

**GREENVILLE INDEPENDENT  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED AUGUST 31, 2017**

RUTHERFORD, TAYLOR & COMPANY, P.C.  
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GREENVILLE INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED AUGUST 31, 2017

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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, 2017, at a meeting of the board of school trustees of such school district on   January 16, 2018  .

*Janice Stafford*  
Signature of Board Secretary

*Chris Adams*  
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

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**INDEPENDENT AUDITOR'S REPORT**

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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, 2017, 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, 2017, 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 R to the financial statements, in 2017 the District adopted various accounting pronouncements issued by the Governmental Accounting Standards Board. 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 12, 2018, 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 12, 2018  
Greenville, Texas



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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*

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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, 2017, 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 12, 2018.

### **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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2017-1 and 2017-3 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2017-4 to be significant deficiencies.

### **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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2017-2.

Report on Internal Control – Continued

**District's Response to Findings**

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

**Purpose of this Report**

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

January 12, 2018  
Greenville, Texas

*Rutherford, Taylor & Company, PC*

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

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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, 2017. 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, 2017.

**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.

January 12, 2018  
Greenville, Texas

*Rutherford, Taylor & Company PC*

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COST  
 YEAR ENDED AUGUST 31, 2017

**Summary of Auditor's Results**

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*Financial Statements –*

Type of auditor's report issued	Unmodified Opinion
Internal Control over Financial Reporting: Material Weaknesses identified	None
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	Food Service Cluster: School Breakfast Program (10.553) National School Lunch Program (10.555)  Special Education Cluster: IDEA-B Formula (84.027) IDEA-B Preschool (84.173) IDEA-B Discretionary (84.027)
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, 2017

**Financial Statement Findings (Section II)**

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**2017-1**

**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 has not been timely reconciled to the general ledger throughout the year. The District did not fully reconcile the operating account with the general ledger at any point during the year. While monthly attempts have been made to perform procedures with regard to the reconciliation, the finalization of the process has not been completed.

**Questioned Cost/Basis:** None

**Instances/Universe:** The operating account is the primary transactional account for the District. None of the twelve months were reconciled to the general ledger during the year.

**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.

**2017-2**

**Expenditures Over Appropriations**

**Criteria:** Texas Education Code, Section 44.002 through 44.006 establishes the legal basis for budget development in school districts. No funds may be expended in any manner other than as provided in the adopted budget. The Texas Education Agency has adopted regulations that require compliance at the functional expenditure level.

**Condition Found:** The District overexpended functional expenditure categories during the year and at the year end.

**Questioned/Cost Basis:** None

**Instances/Universe:** Expenditures of the legally required budgeted funds are distributed into twenty-one (21) functional expenditure categories. The District overexpended eleven (11) of the functional categories.

**Effect:** The District appears to not have been in compliance with the Texas Education Code, Section 44.002 through 44.006.

**Recommendation:** The Board should as a routine matter, discuss and make budget amendments during the normal course of the financial report reviewed monthly. Anytime items come before the Board that were not included in the original budget adopted, consideration for an amendment should be addressed.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2017

**Financial Statement Findings (Section II)**

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<b>2017-3</b>	<b>Internal Control Deficiencies – Budget Adoption and Amendments</b>
Criteria:	Texas Education Code, Section 44.002 through 44.006 establishes the legal basis for budget development in school districts. Annual budget adoption is critical for the financial management of the District.
Condition Found:	The adopted budget for the 2016-17 fiscal year did not include appropriate numbers that estimated the compensation and related benefits to be paid by the District.
Questioned Cost/Basis:	None
Instances/Universe:	Budget numbers for the 2016-17 compensation were not adjusted from the prior year budget estimates. The numbers were rolled into the new year without adjustments for step increases or other increases approved by the Board. This can be seen when reviewing the original budget adopted as compared to the actual financial transactions.
Effect:	Budget workshops should include information updated for the current year activity as well as estimates of future compensation. Failure to make valid estimates of compensation will create shortages and over budget situations. Because compensation and related benefits are in excess of 70% of the typical annual budget, failure to project these annual amounts will generally result in significant variances and ultimate unexpected results.
Recommendation:	The Board should request comparative data on positions as well as expenditures when reviewing the upcoming budget discussions and adoptions.
<b>2017-4</b>	<b>Internal Control Deficiencies – Account Coding</b>
Criteria:	Texas Education Agency Regulations require the use of standard account codes to report information throughout the state. The account code structure and definitions are identified in the Financial Accounting and Reporting module of the TEA Resource Guide.
Condition Found:	Multiple journal entries were made during the audit to correct misstated accounts and reclassify expenditures. The corrections and reclassifications highlight the need for review of transactions prior to posting to the general ledger. Also many of the transaction reclassifications were the result of incorrect payroll account coding.
Questioned Cost/Basis:	None
Instances/Universe:	Correcting and reclassifying journal entries exceeded 40 across all funds. While some entries are routine the majority related to errors in coding of transactions.
Effect:	If financial information used to report financial activity is not accurate and complete, financial, decisions cannot be prudently made to ensure financial stability is maintained.
Recommendation:	Training for program and school administration should be conducted to ensure that items are appropriately coded prior to entry into the accounting system. Human Resource personnel should receive training on position coding to ensure codes flowing into the payroll system are accurate. Payroll transactions should be reviewed monthly to ensure payroll is consistently coded throughout the year.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2017

**Federal Award Findings and Questioned Costs (Section III)**

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NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2017

**Prior Year Findings (Section IV)**

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NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2017

**Corrective Action Plans (Section V)**

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**2017-1 Internal Control Deficiencies – Cash Reconciliations**

The District has implemented a monthly reconciliation process to ensure completeness in the general ledger. The reconciliation will be completed within a 30 day period.

Contact Person: Deidra Reeves, CFO

**2017-2 Expenditure Over Appropriations**

Monthly budget reviews will be conducted to identify areas of concern with regard to appropriation shortages. Budgets will be amended to ensure compliance with board policy and state regulations.

Contact Person: Deidra Reeves, CFO

**2017-3 Internal Control Deficiencies – Budget Adoption and Amendments**

The current budget has been reviewed and amended to ensure financial stability of the District is maintained. The next year budget calendar and process has been reviewed by management and will be presented to the Board. Various software products will be implemented to ensure numbers are reflective of actual activity.

Contact Person: Deidra Reeves, CFO

**2017-4 Internal Control Deficiencies – Account Coding**

Implementation of reviews of transactions including payroll will be put into place during the year. Training will be provided as a part of the new year budget process.

Contact Person: Deidra Reeves, CFO

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2017

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, 2017. Please read it in conjunction with the District's basic financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

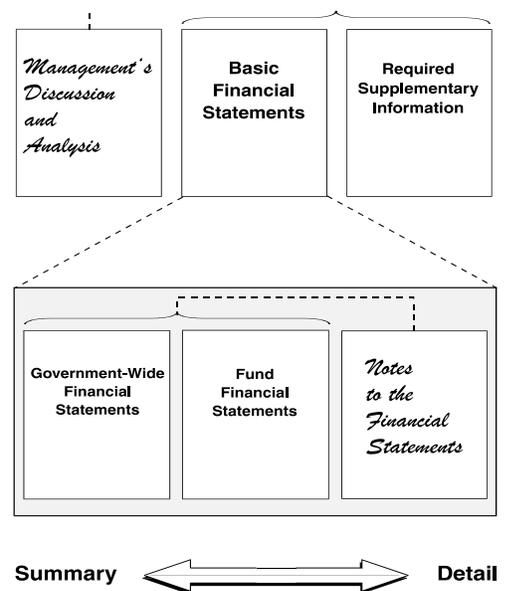
- The District's total combined net position was \$ 18,040,853 at August 31, 2017.
- During the year, the District's expenses were \$ 1,965,412 more than the \$ 58,054,385 generated in local property taxes and other revenues for governmental activities.
- The total cost of the District's programs increased approximately 0.71% from last year.
- The General Fund reported a fund balance this year of \$ 7,475,999.

**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, 2017**

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>	<b>Fund Statements</b>			
	<b>Government-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<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"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures &amp; changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
<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, 2017

- 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 \$ 18,040,853 at August 31, 2017.

<b>Greenville Independent School District's Net Position</b>			<b>Table A-1</b>
	Governmental Activities 2017	2016	Total Percentage Change 2016-2017
<b>Assets:</b>			
Cash and Investments	\$ 10,197,211	\$ 24,209,137	-57.88%
Other Assets	6,934,761	8,210,376	-15.54%
Capital Assets less Accumulated Depreciation	99,239,226	90,851,946	9.23%
<b>Total Assets</b>	<b>\$ 116,371,198</b>	<b>\$ 123,271,459</b>	<b>-5.60%</b>
<b>Total Deferred Outflows of Resources</b>	<b>\$ 4,964,379</b>	<b>\$ 5,730,575</b>	<b>-13.37%</b>
<b>Liabilities:</b>			
Current Liabilities	\$ 2,991,299	\$ 7,054,692	-57.60%
Long-term Liabilities	99,673,589	101,180,346	-1.49%
<b>Total Liabilities</b>	<b>\$ 102,664,888</b>	<b>\$ 108,235,038</b>	<b>-5.15%</b>
<b>Total Deferred Inflows of Resources</b>	<b>\$ 629,836</b>	<b>\$ 760,731</b>	<b>-17.21%</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	\$ 12,375,497	\$ 9,480,239	30.54%
Restricted	3,174,773	3,013,836	5.34%
Unrestricted	2,490,583	7,512,190	-66.85%
<b>Total Net Position</b>	<b>\$ 18,040,853</b>	<b>\$ 20,006,265</b>	<b>-9.82%</b>

Approximately \$ 2,524,331 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 \$ 58,054,385. 44% of the District's revenue comes from property taxes (See Table A-3). 54% comes from state aid and federal grants, while only 2% relates to charges for services and other miscellaneous revenues, including investment earnings.

The total cost of all programs and services was \$ 60,019,797. 55% of these costs are for instruction and instructional related staff and student services.

The District's base tax collection percentage rate (current and delinquent – base tax only) was 98.72%. The total tax collection percentage rate (base tax and penalty and interest) was 99.64%

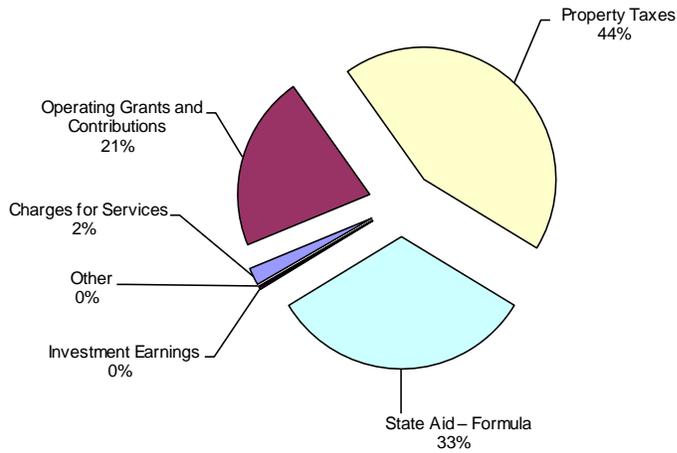
GREENVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2017

**GOVERNMENTAL ACTIVITIES**

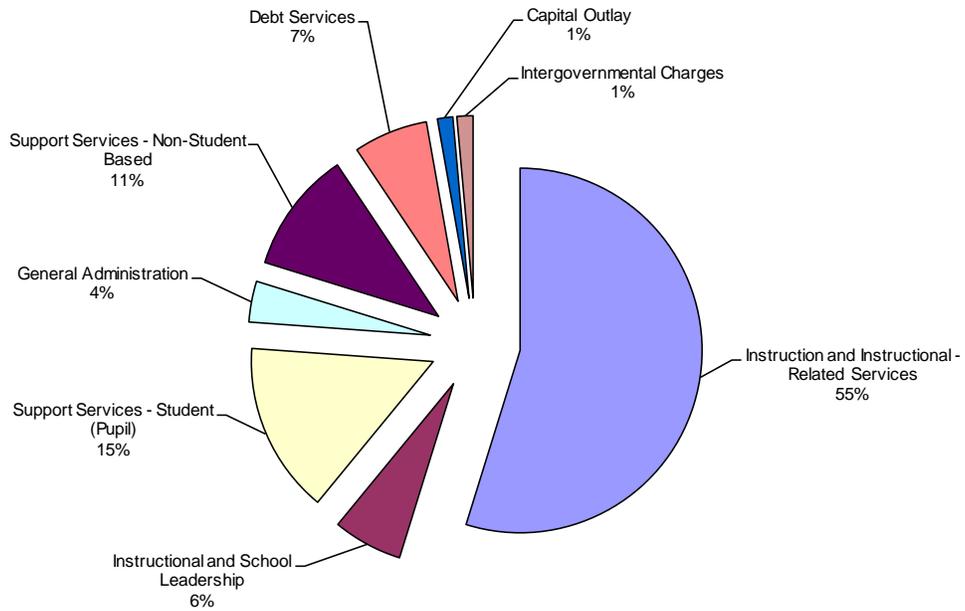
<b>Changes in Greenville Independent School District's Net Position</b>			<b>Table A-2</b>
	Governmental Activities		Total Percentage Change
	2017	2016	2016-2017
<b>Program Revenues:</b>			
Charges for Services	\$ 1,230,477	\$ 1,240,498	-0.81%
Operating Grants and Contributions	12,415,654	13,658,254	-9.10%
<b>General Revenues:</b>			
Property Taxes	25,258,657	23,959,440	5.42%
State Aid – Formula	18,934,828	20,291,517	-6.69%
Investment Earnings	149,437	186,445	-19.85%
Other	65,332	60,375	8.21%
<b>Total Revenues</b>	<b>\$ 58,054,385</b>	<b>\$ 59,396,529</b>	<b>-2.26%</b>
<b>Expenses:</b>			
Instruction	\$ 29,787,619	\$ 29,445,469	1.16%
Instructional Resources and Media Services	332,221	297,774	11.57%
Curriculum and Staff Development	2,770,197	3,116,269	-11.11%
Instructional Leadership	555,517	513,082	8.27%
School Leadership	3,145,323	3,040,063	3.46%
Guidance, Counseling and Evaluation Services	1,860,442	1,638,658	13.53%
Social Work Services	155,527	73,429	111.81%
Health Services	454,437	386,989	17.43%
Student (Pupil) Transportation	1,453,457	1,531,966	-5.12%
Food Services	2,909,995	2,780,634	4.65%
Cocurricular/Extracurricular Activities	2,279,632	2,033,889	12.08%
General Administration	2,176,750	2,210,392	-1.52%
Plant Maintenance and Operations	4,778,914	4,297,399	11.20%
Security and Monitoring Services	459,620	318,651	44.24%
Data Processing Services	1,013,811	1,105,661	-8.31%
Community Services	247,195	230,466	7.26%
Debt Service	3,961,191	3,679,930	7.64%
Capital Outlay	820,711	2,090,226	-60.74%
Payments for Shared Service Arrangements	372,238	351,501	5.90%
Other Intergovernmental Charges	485,000	451,512	7.42%
<b>Total Expenses</b>	<b>\$ 60,019,797</b>	<b>\$ 59,593,960</b>	<b>0.71%</b>
<b>Excess (Deficiency) Before Other Resources, Uses and Transfers</b>	<b>\$ (1,965,412)</b>	<b>\$ (197,431)</b>	<b>895.49%</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ (1,965,412)</b>	<b>\$ (197,431)</b>	<b>895.49%</b>
<b>Net Position - Beginning (September 1)</b>	<b>20,006,265</b>	<b>20,203,696</b>	<b>-0.98%</b>
<b>Net Position - Ending (August 31)</b>	<b>\$ 18,040,853</b>	<b>\$ 20,006,265</b>	<b>-9.82%</b>

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED AUGUST 31, 2017

**Sources of Revenue for Fiscal Year 2017 - See Table A-2**



**Functional Expenses for Fiscal Year 2017 - See Table A-2**



GREENVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2017

- 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 \$ 60,019,797.
- However, the amount that our taxpayers paid for these activities through property taxes was \$ 25,258,657.
- Some of the cost was paid by those who directly benefited from the programs, \$ 1,230,477, or
- By grants and contributions, \$ 12,415,654.

<b>Greenville Independent School District Net Cost of Selected District Functions</b>							<b>Table A-3</b>
	<u>Total Cost of Services</u>		<u>% Change</u>	<u>Net Cost of Services</u>		<u>% Change</u>	
	2017	2016		2017	2016		
Instruction	\$ 29,787,619	\$ 29,445,469	1.16%	\$ 23,370,696	\$ 22,246,399	5.05%	
School Leadership	3,145,323	3,040,063	3.46%	2,833,628	2,695,319	5.13%	
General Administration	2,176,750	2,210,392	-1.52%	2,081,716	2,105,240	-1.12%	
Plant Maintenance and Operations	4,778,914	4,297,399	11.20%	4,619,056	4,122,110	12.06%	
Debt Service	3,961,191	3,679,930	7.64%	3,807,183	3,400,689	11.95%	

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

Revenues in the governmental funds totaled \$ 57,749,357. This represents a decrease of \$ 646,607 from the prior year revenues of \$ 58,389,964. The change represents decreases in state aid due to greater property tax collections and reduced grant income.

Expenditures in the governmental funds totaled \$ 69,039,942. This represents a decrease of \$ 33,495,361 from the prior year expenditures of \$ 102,535,303. 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 \$ 1,037,808 below final budget amounts. The most significant positive variance resulted from reduced instruction expenditures.

Resources available were \$ 1,494,321 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, 2017

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

At year end, the District had invested \$ 147,739,982 in a broad range of capital assets, including land, equipment, buildings and vehicles (See Table A-4).

<b>Greenville Independent School District's Capital Assets</b>			<b>Table A-4</b>
	Governmental Activities		Total
	2017	2016	Percentage
			Change
			2016-2017
Land	\$ 1,607,652	\$ 1,607,652	0.00%
Construction in Progress	38,301,599	57,790,613	-33.72%
Buildings and Improvements	100,525,779	73,485,146	36.80%
Vehicles	3,938,295	3,902,409	0.92%
Equipment	3,366,657	3,366,657	0.00%
Totals at Historical Cost	\$147,739,982	\$140,152,477	5.41%
Less Accumulated Depreciation	(48,500,756)	(49,300,530)	-1.62%
Net Capital Assets	<u>\$ 99,239,226</u>	<u>\$ 90,851,947</u>	9.23%

**DEBT**

At year end the District had \$ 88,749,951 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.

<b>Greenville Independent School District's Debt</b>			<b>Table A-5</b>
	Governmental Activities		Total
	2017	2016	Percentage
			Change
			2016-2017
Bonds Payable	\$ 76,690,000	\$ 78,105,000	-1.81%
Loans Payable	2,088,657	2,400,791	-13.00%
Other Debt Payable	9,971,294	10,452,037	-4.60%
Total Debt Payable	<u>\$ 88,749,951</u>	<u>\$ 90,957,828</u>	-2.43%

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2017

**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 be relatively slow as indicated by steady property valuation changes from the prior year. 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 2017-2018 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, P.O. Box 1022, Greenville, TX 75401.

## BASIC FINANCIAL STATEMENTS

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2017

1

Data Control Codes		Governmental Activities
<b>ASSETS</b>		
1110	Cash and Investments	\$ 10,197,211
1225	Property Taxes Receivable, Net	1,549,113
1240	Due from Other Governments	5,372,875
1290	Other Receivables, Net	5,425
1300	Inventories	7,348
	Capital Assets:	
1510	Land	1,607,652
1520	Buildings and Improvements, Net	57,439,312
1530	Furniture and Equipment, Net	1,890,663
1580	Construction in Progress	38,301,599
<b>1000</b>	<b>Total Assets</b>	<b>\$ 116,371,198</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
1701	Deferred Outflows - Refunding	\$ 296,559
1705	Deferred Outflows - Pensions	4,667,820
<b>1700</b>	<b>Total Deferred Outflows of Resources</b>	<b>\$ 4,964,379</b>
<b>LIABILITIES</b>		
2110	Accounts Payable	\$ 1,388,667
2140	Interest Payable	159,920
2165	Accrued Liabilities	1,392,698
2300	Unearned Revenue	50,014
	Noncurrent Liabilities:	
2501	Due within one year	1,840,759
2502	Due in more than one year	86,909,192
2540	Net Pension Liability	10,923,638
<b>2000</b>	<b>Total Liabilities</b>	<b>\$ 102,664,888</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2605	Deferred Inflows - Pensions	\$ 629,836
<b>2600</b>	<b>Total Deferred Inflows of Resources</b>	<b>\$ 629,836</b>
<b>NET POSITION</b>		
3200	Net Investments in Capital Assets	\$ 12,375,497
	Restricted For:	
3820	Federal and State Programs	466,865
3850	Debt Service	2,665,716
3890	Other Purposes	42,192
3900	Unrestricted	2,490,583
<b>3000</b>	<b>Total Net Position</b>	<b>\$ 18,040,853</b>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2017

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	\$ 29,787,619	\$ 349,342	\$ 6,067,581	\$ (23,370,696)	
12	Instructional Resources and Media Services	332,221	-	17,040	(315,181)	
13	Curriculum and Staff Development	2,770,197	-	1,709,038	(1,061,159)	
21	Instructional Leadership	555,517	-	102,577	(452,940)	
23	School Leadership	3,145,323	-	311,695	(2,833,628)	
31	Guidance, Counseling and Evaluation Services	1,860,442	-	480,579	(1,379,863)	
32	Social Work Services	155,527	-	147,515	(8,012)	
33	Health Services	454,437	-	61,270	(393,167)	
34	Student (Pupil) Transportation	1,453,457	-	146,268	(1,307,189)	
35	Food Services	2,909,995	411,016	2,345,350	(153,629)	
36	Cocurricular/Extracurricular Activities	2,279,632	469,095	169,740	(1,640,797)	
41	General Administration	2,176,750	-	95,034	(2,081,716)	
51	Plant Maintenance and Operations	4,778,914	1,024	158,834	(4,619,056)	
52	Security and Monitoring Services	459,620	-	10,524	(449,096)	
53	Data Processing Services	1,013,811	-	51,683	(962,128)	
61	Community Services	247,195	-	110,322	(136,873)	
72	Interest on Long-term Debt	3,959,676	-	154,008	(3,805,668)	
73	Debt Issuance Costs and Fees	1,515	-	-	(1,515)	
81	Capital Outlay	820,711	-	-	(820,711)	
93	Payments for Shared Service Arrangements	372,238	-	276,596	(95,642)	
99	Other Intergovernmental Charges	485,000	-	-	(485,000)	
TG	Total Governmental Activities	<u>\$ 60,019,797</u>	<u>\$ 1,230,477</u>	<u>\$ 12,415,654</u>	<u>\$ (46,373,666)</u>	
TP	Total Primary Government	<u>\$ 60,019,797</u>	<u>\$ 1,230,477</u>	<u>\$ 12,415,654</u>	<u>\$ (46,373,666)</u>	
General Revenues:						
MT	Property Taxes, Levied for General Purpose				\$ 20,075,224	
DT	Property Taxes, Levied for Debt Service				5,183,433	
IE	Investment Earnings				149,437	
GC	Grant and Contributions Not Restricted to Specific Programs				18,934,828	
MI	Miscellaneous				65,332	
TR	Total General Revenues				<u>\$ 44,408,254</u>	
CN	Change in Net Position				\$ (1,965,412)	
NB	Net Position - Beginning (September 1)				20,006,265	
NE	Net Position - Ending (August 31)				<u>\$ 18,040,853</u>	

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
AUGUST 31, 2017

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
1110 Cash and Investments	\$ 5,395,081	\$ 2,562,406	\$ 2,751,958	\$ -	\$ 10,709,445
1225 Property Taxes Receivable, Net	1,290,082	259,031	-	-	1,549,113
1240 Due from Other Governments	3,835,532	-	-	1,537,343	5,372,875
1260 Due from Other Funds	-	-	31,750	-	31,750
1290 Other Receivables	4,420	1,005	-	-	5,425
1300 Inventories	7,348	-	-	-	7,348
<b>1000 Total Assets</b>	<b>\$ 10,532,463</b>	<b>\$ 2,822,442</b>	<b>\$ 2,783,708</b>	<b>\$ 1,537,343</b>	<b>\$ 17,675,956</b>
<b>LIABILITIES</b>					
Current Liabilities:					
2110 Accounts Payable	\$ 346,834	\$ -	\$ 897,486	\$ 656,581	\$ 1,900,901
2150 Payroll Deductions and Withholdings	(980)	-	-	-	(980)
2160 Accrued Wages Payable	1,388,778	-	-	4,900	1,393,678
2170 Due to Other Funds	31,750	-	-	-	31,750
2300 Unearned Revenues	-	810	-	49,204	50,014
<b>2000 Total Liabilities</b>	<b>\$ 1,766,382</b>	<b>\$ 810</b>	<b>\$ 897,486</b>	<b>\$ 710,685</b>	<b>\$ 3,375,363</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
<b>2600 Total Deferred Inflows of Resources</b>	<b>\$ 1,290,082</b>	<b>\$ 259,031</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,549,113</b>
<b>FUND BALANCES</b>					
Nonspendable Fund Balances:					
3410 Inventories	\$ 7,348	\$ -	\$ -	\$ -	\$ 7,348
Restricted Fund Balances:					
3450 Federal/State Funds Grants	-	-	-	466,865	466,865
3480 Retirement of Long-Term Debt	-	2,562,601	-	-	2,562,601
3490 Other Restrictions of Fund Balance	-	-	1,886,222	42,192	1,928,414
Committed Fund Balance:					
3545 Other Committed Fund Balance	-	-	-	317,601	317,601
Assigned Fund Balances:					
3590 Other Assigned Fund Balance	2,000,000	-	-	-	2,000,000
3600 Unassigned	5,468,651	-	-	-	5,468,651
<b>3000 Total Fund Balances</b>	<b>\$ 7,475,999</b>	<b>\$ 2,562,601</b>	<b>\$ 1,886,222</b>	<b>\$ 826,658</b>	<b>\$ 12,751,480</b>
<b>4000 Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 10,532,463</b>	<b>\$ 2,822,442</b>	<b>\$ 2,783,708</b>	<b>\$ 1,537,343</b>	<b>\$ 17,675,956</b>

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, 2017

Total fund balances - Balance Sheet (governmental funds)	\$	12,751,480
<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.		99,239,226
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		1,549,113
Payables for bond principal which are not due in the current period are not reported in the funds.		(76,690,000)
Payables for bond interest which are not due in the current period are not reported in the funds.		(159,920)
Payable for notes which are not due in the current period are not reported in the funds.		(2,088,657)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.		296,559
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.		(10,923,638)
Deferred Resource Inflows related to the pension plan are not reported in the funds.		(629,836)
Deferred Resource Outflows related to the pension plan are not reported in the funds.		4,667,820
Bond premiums are amortized in the SNA but not in the funds.		<u>(9,971,294)</u>
Net position of governmental activities - Statement of Net Position	\$	<u>18,040,853</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, 2017

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds	
<b>REVENUES</b>						
5700	Local and Intermediate Sources	\$ 20,395,497	\$ 5,195,154	\$ 52,590	\$ 1,177,119	\$ 26,820,360
5800	State Program Revenues	21,092,181	154,008	-	790,806	22,036,995
5900	Federal Program Revenues	841,268	-	-	8,050,734	8,892,002
<b>5020</b>	<b>Total Revenues</b>	<b>\$ 42,328,946</b>	<b>\$ 5,349,162</b>	<b>\$ 52,590</b>	<b>\$ 10,018,659</b>	<b>\$ 57,749,357</b>
<b>EXPENDITURES</b>						
Current:						
0011	Instruction	\$ 24,547,331	\$ -	\$ -	\$ 3,802,871	\$ 28,350,202
0012	Instructional Resources and Media Services	298,608	-	-	29	298,637
0013	Curriculum and Staff Development	1,034,359	-	-	1,667,953	2,702,312
0021	Instructional Leadership	462,153	-	-	84,056	546,209
0023	School Leadership	2,901,584	-	-	156,187	3,057,771
0031	Guidance, Counseling and Evaluation Services	1,405,192	-	-	396,716	1,801,908
0032	Social Work Services	-	-	-	147,477	147,477
0033	Health Services	398,357	-	-	39,824	438,181
0034	Student (Pupil) Transportation	1,200,721	-	-	80,891	1,281,612
0035	Food Services	59,284	-	-	2,728,855	2,788,139
0036	Cocurricular/Extracurricular Activities	1,563,138	-	-	398,813	1,961,951
0041	General Administration	2,131,286	-	-	2,851	2,134,137
0051	Plant Maintenance and Operations	4,468,189	-	-	22,674	4,490,863
0052	Security and Monitoring Services	390,267	-	-	-	390,267
0053	Data Processing Services	878,302	-	-	637	878,939
0061	Community Services	138,027	-	-	101,063	239,090
0071	Principal on Long-term Debt	312,134	1,415,000	-	-	1,727,134
0072	Interest on Long-term Debt	119,983	3,789,213	-	-	3,909,196
0073	Debt Issuance Cost and Fees	315	1,200	-	-	1,515
0081	Capital Outlay	3,284,676	-	7,752,488	-	11,037,164
0093	Payments for Shared Service Arrangements	95,644	-	-	276,594	372,238
0099	Other Intergovernmental Charges	485,000	-	-	-	485,000
<b>6030</b>	<b>Total Expenditures</b>	<b>\$ 46,174,550</b>	<b>\$ 5,205,413</b>	<b>\$ 7,752,488</b>	<b>\$ 9,907,491</b>	<b>\$ 69,039,942</b>
<b>1100</b>	<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (3,845,604)</b>	<b>\$ 143,749</b>	<b>\$ (7,699,898)</b>	<b>\$ 111,168</b>	<b>\$ (11,290,585)</b>
1200	Net Changes in Fund Balances	\$ (3,845,604)	\$ 143,749	\$ (7,699,898)	\$ 111,168	\$ (11,290,585)
0100	Fund Balances - Beginning (September 1)	11,321,603	2,418,852	9,586,120	715,490	24,042,065
<b>3000</b>	<b>Fund Balances - Ending (August 31)</b>	<b>\$ 7,475,999</b>	<b>\$ 2,562,601</b>	<b>\$ 1,886,222</b>	<b>\$ 826,658</b>	<b>\$ 12,751,480</b>

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, 2017

Net change in fund balances - total governmental funds	\$ (11,290,585)
<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.	10,252,339
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,794,196)
The gain or loss on the sale of capital assets is not reported in the funds.	(70,864)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	91,197
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	213,831
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(25,722)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,415,000
Repayment of loan principal is an expenditure in the funds but is not reported in the funds.	312,134
(Increase) decrease in accrued interest expense from beginning of period to end of period.	(24,758)
Implementing GASB 68 required certain expenditures to be de-expended and recorded as deferred resource outflows.	918,458
Pension contributions made after the measurement date but in current FY were de-expended and reduced NPO.	29,469
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(158,305)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	<u>(1,833,410)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ (1,965,412)</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
AUGUST 31, 2017

Data Control Codes		Private-Purpose Trust Funds	Agency Funds
		Scholarship Funds	Student Activity
<b>ASSETS</b>			
1110	Cash and Investments	\$ 54,880	\$ 88,421
1800	Restricted Assets	163,291	-
<b>1000</b>	<b>Total Assets</b>	<b>\$ 218,171</b>	<b>\$ 88,421</b>
<b>LIABILITIES</b>			
Current Liabilities:			
2190	Due to Student Groups	\$ -	\$ 88,421
<b>2000</b>	<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 88,421</b>
<b>NET POSITION</b>			
3800	Held in Trust	\$ 218,171	\$ -
<b>3000</b>	<b>Total Net Position</b>	<b>\$ 218,171</b>	<b>\$ -</b>

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, 2017

		Private-Purpose Trust Funds
		Scholarship Funds
<b>REVENUES</b>		
Donations	\$	5,500
Investment Earnings - Interest Revenue		1,174
<b>Total Revenues</b>	<b>\$</b>	<b>6,674</b>
 <b>EXPENSES</b>		
Scholarship Payments	\$	-
<b>Total Expenses</b>	<b>\$</b>	<b>-</b>
<b>Changes in Net Position</b>	<b>\$</b>	<b>6,674</b>
Net Position - Beginning (September 1)		263,410
<b>Net Position - Ending (August 31)</b>	<b>\$</b>	<b>270,084</b>

The accompanying notes are an integral part of this statement.

Exhibit F-1  
(Page 1 of 21)

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

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, 2017

A. Summary of Significant Accounting Policies (Continued)

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.

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.

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.

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, 2017

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, 2017

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	Capital Projects	Other Governmental	Total
Nonspendable					
Inventory	\$ 7,348	\$ -	\$ -	\$ -	\$ 7,348
Restricted					
Child Nutrition Program	-	-	-	466,865	466,865
Retirement of Long Term Debt	-	2,562,601	-	-	2,562,601
Construction	-	-	1,886,222	-	1,886,222
Regional Day School	-	-	-	42,192	42,192
Committed					
Campus Activity Funds	-	-	-	317,601	317,601
Assigned					
Other Assigned	2,000,000	-	-	-	2,000,000
Unassigned	5,468,651	-	-	-	5,468,651
Totals	<u>\$ 7,475,999</u>	<u>\$ 2,562,601</u>	<u>\$ 1,886,222</u>	<u>\$ 826,658</u>	<u>\$ 12,751,480</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

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*. 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, 2017

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. 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.

12. 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.

13. 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.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

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").

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.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

B. Deposits, Securities and Investments (Continued)

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	\$ 4,556,280
Texas CLASS	AAAm	2,411,194
Certificates of Deposit	n/a	488,197
Municipal Bonds	A or Greater	1,761,553
Federal Notes	n/a	<u>741,602</u>
Total		<u>\$ 9,958,826</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 \$ 6,332,731.
- c. Largest cash, savings and time deposit combined account balances amounted to \$ 3,673,915, and occurred during the month of November 2015.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$ 311,069.

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.
- 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.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

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 \$ 0.30821 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$ 1,775,582,092.

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	57,790,613	10,216,453	29,705,467	38,301,599
Total Capital Assets not being Depreciated	<u>\$ 59,398,265</u>	<u>\$ 10,216,453</u>	<u>\$ 29,705,467</u>	<u>\$ 39,909,251</u>
Capital Assets being Depreciated:				
Building and Improvements	\$ 73,485,146	\$ 29,705,467	\$ 2,664,834	\$ 100,525,779
Equipment	3,366,657	-	-	3,366,657
Vehicles	3,902,409	35,886	-	3,938,295
Total Capital Assets being Depreciated	<u>\$ 80,754,212</u>	<u>\$ 29,741,353</u>	<u>\$ 2,664,834</u>	<u>\$ 107,830,731</u>
Less Accumulated Depreciation for :				
Buildings and Improvements	\$ 44,328,585	\$ 1,351,852	\$ 2,593,970	\$ 43,086,467
Equipment	2,116,947	273,665	-	2,390,612
Vehicles	2,854,998	168,679	-	3,023,677
Total Accumulated Depreciation	<u>\$ 49,300,530</u>	<u>\$ 1,794,196</u>	<u>\$ 2,593,970</u>	<u>\$ 48,500,756</u>
Total Capital Assets being Depreciated, Net	<u>\$ 31,453,682</u>	<u>\$ 27,947,157</u>	<u>\$ 70,864</u>	<u>\$ 59,329,975</u>
Governmental Activities Capital Assets, Net	<u>\$ 90,851,947</u>	<u>\$ 38,163,610</u>	<u>\$ 29,776,331</u>	<u>\$ 99,239,226</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

D. Capital Assets (Continued)

Depreciation was charged to governmental activities functions as follows:

Instruction	\$ 807,401
Instructional Resources and Media Services	28,532
School Leadership	12,060
Guidance, Counseling and Evaluation Services	7,056
Health Services	7,211
Student (Pupil) Transportation	151,864
Food Services	77,918
Co-curricular/Extracurricular Activities	302,259
General Administration	10,550
Plant Maintenance and Operations	171,490
Security and Monitoring Services	98,195
Data Processing	119,660
<b>Total</b>	<b>\$ 1,794,196</b>

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	\$ 78,105,000	\$ -	\$ 1,415,000	\$ 76,690,000	\$ 1,525,000
Loans	2,400,791	-	312,134	2,088,657	315,759
Bond Premium (Discount)	10,452,037	-	480,743	9,971,294	-
<b>Total Governmental Activities</b>	<b>\$ 90,957,828</b>	<b>\$ -</b>	<b>\$ 2,207,877</b>	<b>\$ 88,749,951</b>	<b>\$ 1,840,759</b>

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	\$ 950,000
Unlimited Tax School Building Bonds, Series 2014	3.254%	64,315,000	63,765,000
Unlimited Tax Refunding Bonds, Series 2016	1.562%	13,230,000	11,975
<b>Totals</b>			<b>\$ 64,726,975</b>

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

E. Long Term Obligations (Continued)

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

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2018	\$ 1,525,000	\$ 3,738,738	\$ 5,263,738
2019	1,625,000	3,685,063	5,310,063
2020	1,390,000	3,631,613	5,021,613
2021	1,455,000	3,566,730	5,021,730
2022	1,520,000	3,497,800	5,017,800
2023-2027	9,090,000	16,251,600	25,341,600
2028-2032	12,765,000	13,449,675	26,214,675
2033-2037	16,345,000	9,868,875	26,213,875
2038-2042	20,995,000	5,224,125	26,219,125
2043-2045	9,980,000	505,250	10,485,250
Totals	<u>\$ 76,690,000</u>	<u>\$ 63,419,469</u>	<u>\$ 140,109,469</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:

<u>Description</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>
American National Bank (Vehicles) – (TEC 45.108)	3.50%	\$ 531,571	\$ 328,657
Maintenance Tax Notes, Series 2010 – (TEC 45.108)	5.46%	3,050,000	1,760,000
Totals			<u>\$ 2,088,657</u>

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

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2018	\$ 315,759	\$ 104,892	\$ 420,651
2019	319,512	89,673	409,185
2020	323,386	74,332	397,718
2021	210,000	58,832	268,832
2022	210,000	47,366	257,366
2023-2027	710,000	76,850	786,850
Totals	<u>\$ 2,088,657</u>	<u>\$ 451,945</u>	<u>\$ 2,540,602</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

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, 2017

F. Pension Plan (Continued)

Employees' contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83<sup>rd</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

		<b><u>Contribution Rates</u></b>	
		<b><u>2016</u></b>	<b><u>2017</u></b>
Member		7.2%	7.7%
Non-Employer Contributing Entity (State)		6.8%	6.8%
Employers		6.8%	6.8%
2017	Employer Contributions	\$	947,927
2017	Member Contributions	\$	2,497,055
2016	NECE On-Behalf Contributions	\$	1,558,668

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, 2017

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, 2017, the District reported a liability of \$ 10,923,638 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	\$ 10,923,638
State's proportionate share that is associated with the District	<u>18,501,144</u>
Total	<u>\$ 29,424,782</u>

The net pension liability was measured as of August 31, 2016 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, 2015 thru August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.0289073% which was an increase of 0.0000118% from its proportion measured as of August 31, 2015.

*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, 2017, the District recognized pension expense of \$ 1,919,978 and revenue of \$ 1,919,978 for support provided by the State.

At August 31, 2017 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 171,281	\$ 326,173
Changes of actuarial assumptions	332,933	302,789
Difference between projected and actual investment earnings	924,991	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	<u>2,290,688</u>	<u>874</u>
Total as of August 31, 2016 measurement date	3,719,893	629,836
Contributions paid to TRS subsequent to the measurement date	<u>947,927</u>	<u>-</u>
Total at fiscal year end	<u>\$ 4,667,820</u>	<u>\$ 629,836</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

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:

<b>Fiscal Year Ending</b>	
<b>August 31</b>	<b>Amount</b>
2018	\$ 541,231
2019	541,231
2020	1,131,235
2021	495,899
2022	317,865
Thereafter	62,596

5. *Actuarial Assumptions*

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
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, 2017

F. Pension Plan (Continued)

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns *
<b>Global Equity</b>			
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%
<b>Stable Value</b>			
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%
<b>Real Return</b>			
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%
<b>Risk Parity</b>			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
<b>Total</b>	<u>100%</u>		<u>8.7%</u>

\* 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	\$ 16,906,111	\$ 10,923,638	\$ 5,849,291

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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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, 2016 and 2015.

<u>Net Pension Liability</u>	<u>August 31, 2016</u>	<u>August 31, 2015</u>
Total Pension Liability	\$ 171,797,150,487	\$ 163,887,375,172
Less: Plan Fiduciary Net Position	(134,008,637,473)	(128,538,706,212)
Net Pension Liability	<u>\$ 37,788,513,014</u>	<u>\$ 35,348,668,960</u>
Net Position as percentage of Total Pension Liability	78.00%	78.43%

G. School District Retiree Health Plan

1. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 223-8778 or by downloading the report from the TRS internet website, [www.trs.texas.gov](http://www.trs.texas.gov), under the TRS publication heading.

2. Funding Policy

Contribution requirements are not actuarially determined, but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee and public school contributions, respectively. The State of Texas and active public school employees contributed amounts to the plan during the year. Per Texas Insurance Code, Chapters 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates are shown in the table below for fiscal years 2017-2015.

<b>Contribution Rates</b>			
<u>Year</u>	<u>Active Member</u>	<u>State</u>	<u>District</u>
2017	0.65%	1.00%	0.55%
2016	0.65%	1.00%	0.55%
2015	0.65%	1.00%	0.55%

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
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G. School District Retiree Health Plan (Continued)

3. On Behalf Payments

In accordance with GASB Statement 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," on-behalf payments (payments made by the State) of \$ 277,501 are reflected in the basic financial statements for Retiree Health Plan contributions. Additionally, the District benefited from payments made by the State totaling \$ 149,919 for subsidies for Medicare Part D and participation in the Early Retirement Reinsurance Program.

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, 2016, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

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, 2015 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 2017, 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.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2017

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.

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	Capital Projects	Other Governmental	Total
Property Tax Collections	\$ 20,006,898	\$ 5,160,559	\$ -	\$ -	\$ 25,167,457
Investment Income	67,608	29,239	52,590	-	149,437
Food Service Income	-	-	-	411,018	411,018
Services to Other Districts	-	-	-	267,301	267,301
Co-curricular Activities	92,604	-	-	376,487	469,091
Donations	7,500	-	-	122,313	129,813
Tuition	46,128	-	-	-	46,128
Other	174,759	5,356	-	-	180,115
Totals	\$ 20,395,497	\$ 5,195,154	\$ 52,590	\$ 1,177,119	\$ 26,820,360

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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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	\$ 765,592
Indirect Cost – Education Programs/Food Service	<u>75,676</u>
<b>Total</b>	<b><u>\$ 841,268</u></b>

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	Capital Projects	Other Governmental	Total
Due from Other Governments	\$ 4,159,013	\$ -	\$ 31,750	\$ 1,537,342	\$ 5,728,105
Property Taxes	1,433,425	287,812	-	-	1,721,237
Less Allowance for Uncollectible Property Taxes	(143,343)	(28,781)	-	-	(172,124)
Other Receivables	4,420	1,005	-	-	5,425
<b>Net Receivables</b>	<b><u>\$ 5,453,515</u></b>	<b><u>\$ 260,036</u></b>	<b><u>\$ 31,750</u></b>	<b><u>\$ 1,537,342</u></b>	<b><u>\$ 7,282,643</u></b>

O. Subsequent Events

The District's management has evaluated subsequent events through January 12, 2018, the date which the financial statements were available for use.

P. Compliance, Stewardship and Accountability

Expenditures over Appropriations

The following individual funds incurred expenditures in excess of appropriations at functional expenditure levels:

	Budget	Actual	Excess
<b>Child Nutrition Fund:</b>			
Food Services	\$ 2,350,706	\$ 2,728,855	\$ 378,149
<b>General Fund:</b>			
Instructional Resources and Media Services	289,104	298,608	9,504
Curriculum & Staff Development	986,595	1,034,359	47,764
School Leadership	2,862,597	2,901,584	38,987
Instructional Leadership	449,449	462,153	12,704
Guidance, Counseling & Evaluating Services	1,387,119	1,405,192	18,073
Health Services	388,029	398,357	10,328
Student Transportation	1,186,634	1,200,721	14,087
Food Services	59,283	59,284	1
Community Services	132,711	138,027	5,316
Debt Service	430,962	432,432	1,470

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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Q. State Aid Reconciliation

The State provides various types of funding for local school districts as provided for in state statute. The following reconciliation presents funding earned by the District in each category presented. Because of the State's delay in reconciling the funding to local districts, the summary below represents an estimate of earnings. The settleup 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)	\$ 1,881,138	\$ 17,082,239	Not	\$ 154,008
Prior Year Settle Ups	-	247,223	Eligible	-
August Instructional Days Change	(65,233)	(210,539)		-
Financial Statement Earnings	<u>\$ 1,815,905</u>	<u>\$ 17,118,923</u>	<u>\$ -</u>	<u>\$ 154,008</u>
Financial Statement Amounts				
SOF Receivable (Overpayment)	\$ -	\$ 3,383,780	\$ -	\$ (810)
August Instructional Days Receivable	23,789	427,963	-	-

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

R. Change in Accounting Principles

In fiscal year 2017, the District adopted the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- *Statement 79, Certain External Investment Pools on Pool Participants*

The Statement addresses accounting and financial reporting for certain external investment pools and pool participants. If external investment pools account for their investments using amortized cost values, member participants must report their investment in the pools at amortized cost.

- *Statement 80, Blending Requirements for Certain Component Units*

The Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not for profit corporation in which the primary government is the sole member.

- *Statement 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 72*

The Statement was issued to address certain issues that have been raised with respect to Statements No. 67, No. 68 and No. 72. The Statement addresses issues regarding (1) the presentation of payroll related measures is required supplementary information, (2) the selection of assumption and the treatment of deviation from the guidance in an Actuarial Standard of Practice for financial reporting purposes and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

REQUIRED SUPPLEMENTARY INFORMATION

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED AUGUST 31, 2017

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES</b>					
5700	Local and Intermediate Sources	\$ 20,046,385	\$ 20,046,385	\$ 20,395,497	\$ 349,112
5800	State Program Revenues	20,055,434	20,055,434	21,092,181	1,036,747
5900	Federal Program Revenues	732,806	732,806	841,268	108,462
<b>5020</b>	<b>Total Revenues</b>	<b>\$ 40,834,625</b>	<b>\$ 40,834,625</b>	<b>\$ 42,328,946</b>	<b>\$ 1,494,321</b>
<b>EXPENDITURES</b>					
Instruction and Instructional Related Services:					
0011	Instruction	\$ 23,579,412	\$ 25,052,001	\$ 24,547,331	\$ 504,670
0012	Instructional Resources and Media Services	252,237	289,104	298,608	(9,504)
0013	Curriculum and Staff Development	812,470	986,595	1,034,359	(47,764)
	Total Instruction and Instr. Related Services	\$ 24,644,119	\$ 26,327,700	\$ 25,880,298	\$ 447,402
Instructional and School Leadership:					
0021	Instructional Leadership	\$ 599,432	\$ 449,449	\$ 462,153	\$ (12,704)
0023	School Leadership	2,922,969	2,862,597	2,901,584	(38,987)
	Total Instructional and School Leadership	\$ 3,522,401	\$ 3,312,046	\$ 3,363,737	\$ (51,691)
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	\$ 1,091,429	\$ 1,387,119	\$ 1,405,192	\$ (18,073)
0033	Health Services	324,682	388,029	398,357	(10,328)
0034	Student (Pupil) Transportation	1,087,867	1,186,634	1,200,721	(14,087)
0035	Food Services	17,000	59,283	59,284	(1)
0036	Cocurricular/Extracurricular Activities	1,442,114	1,602,654	1,563,138	39,516
	Total Support Services - Student (Pupil)	\$ 3,963,092	\$ 4,623,719	\$ 4,626,692	\$ (2,973)
Administrative Support Services:					
0041	General Administration	\$ 2,051,112	\$ 2,195,353	\$ 2,131,286	\$ 64,067
	Total Administrative Support Services	\$ 2,051,112	\$ 2,195,353	\$ 2,131,286	\$ 64,067
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	\$ 3,866,619	\$ 4,585,595	\$ 4,468,189	\$ 117,406
0052	Security and Monitoring Services	485,000	424,577	390,267	34,310
0053	Data Processing Services	1,117,739	1,175,747	878,302	297,445
	Total Support Services - Nonstudent Based	\$ 5,469,358	\$ 6,185,919	\$ 5,736,758	\$ 449,161
Ancillary Services:					
0061	Community Services	\$ 112,403	\$ 132,711	\$ 138,027	\$ (5,316)
	Total Ancillary Services	\$ 112,403	\$ 132,711	\$ 138,027	\$ (5,316)
Debt Service:					
0071	Principal on Long-term Debt	\$ 304,523	\$ 304,523	\$ 312,134	\$ (7,611)
0072	Interest on Long-term Debt	178,505	125,439	119,983	5,456
0073	Debt Issuance Costs and Fees	1,000	1,000	315	685
	Total Debt Service	\$ 484,028	\$ 430,962	\$ 432,432	\$ (1,470)
Capital Outlay:					
0081	Capital Outlay	\$ -	\$ 3,423,304	\$ 3,284,676	\$ 138,628
	Total Capital Outlay	\$ -	\$ 3,423,304	\$ 3,284,676	\$ 138,628
Intergovernmental Charges:					
0093	Payments for Shared Service Arrangements	\$ 76,150	\$ 95,644	\$ 95,644	\$ -
0099	Other Intergovernmental Charges	485,000	485,000	485,000	-
	Total Intergovernmental Charges	\$ 561,150	\$ 580,644	\$ 580,644	\$ -
<b>6030</b>	<b>Total Expenditures</b>	<b>\$ 40,807,663</b>	<b>\$ 47,212,358</b>	<b>\$ 46,174,550</b>	<b>\$ 1,037,808</b>
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ 26,962	\$ (6,377,733)	\$ (3,845,604)	\$ 2,532,129
1200	Net Change in Fund Balance	\$ 26,962	\$ (6,377,733)	\$ (3,845,604)	\$ 2,532,129
0100	Fund Balance - Beginning (September 1)	11,321,603	11,321,603	11,321,603	-
<b>3000</b>	<b>Fund Balance - Ending (August 31)</b>	<b>\$ 11,348,565</b>	<b>\$ 4,943,870</b>	<b>\$ 7,475,999</b>	<b>\$ 2,532,129</b>

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, 2017

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0289073%	0.0289191%	0.0188226%
District's proportionate share of the net pension liability	\$ 10,923,638	\$ 10,222,517	\$ 5,027,777
State's proportionate share of the net pension liability associated with the District	<u>18,501,144</u>	<u>17,084,658</u>	<u>14,915,939</u>
 Total	 <u>\$ 29,424,782</u>	 <u>\$ 27,307,175</u>	 <u>\$ 19,943,716</u>
 District's covered-employee payroll (for Measurement Year)	 \$ 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	 36.43%	 36.78%	 18.43%
 Plan fiduciary net position as a percentage of the total pension liability	 78.00%	 78.43%	 83.25%

Note: Only three 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  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 LAST 10 FISCAL YEARS

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

Note: Only three 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  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED AUGUST 31, 2017

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, 2017

Tax Roll Year	Last Ten Years Ended August 31	1 Tax Rates Maintenance	2 Debt Service	3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/2016	20 Current Year's Total Levy	30 Maintenance Tax Collections	30a Debt Service Tax Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2017
XXXX	2008 and Prior Years	Various	Various	Various	\$ 327,656	\$ -	\$ (5,909)	\$ (631)	\$ (11,504)	\$ 322,692
2008	2009	1.040000	0.152500	1,408,001,093	67,516	-	1,616	237	(1,021)	64,642
2009	2010	1.040000	0.144400	1,393,254,118	85,089	-	1,862	259	(608)	82,360
2010	2011	1.040000	0.154800	1,567,107,757	99,115	-	2,077	309	(751)	95,978
2011	2012	1.040000	0.141640	1,576,137,330	118,134	-	4,994	680	(521)	111,939
2012	2013	1.040000	0.133700	1,654,696,515	122,281	-	10,930	1,405	(991)	108,955
2013	2014	1.040000	0.140400	1,586,154,352	123,640	-	7,893	1,066	(8,985)	105,696
2014	2015	1.040000	0.315000	1,738,375,390	197,709	-	28,164	8,530	(25,171)	135,844
2015	2016	1.040000	0.308210	1,775,582,092	478,765	-	193,100	57,226	(42,298)	186,141
2016	2017	1.040000	0.269170	1,920,664,770	-	25,144,767	19,516,237	5,051,154	(70,386)	506,990
<b>1000 TOTALS</b>					<b>\$ 1,619,905</b>	<b>\$ 25,144,767</b>	<b>\$ 19,760,964</b>	<b>\$ 5,120,235</b>	<b>\$ (162,236)</b>	<b>\$ 1,721,237</b>

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH PROGRAM  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED AUGUST 31, 2017

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES</b>					
5700	Local and Intermediate Sources	\$ 418,693	\$ 418,693	\$ 411,016	\$ (7,677)
5800	State Program Revenues	13,825	13,825	14,888	1,063
5900	Federal Program Revenues	<u>2,112,870</u>	<u>2,112,870</u>	<u>2,330,462</u>	<u>217,592</u>
<b>5020</b>	<b>Total Revenues</b>	<u>\$ 2,545,388</u>	<u>\$ 2,545,388</u>	<u>\$ 2,756,366</u>	<u>\$ 210,978</u>
<b>EXPENDITURES</b>					
Current:					
Support Services - Student (Pupil):					
0035	Food Service	<u>\$ 2,465,388</u>	<u>\$ 2,350,706</u>	<u>\$ 2,728,855</u>	<u>\$ (378,149)</u>
	Total Support Services - Student (Pupil)	<u>\$ 2,465,388</u>	<u>\$ 2,350,706</u>	<u>\$ 2,728,855</u>	<u>\$ (378,149)</u>
<b>6030</b>	<b>Total Expenditures</b>	<u>\$ 2,465,388</u>	<u>\$ 2,350,706</u>	<u>\$ 2,728,855</u>	<u>\$ (378,149)</u>
1100	Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 80,000</u>	<u>\$ 194,682</u>	<u>\$ 27,511</u>	<u>\$ (167,171)</u>
1200	Net Change in Fund Balance	\$ 80,000	\$ 194,682	\$ 27,511	\$ (167,171)
0100	Fund Balance - Beginning (September 1)	<u>439,354</u>	<u>439,354</u>	<u>439,354</u>	<u>-</u>
<b>3000</b>	<b>Fund Balance - Ending (August 31)</b>	<u><u>\$ 519,354</u></u>	<u><u>\$ 634,036</u></u>	<u><u>\$ 466,865</u></u>	<u><u>\$ (167,171)</u></u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED AUGUST 31, 2017

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES</b>					
5700	Local and Intermediate Sources	\$ 4,915,714	\$ 4,915,714	\$ 5,195,154	\$ 279,440
5800	State Program Revenues	143,212	-	154,008	154,008
<b>5020</b>	<b>Total Revenues</b>	<b>\$ 5,058,926</b>	<b>\$ 4,915,714</b>	<b>\$ 5,349,162</b>	<b>\$ 433,448</b>
<b>EXPENDITURES</b>					
Debt Service:					
0071	Principal on Long-term Debt	\$ 1,415,000	\$ 1,415,000	\$ 1,415,000	\$ -
0072	Interest on Long-term Debt	3,789,213	3,789,213	3,789,213	-
0073	Bond Issuance Costs and Fees	2,500	2,500	1,200	1,300
	Total Debt Service	\$ 5,206,713	\$ 5,206,713	\$ 5,205,413	\$ 1,300
<b>6030</b>	<b>Total Expenditures</b>	<b>\$ 5,206,713</b>	<b>\$ 5,206,713</b>	<b>\$ 5,205,413</b>	<b>\$ 1,300</b>
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ (147,787)	\$ (290,999)	\$ 143,749	\$ 434,748
1200	Net Change in Fund Balance	\$ (147,787)	\$ (290,999)	\$ 143,749	\$ 434,748
0100	Fund Balance - Beginning (September 1)	2,418,852	2,418,852	2,418,852	-
<b>3000</b>	<b>Fund Balance - Ending (August 31)</b>	<b>\$ 2,271,065</b>	<b>\$ 2,127,853</b>	<b>\$ 2,562,601</b>	<b>\$ 434,748</b>

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
 AS OF AUGUST 31, 2017

<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.	\$ 10,923,638
SF13	Pension Expense (6147) at fiscal year-end.	\$ -0-

FEDERAL AWARDS SECTION

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2017

(01) Federal Grantor/ Pass Through Grantor/ Program Title	(02) Federal CFDA Number	(02A) Pass-Through Identifying Grant Number	(03) Federal Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed through the Texas Education Agency:			
ESEA Title I Part A - Improving Basic Programs	84.010	17610101116905	\$ 1,500,778
Summer School LEP	84.369	69551002	3,495
Carl D. Perkins Vocational Education	84.048	17420006116905	85,417
ESEA Title II Part A - Teacher and Principal Training	84.367	17694501116905	270,524
21st Century Grant	84.287	176950247110013	1,359,792
21st Century Grant	84.287	186950247110013	36,193
IDEA-B Discretionary (B) *	84.027	176600021169056673	17,102
IDEA-B Formula (B) *	84.027	176600011169056600	927,185
IDEA-B Preschool (B) *	84.173	176610011169056610	34,293
Teacher Partnerships - Advanced Math/Science	84.366	156944187110009	66,268
Texas Literacy Initiative *	84.371	17640037110013	<u>195,098</u>
Total passed through the Texas Education Agency			<u>\$ 4,496,145</u>
Passed through Education Service Center - Region X:			
ESEA Title III Part A - English Language Acquisition	84.365	17671001057950	\$ 68,250
ESEA Title Subpart B - Homeless Education Program	84.196	00-045	<u>8,710</u>
Total passed through Education Service Center - Region X			<u>\$ 76,960</u>
<b>Total Department of Education</b>			<u><b>\$ 4,573,105</b></u>

\* Denotes Major Programs  
A - Food Service Cluster  
B - Special Education 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, 2017

(01) Federal Grantor/ Pass Through Grantor/ Program Title	(02) Federal CFDA Number	(02A) Pass-Through Identifying Grant Number	(03) Federal Expenditures
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Direct Program:			
Head Start	93.600	07CH6997/18	\$ 34,999
Head Start	93.600	07CH6997/17	<u>1,112,168</u>
<b>Total Department of Health and Human Services</b>			<b><u>\$ 1,147,167</u></b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through the Texas Department of Agriculture:			
School Breakfast Program (A) *	10.553	0600	\$ 500,024
National School Lunch Program (A) *	10.555	0600	1,634,321
USDA Commodity Food Distribution	10.565	116006A	<u>196,117</u>
<b>Total Department of Agriculture</b>			<b><u>\$ 2,330,462</u></b>
<b>Total Expenditure of Federal Awards</b>			<b><u><u>\$ 8,050,734</u></u></b>

\* Denotes Major Programs  
A - Food Service Cluster  
B - Special Education 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, 2017

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	\$	137,702
Quinlan Independent School District		<u>138,892</u>
Total		<u>\$ 276,594</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)	\$	8,050,734
Federal Program Indirect Cost		75,676
School Health and Related Services		<u>765,592</u>
Federal Revenue (Exhibit C-3)		<u>\$ 8,892,002</u>