 2,583,757	\$ 2,345,478	\$ 238,279
	Total Administrative Support Services	\$ 1,941,167	\$ 2,583,757	\$ 2,345,478	\$ 238,279
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	\$ 3,668,149	\$ 4,870,230	\$ 4,694,182	\$ 176,048
0052	Security and Monitoring Services	416,812	459,339	395,133	64,206
0053	Data Processing Services	1,592,061	1,664,655	1,406,817	257,838
	Total Support Services - Nonstudent Based	\$ 5,677,022	\$ 6,994,224	\$ 6,496,132	\$ 498,092
Ancillary Services:					
0061	Community Services	\$ 260,693	\$ 157,544	\$ 116,691	\$ 40,853
	Total Ancillary Services	\$ 260,693	\$ 157,544	\$ 116,691	\$ 40,853
Debt Service:					
0071	Principal on Long-term Debt	\$ 315,759	\$ 316,759	\$ 315,758	\$ 1,001
0072	Interest on Long-term Debt	117,397	116,397	104,893	11,504
0073	Debt Issuance Costs and Fees	1,500	1,500	806	694
	Total Debt Service	\$ 434,656	\$ 434,656	\$ 421,457	\$ 13,199
Intergovernmental Charges:					
0093	Payments for Shared Service Arrangements	\$ 76,150	\$ 126,150	\$ 54,162	\$ 71,988
0099	Other Intergovernmental Charges	537,808	537,308	529,375	7,933
	Total Intergovernmental Charges	\$ 613,958	\$ 663,458	\$ 583,537	\$ 79,921
6030	Total Expenditures	\$ 41,872,152	\$ 47,506,602	\$ 44,487,353	\$ 3,019,249
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ (2,555,292)	\$ 1,918,773	\$ 4,474,065
OTHER FINANCING SOURCES (USES)					
8911	Transfers Out	\$ -	\$ (260,500)	\$ (260,500)	\$ -
	Net Other Financial Sources (Uses)	\$ -	\$ (260,500)	\$ (260,500)	\$ -
1200	Net Change in Fund Balance	\$ -	\$ (2,815,792)	\$ 1,658,273	\$ 4,474,065
0100	Fund Balance - Beginning (September 1)	7,475,999	7,475,999	7,475,999	-
3000	Fund Balance - Ending (August 31)	\$ 7,475,999	\$ 4,660,207	\$ 9,134,272	\$ 4,474,065

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
YEAR ENDED AUGUST 31, 2018

	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
District's proportion of the net pension liability	0.0289254973%	0.0289073000%	0.0289191000%	0.0188226000%
District's proportionate share of the net pension liability	\$ 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>16,695,163</u>	<u>18,501,144</u>	<u>17,084,658</u>	<u>14,915,939</u>
Total	<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)	\$ 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	28.52%	36.43%	36.78%	18.43%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%

Note: Only four 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
 YEAR ENDED AUGUST 31, 2018

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

Note: Only four 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 AUGUST 31, 2018

	2017 *
District's proportion of the Net OPEB Liability (Asset)	0.0440185629%
District's proportionate share of the Net OPEB Liability (Asset)	\$ 19,142,022
State's proportionate share of the Net OPEB Liability (Asset) associated with the District	23,938,842
Total	\$ 43,080,864
District's covered-employee payroll (for Measurement Year)	\$ 32,430,857
District's proportionate share of the Net OPEB Liability as a percentage of it's covered-employee payroll	59.02%
Plan fiduciary net position as a percentage of the Total OPEB Liability	0.91%

Note: Only one year 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 AUGUST 31, 2018

	2018
Contractually required contributions	\$ 305,223
Contributions in relations to the contractual required contributions	305,223
Contribution deficiency (excess)	\$ 610,446
District's covered employee payroll	\$ 33,394,485
Contributions as a percentage of covered employee payroll	0.91%

Note: Only one year 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
YEAR ENDED AUGUST 31, 2018

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

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

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

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

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

B. Defined Benefit Pension Plan

1. Changes of Assumptions

No changes in assumptions were made that affected the measurement of the total pension liability during the measurement period.

2. Changes of Benefit Terms

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

OTHER SUPPLEMENTARY INFORMATION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 YEAR ENDED AUGUST 31, 2018

Tax Roll Year	Last Ten Years Ended August 31	1 Tax Rates		3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/2017	20 Current Year's Total Levy	30 Maintenance Tax Collections	30a Debt Service Tax Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2018
		Maintenance	2 Debt Service							
XXXX	2009 and Prior Years	Various	Various	Various	\$ 387,334	\$ -	\$ 17,194	\$ 2,188	\$ (12,377)	\$ 355,575
2009	2010	1.040000	0.144400	1,393,254,118	82,360	-	1,844	270	(5,596)	74,650
2010	2011	1.040000	0.154800	1,567,107,757	95,978	-	2,484	345	(6,317)	86,832
2011	2012	1.040000	0.314164	1,576,137,330	111,939	-	3,894	580	(6,030)	101,435
2012	2013	1.040000	0.133700	1,654,696,515	108,955	-	9,256	1,261	(1,010)	97,428
2013	2014	1.040000	0.140400	1,586,154,352	105,696	-	12,087	1,554	10,415	102,470
2014	2015	1.040000	0.315000	1,738,375,390	135,844	-	22,617	3,053	8,780	118,954
2015	2016	1.040000	0.308100	1,775,582,092	186,141	-	33,767	10,228	(3,799)	138,347
2016	2017	1.040000	0.269170	1,920,664,770	506,990	-	181,836	53,888	(39,413)	231,853
2017	2018	1.040000	0.268481	2,060,938,820	-	26,966,993	21,046,497	5,447,213	(14,770)	458,513
1000 TOTALS					\$ 1,721,237	\$ 26,966,993	\$ 21,331,476	\$ 5,520,580	\$ (70,117)	\$ 1,766,057

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final		Positive (Negative)	
REVENUES					
5700	Local and Intermediate Sources	\$ -	\$ 450,000	\$ 363,917	\$ (86,083)
5800	State Program Revenues	-	18,000	14,762	(3,238)
5900	Federal Program Revenues	-	2,750,000	2,640,510	(109,490)
5020	Total Revenues	\$ -	\$ 3,218,000	\$ 3,019,189	\$ (198,811)
EXPENDITURES					
Current:					
Support Services - Student (Pupil):					
0035	Food Service	\$ 2,763,306	\$ 3,218,000	\$ 2,884,370	\$ 333,630
	Total Support Services - Student (Pupil)	\$ 2,763,306	\$ 3,218,000	\$ 2,884,370	\$ 333,630
6030	Total Expenditures	\$ 2,763,306	\$ 3,218,000	\$ 2,884,370	\$ 333,630
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ (2,763,306)	\$ -	\$ 134,819	\$ 134,819
1200	Net Change in Fund Balance	\$ (2,763,306)	\$ -	\$ 134,819	\$ 134,819
0100	Fund Balance - Beginning (September 1)	466,865	466,865	466,865	-
3000	Fund Balance - Ending (August 31)	\$ (2,296,441)	\$ 466,865	\$ 601,684	\$ 134,819

GREENVILLE INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ -	\$ 5,689,456	\$ 5,635,865	\$ (53,591)
5800	State Program Revenues	-	150,624	151,434	810
5020	Total Revenues	\$ -	\$ 5,840,080	\$ 5,787,299	\$ (52,781)
EXPENDITURES					
Debt Service:					
0071	Principal on Long-term Debt	\$ 1,525,000	\$ 1,525,000	\$ 1,525,000	\$ -
0072	Interest on Long-term Debt	3,738,738	3,736,463	3,738,738	(2,275)
0073	Bond Issuance Costs and Fees	2,500	14,775	4,775	10,000
	Total Debt Service	\$ 5,266,238	\$ 5,276,238	\$ 5,268,513	\$ 7,725
6030	Total Expenditures	\$ 5,266,238	\$ 5,276,238	\$ 5,268,513	\$ 7,725
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ (5,266,238)	\$ 563,842	\$ 518,786	\$ (45,056)
1200	Net Change in Fund Balance	\$ (5,266,238)	\$ 563,842	\$ 518,786	\$ (45,056)
0100	Fund Balance - Beginning (September 1)	2,562,601	2,562,601	2,562,601	-
3000	Fund Balance - Ending (August 31)	\$ (2,703,637)	\$ 3,126,443	\$ 3,081,387	\$ (45,056)

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 AS OF AUGUST 31, 2018

<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 year 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?	Yes
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 year 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 year-end.	\$ -0-
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -0-
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 9,248,816
SF13	Net OPEB Liabilities (2545) at fiscal year-end.	\$ 19,142,022

FEDERAL AWARDS SECTION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2018

(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	18610101116905	\$ 1,479,880
Summer School LEP	84.369	69551002	4,749
Carl D. Perkins Vocational Education	84.048	18420006116905	61,091
ESEA Title II Part A - Supporting Effective Instruction	84.367	18694501116905	173,092
21st Century Grant *	84.287	186950247110013	1,301,985
21st Century Grant *	84.287	196950247110013	46,629
IDEA-B Discretionary (B)	84.027	186600111169056000	49,573
IDEA-B Formula (B)	84.027	186600011169056600	1,020,184
IDEA-B Preschool (B)	84.173	186610011169056610	22,123
IDEA-C Early Intervention	84.181	173911011169053000	221
ESEA Title IV Part A Subpart 1	84.424	18680101116905	35,276
Title V Part B Subpart 2 - Rural and Low Income	84.358	1869601116905	84,551
ESEA Title III, Part A - Immigrant	84.365	18671003116905	183
Perkins Career Clusters	84.048	184200557110019	62,379
2018-2020 School Transformation Fund	84.377	176107337110013	16,500
Emergency Impact Aid to LEA's	84.938	51271901	27,556
ESEA Title I Part A - School Improvement (C)	84.010	18610123116905	121,759
P-Tech and ICIA Success	17.258	183925027110008	49,083
Total passed through the Texas Education Agency			<u>\$ 4,556,814</u>
Passed through Education Service Center - Region 8:			
ESEA Title III Part A - English Language Acquisition	84.365	18671001057950	\$ 79,684
ESEA Title Subpart B - Homeless Education Program	84.196	00-045	4,154
Total passed through Education Service Center - Region 8			<u>\$ 83,838</u>
Total Department of Education			<u>\$ 4,640,652</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
YEAR ENDED AUGUST 31, 2018

(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	07CH6997/18	\$ 1,090,539
Head Start *	93.600	07CH6997/19	<u>21,783</u>
Total Department of Health and Human Services			<u>\$ 1,112,322</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Texas Department of Agriculture:			
School Breakfast Program (A)	10.553	0600	\$ 646,833
National School Lunch Program (A)	10.555	0600	1,798,484
USDA Commodity Food Distribution	10.565	116006A	<u>195,193</u>
Total Department of Agriculture			<u>\$ 2,640,510</u>
Total Expenditure of Federal Awards			<u>\$ 8,393,484</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
 YEAR ENDED AUGUST 31, 2018

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 year end.

C. Subrecipients

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

Commerce Independent School District	\$	135,120
Quinlan Independent School District		<u>138,892</u>
Total		<u>\$ 274,012</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)	\$	8,393,484
Federal Program Indirect Cost		119,353
School Health and Related Services		<u>1,004,252</u>
Federal Revenue (Exhibit C-3)		<u>\$ 9,517,089</u>