

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2019

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2019

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Table of Contents	1
	Certificate of Board	3
	Independent Auditor’s Report	4
	Management’s Discussion and Analysis	7
	Financial Statements:	
	Government - Wide Financial Statements:	
A-1	Statement of Net Position	13
B-1	Statement of Activities	14
	Governmental Fund Financial Statements:	
C-1	Balance Sheet	15
C-2	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balances	17
C-4	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	18
	Proprietary Fund Financial Statements:	
D-1	Statement of Net Position	19
D-2	Statement of Revenues, Expenses, and Changes in Fund Net Position	20
D-3	Statement of Cash Flows	21
	Fiduciary Fund Financial Statements:	
E-1	Statement of Fiduciary Net Position	22
E-2	Statement of Changes in Fiduciary Net Position	23
	Notes to the Financial Statements	24
	Required Supplementary Information:	
G-1	Budgetary Comparison Schedule - General Fund	64
G-2	Schedule of the District’s Proportionate Share of the Net Pension Liability- Teacher Retirement System of Texas	65
G-3	Schedule of District Contributions for Pensions - Teacher Retirement System of Texas	66
G-4	Schedule of the District’s Proportionate Share of the Net OPEB Liability - Teacher Retirement System of Texas	67
G-5	Schedule of District Contributions for Other Post-Employment Benefits - Teacher Retirement System of Texas	68
	Notes to Required Supplementary Information	69

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2019

TABLE OF CONTENTS, CONTINUED

<u>Exhibit</u>		<u>Page</u>
	Combining Statements:	
	Nonmajor Governmental Funds:	
H-1	Combining Balance Sheet	70
H-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	72
	Required TEA Schedules:	
J-1	Schedule of Delinquent Taxes Receivable	74
J-2		N/A
J-3		N/A
J-4	Budgetary Comparison Schedule - Child Nutrition Fund	75
J-5	Budgetary Comparison Schedule - Debt Service Fund	76
	Compliance, Internal Control and Federal Awards:	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77
	Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	79
	Schedule of Findings and Questioned Costs	81
	Summary Schedule of Prior Audit Findings	83
	Corrective Action Plan	84
K-1	Schedule of Expenditures of Federal Awards	85
	Notes to the Schedule of Expenditures of Federal Awards	86

CERTIFICATE OF BOARD

Grand Saline Independent School District
Name of School District

Van Zandt
County

234-904
Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and _____ approved _____ disapproved for the year ended August 31, 2019 at a meeting of the board of school trustees of such school district on the _____ day of _____, 2020.

Signature of Board Secretary

Signature of Board President

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

(attach list as necessary)

SMITH, LAMBRIGHT & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Marlin R. Smith, CPA
J. W. Lambright, CPA

Cheri E. Kirkland, CPA

P. O. Box 912
505 E. Tyler
Athens, Texas 75751
(903) 675-5674
FAX (903) 675-5676
smithlambrigh.com

**Unmodified Opinions on Basic Financial Statements
Accompanied by Required Supplementary Information and Other Information**

Independent Auditor's Report

Board of School Trustees
Grand Saline Independent School District
400 Stadium Drive
Grand Saline, Texas 75140

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 Grand Saline Independent School District (the "District"), as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2019, 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.

Other Matters

Required Supplementary Information

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

Other Required Supplementary Information and Other Information

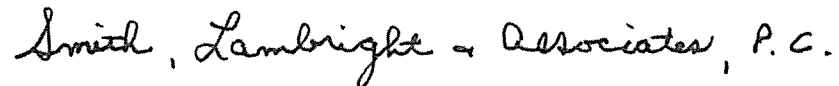
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedule - general fund, combining and individual nonmajor fund financial statements, required TEA schedules and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule - general fund, combining and individual nonmajor fund financial statements, required TEA schedules and 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule - general fund, combining and individual nonmajor fund financial statements, required TEA schedules and 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 9, 2020, 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 solely 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 the effectiveness of the District's 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.

Respectfully submitted,



SMITH, LAMBRIGHT & ASSOCIATES, P. C.
Certified Public Accountants
Athens, Texas

January 9, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

GRAND SALINE INDEPENDENT SCHOOL DISTRICT

400 Stadium Drive

Grand Saline, Texas 75140

903-962-7546

Fax 903-962-7464

ELEMENTARY (903) 962-7526

INTERMEDIATE (903) 962-5515

MIDDLE SCHOOL (903) 962-7537

HIGH SCHOOL (903) 962-7533



MANAGEMENT'S DISCUSSION AND ANALYSIS GRAND SALINE INDEPENDENT SCHOOL DISTRICT

In this section of the Annual Financial and Compliance Report, we, the managers of Grand Saline Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2019. Please read it in conjunction with our transmittal letter, the independent auditor's report, and the District's Basic Financial Statements.

The analysis of the District's overall financial condition and operations is contained in the independent auditor's report. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The district's revenues are divided into those provided by outside parties who share the costs of some programs, such as grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues) and revenues provided by the taxpayers or by TEA in equalization funding process (general revenues). All of the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future year.

These two statements report the District's net position and changes in them. The District's net position provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the district's facilities.

In the Statement of Net Position and the Statement of Activities the District has one kind of activity:

Governmental Activities—All of the District's basic services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Please note that with the requirements of GASB 68 TRS pension liability and GASB 75 TRS Post-Employment Benefits, there are additional lines on the Exhibit A-1 (Statement of Net Position). These requirements cause some unusual balances, but that was expected due to the size of the liabilities.

Fund Financial Statements

The fund financial statements, found in the independent auditor's report, provide detailed information about the most significant funds not the District as a whole. Laws and contracts require the District to establish some funds, such as grants under the No Child Left Behind Act/ESSA from the U.S. Department of Education. The District's administration establishes many other funds to help control and manage money for particular purposes.

The District's governmental accounting approach:

Governmental Funds—The District's basic services are reported in governmental funds. These use modified accrual accounting and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the difference between governmental activities and governmental funds in reconciliation schedules following each of the fund financial statements.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these resources from the District's other financial statement because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT WIDE ACTIVITIES

Net position of the District's governmental activities increased to \$11,151,533.00 from \$9,844,350.00 as shown in Table 2. Unrestricted net position was (\$4,374,732.00) on August 31, 2019 as shown in Table 1.

The District's total revenues were \$14,969,082.00. The total cost of all programs and services was lower due to the completion of construction projects.

The District kept the M&O and I&S tax rates at \$1.17 and \$0.2800. This was the result of a successful Tax Ratification Election whereby the voters elected to maximize state funding.

The cost of all governmental activities this year as shown in the Statement of Activities was \$13,661,899.00 compared to \$8,535,312.00 last year. This difference is due to the one-time payment of the state over contributing in 17-18 to TRS/Healthcare. The state referred to this as an unintended consequence. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was \$2,871,998.00, because some of the costs were paid by other governments and organizations that subsidized certain programs with grant contributions.

THE DISTRICT'S GOVERNMENTAL FUNDS

As the District completed the year, its governmental funds (as presented on the balance sheet in the independent auditor's report) reported a combined fund balance of approximately \$6,472,609.00 which is more than last year's total of \$6,392,031.00. The General Fund Balance increased by \$28,146.00 overall.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments included changes the board made during the year to account for board goals and donations, as well as amendments moving funds from programs that did not need all the resources originally appropriated to programs with resource needs.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2019, the District had \$22,968,933.00 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

DEBT

At year-end, the District had approximately \$7,914,000.00 in bonds and notes outstanding versus \$9,061,000.00 last year. The District's bonds presently carry AAA ratings backed by the permanent school fund ratings with underlying ratings as follows: Moody's Investor Services A3 and Standard & Poors A.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Several factors were taken in to consideration when preparing the budget and setting the tax rate for the Grand Saline ISD 2019-2020 fiscal year.

Due to House Bill 3, several changes will be seen in the next year's budget. The most noticeable change will be in salaries and the new program intent codes for areas such as Dyslexia. Average daily attendance is expected to increase slightly. Interest earnings are expected to remain low, but there has been a small increase. District personnel looked at the various areas affected by House Bill 3 and made the recommended adjustments. It is important to note that as of August 31, 2019, most of the requirements for House Bill 3 were still in the planning stages and that the 2019-2020 budget will go through several amendments before the end of the next fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Superintendent or Director of Finance at 400 Stadium Drive, Grand Saline, Texas, 75140.

Table 1
Grand Saline Independent School District
Net Position

<u>Governmental Activities</u>	2017-2018	2018-2019
Current and Other Assets	\$ 7,009,618.00	\$ 7,148,748.00
Capital Assets	<u>\$22,874,291.00</u>	<u>\$22,968,933.00</u>
Total Assets	\$29,883,909.00	\$30,117,681.00
Deferred Outflow—TRS Pension	\$ 812,544.00	\$ 1,689,973.00
Deferred Outflow—TRS OPEB	<u>\$ 56,187.00</u>	<u>\$ 422,428.00</u>
Total Deferred Outflow of Resources	\$ 868,731.00	\$ 2,112,401.00
Long-term Liabilities	\$17,472,542.00	\$17,472,542.00
Other Liabilities	<u>\$ 465,463.00</u>	<u>\$ 465,463.00</u>
Total Liabilities	\$17,938,005.00	\$16,735,006.00
Deferred Inflows-TRS Pension	\$ 316,014.00	\$ 434,787.00
Deferred Inflows-TRS OPEB	<u>\$ 2,654,271.00</u>	<u>\$ 3,908,756.00</u>
Total Deferred Inflows of Resources	\$ 2,970,285.00	\$ 4,343,543.00
Net Position		
Investment in Capital Assets	\$13,813,291.00	\$15,054,933.00
Restricted Assets	\$ 418,900.00	\$ 471,332.00
Unrestricted Assets	<u>\$ (4,387,841.00)</u>	<u>\$ (4,374,732.00)</u>
Total Net Position	\$ 9,844,350.00	\$ 11,151,533.00

Table 2

Grand Saline Independent School District
Statement of Activities

Governmental Activities	2017-2018	2018-2019
Revenues:		
Maintenance & Operation Taxes	\$ 2,727,141.00	\$ 2,871,998.00
Debt Service Taxes	\$ 653,541.00	\$ 687,504.00
State Aid	\$ 7,086,967.00	\$ 7,142,208.00
Unrestricted Grants & Contributions	\$ 0.00	\$ 324,681.00
Investment Earnings	\$ 49,954.00	\$ 46,523.00
Miscellaneous Revenue	\$ 164,896.00	\$ 169,987.00
State Prior Revenue Net	\$ 0.00	\$ 0.00
Repayment Program Revenues:		
Charges for Services	\$ 282,809.00	\$ 362,545.00
Operating Grants	<u>\$ 355,917.00</u>	<u>\$ 3,363,636.00</u>
Total Revenue	\$11,321,225.00	\$14,969,082.00
Expenses:		
Instructional, Curriculum, Media	\$ 4,120,000.00	\$ 6,859,424.00
Instructional School Leadership	\$ 384,586.00	\$ 806,920.00
Student Support Services	\$ 1,026,852.00	\$ 1,547,428.00
Cocurricular/Extracurricular Activities	\$ 707,685.00	\$ 1,052,010.00
General Administration	\$ 372,355.00	\$ 640,832.00
Plant Mnt/Security/Data Processing	\$ 1,504,018.00	\$ 2,372,258.00
Intergovernmental Charges	\$ 72,663.00	\$ 75,025.00
Debt Services	\$ 347,153.00	\$ 308,002.00
Facilities Acquisition/Construction	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Total Expenses	\$ 8,535,312.00	\$13,661,899.00
Change in Net Position	\$ 2,785,913.00	\$ 1,307,183.00
Net Position on September 1	\$18,184,970.00	\$ 9,844,350.00
Reclass GASB	<u>(\$11,126,533.00)</u>	
Net Position on August 31	\$ 9,844,350.00	\$11,151,533.00

FINANCIAL STATEMENTS

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2019

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,617,495
1120 Current Investments	4,920,594
1220 Property Taxes - Delinquent	173,931
1230 Allowance for Uncollectible Taxes	(8,697)
1240 Due from Other Governments	435,022
1290 Other Receivables, Net	10,403
Capital Assets:	
1510 Land	309,038
1520 Buildings, Net	21,650,236
1530 Furniture and Equipment, Net	1,009,659
1000 Total Assets	30,117,681
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	1,689,973
1706 Deferred Outflow Related to TRS OPEB	422,428
1700 Total Deferred Outflows of Resources	2,112,401
LIABILITIES	
2110 Accounts Payable	10,403
2140 Interest Payable	12,172
2150 Payroll Deductions and Withholdings	5,111
2160 Accrued Wages Payable	476,460
2200 Accrued Expenses	13,551
2300 Unearned Revenue	5,320
Noncurrent Liabilities:	
2501 Due Within One Year	1,176,000
2502 Due in More Than One Year	6,738,000
2540 Net Pension Liability (District's Share)	3,063,638
2545 Net OPEB Liability (District's Share)	5,234,351
2000 Total Liabilities	16,735,006
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	434,787
2606 Deferred Inflow Related to TRS OPEB	3,908,756
2600 Total Deferred Inflows of Resources	4,343,543
NET POSITION	
3200 Net Investment in Capital Assets	15,054,933
3850 Restricted for Debt Service	158,276
3860 Restricted for Capital Projects	255,156
3870 Restricted for Campus Activities	55,129
3890 Restricted for Other Purposes	2,771
3900 Unrestricted	(4,374,732)
3000 Total Net Position	\$ 11,151,533

The notes to the financial statements are an integral part of this statement.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
		Expenses	3 Charges for Services	4 Operating Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 6,545,488	\$ -	\$ 2,402,064	\$ (4,143,424)
12 Instructional Resources and Media Services	148,518	-	9,252	(139,266)
13 Curriculum and Instructional Staff Development	165,418	-	11,140	(154,278)
21 Instructional Leadership	242,193	-	28,632	(213,561)
23 School Leadership	564,727	-	51,713	(513,014)
31 Guidance, Counseling and Evaluation Services	348,678	-	25,352	(323,326)
33 Health Services	280,574	-	30,350	(250,224)
34 Student (Pupil) Transportation	223,952	-	15,224	(208,728)
35 Food Services	694,224	147,352	496,785	(50,087)
36 Extracurricular Activities	1,052,010	157,537	39,381	(855,092)
41 General Administration	640,832	-	40,885	(599,947)
51 Facilities Maintenance and Operations	2,055,020	57,656	75,464	(1,921,900)
52 Security and Monitoring Services	51,339	-	-	(51,339)
53 Data Processing Services	265,899	-	15,813	(250,086)
72 Debt Service - Interest on Long-Term Debt	306,252	-	121,581	(184,671)
73 Debt Service - Bond Issuance Cost and Fees	1,750	-	-	(1,750)
99 Other Intergovernmental Charges	75,025	-	-	(75,025)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 13,661,899	\$ 362,545	\$ 3,363,636	\$ (9,935,718)

Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		2,871,998
DT	Property Taxes, Levied for Debt Service		687,504
SF	State Aid - Formula Grants		7,142,208
GC	Grants and Contributions not Restricted		324,681
IE	Investment Earnings		46,523
MI	Miscellaneous Local and Intermediate Revenue		169,987
TR	Total General Revenues		<u>11,242,901</u>
CN	Change in Net Position		1,307,183
NB	Net Position - Beginning		<u>9,844,350</u>
NE	Net Position--Ending		<u>\$ 11,151,533</u>

The notes to the financial statements are an integral part of this statement.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,257,033	\$ 158,075	\$ 255,156
1120 Investments - Current	4,915,013	5,521	-
1220 Property Taxes - Delinquent	142,791	31,140	-
1230 Allowance for Uncollectible Taxes	(7,140)	(1,557)	-
1240 Due from Other Governments	268,314	-	-
1000 Total Assets	<u>\$ 6,576,011</u>	<u>\$ 193,179</u>	<u>\$ 255,156</u>
LIABILITIES			
2150 Payroll Deductions and Withholdings Payable	\$ 5,111	\$ -	\$ -
2160 Accrued Wages Payable	425,645	-	-
2200 Accrued Expenditures	8,327	-	-
2300 Unearned Revenue	-	5,320	-
2000 Total Liabilities	<u>439,083</u>	<u>5,320</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	135,651	29,583	-
2600 Total Deferred Inflows of Resources	<u>135,651</u>	<u>29,583</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
3480 Retirement of Long-Term Debt	-	158,276	-
3490 Other Restricted Fund Balance	-	-	255,156
Committed Fund Balance:			
3510 Construction	2,200,000	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	-	-
3600 Unassigned Fund Balance	3,801,277	-	-
3000 Total Fund Balances	<u>6,001,277</u>	<u>158,276</u>	<u>255,156</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,576,011</u>	<u>\$ 193,179</u>	<u>\$ 255,156</u>

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ (52,769)	\$ 1,617,495
-	4,920,534
-	173,931
-	(8,697)
166,708	435,022
<u>\$ 113,939</u>	<u>\$ 7,138,285</u>
\$ -	\$ 5,111
50,815	476,460
5,224	13,551
-	5,320
<u>56,039</u>	<u>500,442</u>
-	165,234
<u>-</u>	<u>165,234</u>
-	158,276
2,771	257,927
-	2,200,000
55,129	55,129
-	3,801,277
<u>57,900</u>	<u>6,472,609</u>
<u>\$ 113,939</u>	<u>\$ 7,138,285</u>

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 AUGUST 31, 2019

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	6,472,609
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase (decrease) net position.		60
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$34,968,326 and the accumulated depreciation was (\$12,094,035). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The long term debt was \$9,061,000. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position. Note: Beginning Balances related to TRS are NOT included in this amount.		13,813,291
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2019 capital outlays and debt principal payments is to decrease net position.		2,263,109
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$1,689,973, a deferred resource inflow in the amount of \$434,787, and a net pension liability in the amount of \$3,063,638. This resulted in an increase (decrease) in net position.		(1,808,452)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB75. The net position related to TRS included a deferred resource outflow in the amount of \$422,428, a deferred resource inflow of \$3,908,756, and a net OPEB liability in the amount of \$5,234,351. This resulted in an increase (decrease) in net position.		(8,720,679)
6 The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(1,021,467)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		153,062
19 Net Position of Governmental Activities	\$	11,151,533

The notes to the financial statements are an integral part of this statement.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 3,173,817	\$ 694,844	\$ -
5800 State Program Revenues	7,593,630	311,278	-
5900 Federal Program Revenues	908,735	121,581	-
5020 Total Revenues	<u>11,676,182</u>	<u>1,127,703</u>	<u>-</u>
EXPENDITURES:			
Current:			
0011 Instruction	4,961,869	-	-
0012 Instructional Resources and Media Services	144,362	-	-
0013 Curriculum and Instructional Staff Development	160,564	-	-
0021 Instructional Leadership	229,723	-	-
0023 School Leadership	540,939	-	-
0031 Guidance, Counseling and Evaluation Services	337,011	-	-
0033 Health Services	267,374	-	-
0034 Student (Pupil) Transportation	180,885	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	778,468	-	-
0041 General Administration	622,778	-	-
0051 Facilities Maintenance and Operations	1,535,268	-	-
0052 Security and Monitoring Services	50,493	-	-
0053 Data Processing Services	254,636	-	-
Debt Service:			
0071 Principal on Long-Term Debt	386,000	761,000	-
0072 Interest on Long-Term Debt	42,005	273,537	-
0073 Bond Issuance Cost and Fees	-	1,750	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,077,514	-	-
Intergovernmental:			
0099 Other Intergovernmental Charges	75,025	-	-
6030 Total Expenditures	<u>11,644,914</u>	<u>1,036,287</u>	<u>-</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>31,268</u>	<u>91,416</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	654,327	-	-
8911 Transfers Out (Use)	(657,449)	-	-
7080 Total Other Financing Sources (Uses)	<u>(3,122)</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	28,146	91,416	-
0100 Fund Balance - September 1 (Beginning)	<u>5,973,131</u>	<u>66,860</u>	<u>255,156</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 6,001,277</u>	<u>\$ 158,276</u>	<u>\$ 255,156</u>

The notes to the financial statements are an integral part of this statement.

	Other Funds	Total Governmental Funds
\$	267,854	\$ 4,136,515
	246,271	8,151,179
	1,318,569	2,348,885
	1,832,694	14,636,579
	1,083,118	6,044,987
	-	144,362
	-	160,564
	-	229,723
	-	540,939
	-	337,011
	-	267,374
	-	180,885
	677,024	677,024
	114,658	893,126
	-	622,778
	-	1,535,268
	-	50,493
	-	254,636
	-	1,147,000
	-	315,542
	-	1,750
	-	1,077,514
	-	75,025
	1,874,800	14,556,001
	(42,106)	80,578
	3,122	657,449
	-	(657,449)
	3,122	-
	(38,984)	80,578
	96,884	6,392,031
\$	57,900	\$ 6,472,609

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	80,578
<p>The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net position.</p>		
		(10,334)
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2019 capital outlays and debt principal payments is to increase (decrease) net position.</p>		
		2,263,109
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.</p>		
		(1,021,467)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.</p>		
		11,332
<p>GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$170,259. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net pension liability. This caused a decrease in net position totaling \$165,175. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$243,873. The net result is an increase (decrease) in the change in net position.</p>		
		(238,789)
<p>GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$56,374. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$55,195. Finally, the proportionate share of the TRS expense on the plan as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$(221,575). The net result is an increase (decrease) in the change in net position.</p>		
		222,754
Change in Net Position of Governmental Activities	\$	1,307,183

The notes to the financial statements are an integral part of this statement.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2019

	Governmental Activities -	
	Internal Service Fund	
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$	60
Other Receivables		10,403
Total Assets		10,463
LIABILITIES		
Current Liabilities:		
Accounts Payable		10,403
Total Liabilities		10,403
NET POSITION		
Unrestricted Net Position		60
Total Net Position	\$	60

The notes to the financial statements are an integral part of this statement.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2019

	Governmental Activities -
	Internal Service Fund
OPERATING EXPENSES:	
Payroll Costs	\$ 10,341
Total Operating Expenses	10,341
Operating Income (Loss)	(10,341)
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	7
Total Nonoperating Revenues (Expenses)	7
Change in Net Position	(10,334)
Total Net Position - September 1 (Beginning)	10,394
Total Net Position - August 31 (Ending)	\$ 60

The notes to the financial statements are an integral part of this statement.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Payments for Insurance Claims	\$ (10,341)
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	7
Net Decrease in Cash and Cash Equivalents	(10,334)
Cash and Cash Equivalents at Beginning of Year	10,394
Cash and Cash Equivalents at End of Year	\$ 60
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (10,341)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(10,403)
Increase (decrease) in Accounts Payable	10,403
Net Cash Used for Operating Activities	\$ (10,341)

The notes to the financial statements are an integral part of this statement.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2019

EXHIBIT E-1

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 1,692	\$ 51,826
Investments - Current	4,289	-
Total Assets	5,981	\$ 51,826
LIABILITIES		
Accounts Payable	5,901	\$ -
Due to Student Groups	-	51,826
Total Liabilities	5,901	\$ 51,826
NET POSITION		
Restricted for Scholarships	80	
Total Net Position	\$ 80	

The notes to the financial statements are an integral part of this statement.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2019

	Private Purpose Trust Fund
ADDITIONS:	
Local and Intermediate Sources	\$ 49
Total Additions	<u>49</u>
DEDUCTIONS:	
Other Operating Costs	<u>6,000</u>
Total Deductions	<u>6,000</u>
Change in Net Position	(5,951)
Total Net Position - September 1 (Beginning)	<u>6,031</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 80</u></u>

The notes to the financial statements are an integral part of this statement.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Grand Saline Independent School District (“The District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *GASB Statement No. 56*; and it complies with the requirements of the appropriate version of Texas Education Agency’s *Financial Accountability System Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board of Trustees (the “Board”) 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, has the authority to make decisions, appoint administrators and managers, significantly influence operations, and has primary accountability for fiscal matters. As such, the District is not included in any other governmental “reporting entity” as defined by *GASB 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.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. Direct costs are identifiable with a specific function. Program revenues of the District include charges for services and operating grants and contributions. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples includes tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from /to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental and enterprise funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 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.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. All assets and all liabilities associated with operation of these funds are included on the Statement of Net Position. The total net position is segregated into invested in capital assets net of related debt, restricted Net Position, and unrestricted net position.

The fiduciary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

The Agency funds apply the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

D. FUND ACCOUNTING

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, equity, revenues, and expenditures or expenses.

The District reports the following fund types:

Governmental Funds:

1. General Fund - The general fund is the District's primary operating fund and is always reported as a major fund. It accounts for all financial resources except those required to be accounted for in another fund.

2. 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.

3. Debt Service Fund - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

4. Capital Projects Fund - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Proprietary Funds:

5. Internal Service Fund - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Fund is the self insurance activity of the workers compensation fund.

Fiduciary Funds:

6. Private Purpose Trust Funds - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Funds is the scholarship fund.

7. Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the student activity fund.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and highly liquid investments such as certificates of deposits, money market funds, local government investment pools, Treasury bills, and commercial paper that have a maturity from time of purchase of three months or less.

F. INVENTORIES

The District records purchases of supplies as expenditures. Inventory on the balance sheet is recorded at cost and represents supplies and materials purchased for the subsequent school year. Food service commodities are recorded at fair market value as supplied by the Texas Department of Human Services.

G. PREPAYMENTS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements.

H. CAPITAL ASSETS

Capital assets, which include land, buildings, furniture and equipment are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Vehicles	10
Furniture and Equipment	7

Land and construction in progress are not depreciated.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

I. DEFERRED OUTFLOWS / DEFERRED INFLOWS OF RESOURCES

GASB No. 63 and GASB No. 65 provide guidance on financial reporting related to deferred outflows of resources and deferred inflows of resources. The objective of these statements is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

In addition to assets, the Balance Sheet and the Statement of Net Position may report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Balance Sheet and the Statement of Net Position may report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow or resource (revenue) until that time.

J. LONG TERM DEBT

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as current year debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

K. FUND BALANCE

The Governmental Accounting Standards Board has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

1. Nonspendable fund balance - includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable.
2. Restricted Fund Balance - includes amounts that are restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions of enabling legislation.
3. Committed Fund Balance - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. Those committed amounts cannot be used for any other purposes unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
4. Assigned Fund Balance - includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Board or by other officials to which the Board has delegated the authority to assign amounts to be used for specific purposes. When it is appropriate for fund balance to be assigned, the Board delegates the responsibility to assign funds to the Superintendent or his/her designee.
5. Unassigned Fund Balance - is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The District will utilize funds in the following spending order: Restricted, Committed, Assigned and Unassigned.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

L. USE OF ESTIMATES

The presentation of financial statements, in conformity with Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

M. DATA CONTROL CODES

The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.

N. TEACHER RETIREMENT SYSTEM - PENSIONS

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

O. TEACHER RETIREMENT SYSTEM - OTHER POST-EMPLOYMENT BENEFITS

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

P. DEFICIT NET POSITION

At August 31, 2019, the District has a deficit unrestricted net position in the Government-Wide Statement of Net Position. This deficit is due to the combined effects of recognizing the net pension liability required by GASB 68 and the net other post-employment benefits liability required by GASB 75.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the Year</u>	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	\$ 309 038	\$	\$ 309 038	\$
Construction in Progress	2 407 972		2 407 972	
Buildings & Improvements	29 165 637	10 076 849	19 088 788	
Furniture & Equipment	<u>3 085 679</u>	<u>2 017 186</u>	<u>1 068 493</u>	
Totals	<u>\$ 34 968 326</u>	<u>\$ 12 094 035</u>	<u>\$</u>	
Change in Net Position				<u>\$ 22 874 291</u>
<u>Long-term Liabilities at the Beginning of the Year</u>			<u>Payable at the Beginning of the Year</u>	
Bonds Payable			\$ 6 431 000	
Loans Payable			<u>2 630 000</u>	
Changes in Net Position				<u>(9 061 000)</u>
Net Adjustment to Net Position				<u>\$ 13 813 291</u>

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in Net Position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in Net Position. The details of this adjustment are as follows:

<u>Current Year Capital Outlay:</u>	<u>Amount</u>	<u>Adjustments to Changes in Net Assets</u>	<u>Adjustments to Changes in Net Assets</u>
Buildings & Improvements	\$ 10 330	\$	\$
Furniture & Equipment	28 265		
Construction in Progress	<u>1 077 514</u>		
 Total Capital Outlay	 \$ 1 116 109	 \$ 1 116 109	 \$ 1 116 109

<u>Debt Payments</u>			
Bond Principal	\$ 761 000		\$
Loan Principal	<u>386 000</u>		
 Total Principal Payments	 <u>1 147 000</u>	 <u>1 147 000</u>	 <u>1 147 000</u>
 Net Adjustment to Net Position		 <u>\$ 2 263 109</u>	 <u>\$ 2 263 109</u>

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

C. EXPLANATION OF OTHER DIFFERENCES

Another element of the reconciliation on Exhibits C-2 and C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	Amount	Adjustments to Change in Net Assets	Adjustments to Net Position
Adjustments to Revenue and Deferred Revenue:			
Taxes Collected from Prior Year Levies	\$ 73 468	\$ (73 468)	\$
Uncollected taxes(assumed collectible) from Current Year Levy	75 510	75 510	75 510
Uncollected Taxes (assumed collectible) from Prior Year Levy	89 724		89 724
Accrued Interest on Debt:			
Prior Year	21 462	21 462	
Current Year	12 172	(12 172)	(12 172)
Total		\$ 11 332	\$ 153 062

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Fund). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears in Exhibit G-1 and the other two reports are in Exhibits J-4 and J-5.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

Prior to August 20 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.

A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.

Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can only be amended at the function and fund level 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. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. The budget was amended as necessary during the year.

Each budget is controlled at the organizational level by the administration, appropriate department head or campus principal within Board allocations at the revenue and expenditure function /object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	August 31, 2019
	<u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 0
Non-appropriated Budget Funds	<u>96 884</u>
All Special Revenue Funds	<u>\$ 96 884</u>

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

B. ENCUMBRANCE ACCOUNTING

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. Encumbrance accounting is utilized to ensure effective budgetary control and accountability. Encumbrances outstanding at year-end are commitments that do not constitute expenditures or liabilities. Since appropriations lapse at the end of each fiscal year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments. There were no outstanding encumbrances at the end of the fiscal year that were subsequently provided for in the 2019-2020 budget.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

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

State statutes and Board policy authorize the District to invest in 1) Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009.; 2) Certificates of deposit and share certificates as permitted by Government Code 2256.010.; 3) Fully collateralized repurchase agreements permitted by Government Code 2256.011.; 4) A securities lending program as permitted by Government code 2256.0115.; 5) Banker's acceptances as permitted by Government Code 2256.012.; 6) Commercial paper as permitted by Government Code 2256.013.; 7) No load money market mutual funds and no load mutual funds as permitted by Government Code 2256.014.; 8) A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015.; and 9) Public funds investment pools as permitted by Government Code 2256.016.

In compliance with the Public Funds Investment Act, the District has adopted an investment policy. The District is in substantial compliance with the requirements of the Act and with local policies. The risks that the District may be subject are:

- a. Custodial Credit Risk - Deposits: This is the risk that in the event of a bank failure, the District's deposits, including checking, money market accounts and certificates of deposit, may not be returned to it.

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. During 2018-2019 the District's combined deposits were fully insured by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent.

The largest combined balances of cash, savings and time deposit accounts amounted to \$2,690,052 and occurred on February 21, 2019. The amount of bond or market value of securities pledged as of the date of the highest combined balance on deposit was \$3,326,914. The total amount of FDIC coverage at the time of the highest combined balance was \$500,000.

The largest combined balances of cash, savings and time deposit accounts at another financial institution amounted to \$5,413,700 and occurred on June 30, 2019. The amount of bond or market value of securities pledged as of the date of the highest combined balance on deposit was \$5,807,007. The total amount of FDIC coverage at the time of the highest combined balance was \$500,000.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

- b. Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Any investment that is both uninsured and unregistered is exposed to custodial credit risk if the investment is held by the counterparty, or if the investment is held by the counterparty's trust department or agent, but not in the name of the investor government. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Positions in external investment pools are not subject to custodial credit risk.
- c. Interest Rate Risk: Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.
- d. Concentration of Credit Risk: Concentration risk is defined as positions of five percent or more in the securities of a single issuer. This is the issuer of the underlying investment, and not a pool. This does not apply to U.S. Government securities.

CASH DEPOSITS

At August 31, 2019, the amount of the District's cash balance in checking accounts was \$1,666,499. Cash on hand was \$4,574.

The District's investments - cash equivalents at August 31, 2019, are shown below:

INVESTMENTS - CASH EQUIVALENTS

The District's investments - cash equivalents at August 31, 2019, are shown below:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money Market	\$ 2 828 286	\$ 2 828 286	.0833
Certificate of Deposit	<u>2 096 537</u>	<u>2 096 537</u>	.0833
Total Investments	<u>\$ 4 924 823</u>	<u>\$ 4 924 823</u>	

INVESTMENTS - OTHER

The District's investments - other at August 31, 2019, are shown below:

	<u>Cost</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
N/A	<u>\$ _____</u>	<u>\$ _____</u>	
Total Investments	<u>\$ _____</u>	<u>\$ _____</u>	

For the purpose of the statement of cash flows for proprietary fund types, if any, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

The investment pools used by the District are organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investment pools are public funds investment pools created to provide a safe environment for the placement of local government funds in authorized short-term investments.

The District's investment in investment pools, which are exempt from regulation by the Securities and Exchange Commission, have as one of their objectives the maintenance of a stable net asset value of \$1.00. The book value of the position in the pools is the same as the number of the shares in each pool; the fair value of a share should approximately equal the book value of a share.

In accordance with state law and the District's investment policy, investments in investment pools must be rated at least AAA or have an equivalent rating, and obligations of states, agencies, counties and cities must be rated at least A or its equivalent. As of August 31, 2019, the District's investments in investment pools met or exceeded the ratings criteria.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid by February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Delinquent taxes not paid by August 31 are subject to penalty and interest charges plus delinquent collection fees for attorney costs. Property taxes 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.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible taxes are periodically reviewed and written off by the District as provided by specific statutory authority from the Texas Legislature.

The assessed value of the property tax roll on January 1, 2018 upon which the levy for the 2018-2019 fiscal year was based, was \$248,454,567. The tax rates assessed for the year ended August 31, 2019 to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.17 and \$.28 per \$100 valuation, respectively, for a total of \$1.45 per \$100 valuation. Current tax collections for the year ended August 31, 2019 were 97.8% of the year end adjusted tax levy. As of August 31, 2019, property taxes receivable totaled \$142,791 and \$31,140 for the General and Debt Service Funds respectively.

C. RECEIVABLES FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2019 are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Receivables from Other Governments.

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
State Entitlements	\$ 268 314	\$	\$	\$	\$ 268 314
Federal Grants				100 623	100 623
State Grants				<u>66 085</u>	<u>66 085</u>
Total	<u>\$ 268 314</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 166 708</u>	<u>\$ 435 022</u>

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at August 31, 2019 consisted of the following individual fund amounts:

<u>Fund</u>	<u>Due From</u>	<u>Due to</u>
General Fund:		
Special Revenue Fund	\$ _____	\$ _____
Special Revenue Fund:		
General Fund	\$ _____	\$ _____
Totals	<u>\$ 0</u>	<u>\$ 0</u>

Interfund transfers for the year ended August 31, 2019 consisted of the following individual fund amounts:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
General Fund	\$ 654 327	\$ 654 327
Special Revenue Fund		3 122
Total	<u>\$ 654 327</u>	<u>\$ 657 449</u>
Special Revenue Fund:		
General Fund	<u>\$ 3 122</u>	\$ _____
Totals	<u>\$ 657 449</u>	<u>\$ 657 449</u>

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

E. RECEIVABLES AND PAYABLES

Receivables at August 31, 2019, were as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Funds</u>	<u>Total</u>
Property Taxes (Net)	\$ 135 651	\$ 29 583		\$	\$ 165 234
Other Governments	<u>268 314</u>			<u>166 708</u>	<u>435 022</u>
Totals	<u>\$ 403 965</u>	<u>\$ 29 583</u>	<u>\$ 0</u>	<u>\$ 166 708</u>	<u>\$ 600 256</u>

Payables at August 31, 2019, were as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Funds</u>	<u>Total</u>
Accrued Wages	425 645			50 815	476 460
Payroll Deductions	<u>5 111</u>				<u>5 111</u>
Totals	<u>\$ 430 756</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50 815</u>	<u>\$ 481 571</u>

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets				
Land	\$ 309 038	\$	\$	\$ 309 038
Construction in Progress	<u>2 407 972</u>	<u>1 077 514</u>	<u>(3 485 486)</u>	<u>309 308</u>
Subtotal Nondepreciable Assets	<u>2 717 010</u>	<u>1 077 514</u>	<u>(3 485 486)</u>	<u>309 308</u>
Depreciable Capital Assets				
Building & Improvements	29 165 637	10 330	3 427 350	32 603 317
Furniture & Equipment	<u>3 085 679</u>	<u>28 265</u>	<u>58 136</u>	<u>3 172 080</u>
Subtotal Depreciable Assets	<u>32 251 316</u>	<u>38 595</u>	<u>3 485 486</u>	<u>35 775 397</u>
Total at Historical Cost	<u>34 968 326</u>	<u>1 116 109</u>	<u>0</u>	<u>36 084 435</u>
Less Accumulated Depreciation for:				
Buildings & Improvements	10 076 849	876 232		10 953 081
Furniture & Equipment	<u>2 017 186</u>	<u>145 235</u>		<u>2 162 421</u>
Total Accumulated Depreciation	<u>12 094 035</u>	<u>1 021 467</u>		<u>13 115 502</u>
Governmental Activities Capital Assets, Net	<u>\$ 22 874 291</u>	<u>\$ 94 642</u>	<u>\$ 0</u>	<u>\$ 22 968 933</u>

Depreciation expense was charged to governmental functions as follows:

11	Instruction	\$ 335 584
34	Student (Pupil) Transportation	36 375
35	Food Services	680
36	Cocurricular/Extracurricular Activities	141 206
51	Plant Maintenance and Operations	502 413
52	Security and Monitoring Services	846
53	Data Processing/Technology	<u>4 363</u>
Total Depreciation Expense		<u>\$ 1 021 467</u>

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

G. BONDS PAYABLE

Bonded indebtedness of the District is reflected in the Long-Term Debt Account Group, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in bonds payable for the year ended August 31, 2019 is as follows:

<u>Description</u>	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 8/31/18	Issued	Retired	Amounts Outstanding	Interest Current Year
Unlimited Tax Qualified School Construction Bonds Series 2010	5.55%	\$ 5 000 000	\$ 2 441 000	\$	\$ 346 000	2 595 000	\$ 135 476
Unlimited Tax Refunding Bonds Series 2010	3.65% to 7.5%	\$ 6 405 000	\$ 3 990 000	\$	\$ 415 000	3 575 000	\$ 138 061
Totals			<u>\$ 6 431 000</u>	<u>\$ 0</u>	<u>\$ 761 000</u>	<u>5 670 000</u>	<u>\$ 273 537</u>

Debt service requirements are as follows:

Year Ended August 31,	<u>General Obligations</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>	<u>Federal Interest Rebate Amount "QSCB"</u>
2020	\$ 777 000	\$ 238 912	\$ 1 015 912	\$ (111 244)
2021	802 000	203 503	1 005 503	(92 819)
2022	828 000	167 181	995 181	(74 393)
2023	865 000	129 708	994 708	(55 914)
2024	886 000	91 120	977 120	(37 329)
2025 - 2026	1 512 000	62 424	1 574 424	(18 692)
Totals	<u>\$ 5 670 000</u>	<u>\$ 892 848</u>	<u>\$ 6 562 848</u>	<u>\$ (390 391)</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2019.

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As of August 31, 2019 \$3,535,000 considered defeased in prior years are still outstanding.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

H. LOANS PAYABLE

The District accounts for short-term debts for maintenance purposes through the General Fund. Short-term debts include notes made in accordance with the provisions of the Texas Education Code Section 45.108. The proceeds from long-term loans are shown in the financial statements as Other Resources and principal and interest payments are shown as debt service in the General Fund.

A Maintenance Tax Note, Series 2013 (QZAB), loan of \$1,500,000 was issued on November 13, 2013 for the purpose of paying expenses of renovation, security and energy saving projects of the District as authorized by Texas Education Code Section 4.108, as amended. The loan is to be repaid in annual payments of \$100,000 beginning September 15, 2014. There is no interest cost to the District.

A Maintenance Tax Note, Series 2018, loan of \$1,530,000 was issued on June 19, 2018 for the purpose of paying expenses of Capital maintenance and renovation of existing District facilities, including the District's athletic facilities and payment of professional services relating to the projects of the District as authorized by Texas Education Code Section 45.108, as amended. The loan is to be repaid in semi-annual payments beginning February 15, 2019. The interest rate is 2.59%.

A summary of changes in loans payable for the year ended August 31, 2018 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 8/31/18	Issued	Retired	Amounts Outstanding 8/31/19	Interest Current Year
Maintenance Tax Note Series 2013 (QZAB)	0	\$ 1 500 000	\$ 1 100 000	\$	\$ 100 000	\$ 1 000 000	\$ 0
Maintenance Tax Note Series 2018	2.59%	1 530 000	1 530 000		286 000	1 244 000	42 005
Totals			<u>\$2 630 000</u>	<u>\$ 0</u>	<u>\$ 386 000</u>	<u>\$ 2 244 000</u>	<u>\$ 42 005</u>

Debt service requirements are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2020	\$ 399 000	\$ 28 347	\$ 427 347
2021	407 000	20 500	427 500
2022	415 000	12 445	427 445
2023	423 000	4 183	427 183
2024	100 000	0	100 000
2025 - 2029	<u>500 000</u>	<u>0</u>	<u>500 000</u>
Totals	<u>\$ 2 244 000</u>	<u>\$ 65 475</u>	<u>\$ 2 309 475</u>

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

I. CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended August 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable					
General Obligation Bonds	\$ 6 431 000	\$ _____	\$ 761 000	\$ 5 670 000	\$ 777 000
Loans Payable					
Maintenance Tax Notes	2 630 000	_____	386 000	2 244 000	399 000
Total Governmental Activities Long-term Liabilities					
	<u>\$ 9 061 000</u>	<u>\$ 0</u>	<u>\$ 1 147 000</u>	<u>\$ 7 914 000</u>	<u>\$ 1 176 000</u>

J. UNEARNED REVENUE AND UNAVAILABLE REVENUE

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Funds</u>	<u>Total</u>
Unearned revenue at year-end consisted of the following:					
Existing Debt Allotments		3 512			3 512
Instructional Facilities Allotment		1 808			1 808
Total	<u>\$ 0</u>	<u>\$ 5 320</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5 320</u>

Unavailable revenue at the fiscal year end consisted of the following:

Net Property Taxes	<u>\$ 135 651</u>	<u>\$ 29 583</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 165 234</u>
--------------------	-------------------	------------------	-------------	-------------	-------------------

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

K. FUND BALANCE

Fund Balance is classified as nonspendable, restricted, committed, assigned and/or unassigned. The individual fund balances of the District are:

Fund Balance	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total
Nonspendable:					
Inventory	\$	\$	\$	\$	\$
Prepaid Items					
Restricted:					
Child Nutrition					
Federal Grants					
State Grants				2 771	2 771
Debt Service		158 276			158 276
Capital Projects			255 156		255 156
Committed:					
Construction	2 200 000				2 200 000
Assigned:					
Campus Activity				55 129	55 129
Unassigned	<u>3 801 277</u>				<u>3 801 277</u>
Total Fund Balances	<u>\$ 6 001 277</u>	<u>\$ 158 276</u>	<u>\$ 255 156</u>	<u>\$ 57 900</u>	<u>\$ 6 472 609</u>

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

L. LOCAL AND INTERMEDIATE SOURCES OF REVENUES

During the current year, local and intermediate sources of revenues consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Funds</u>	<u>Total</u>
Property Taxes	\$ 2 872 289	\$ 685 172	\$	\$	\$ 3 557 461
Penalties, Interest & Other					
Tax Related Income	48 072	7 448			55 520
Investment Income	44 140	2 224		160	46 524
Food Sales				147 352	147 352
Co-curricular Student					
Activities	37 195			120 342	157 537
Other	<u>172 121</u>				<u>172 121</u>
	<u>\$ 3 173 817</u>	<u>\$ 694 844</u>	<u>\$ 0</u>	<u>\$ 267 854</u>	<u>\$ 4 136 515</u>

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

M. DEFINED BENEFIT PENSION PLAN

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) and is 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.

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

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.

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 above.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

Contribution Rates		
	2018	2019
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2019 Current Fiscal Year Employer Contributions		\$ <u>170,259</u>
District's 2019 Current Fiscal Year Member Contributions		\$ <u>495,906</u>
District's 2018 Measurement Year NECE On-Behalf Contributions		\$ <u>351,021</u>

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 (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- 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 source, a privately sponsored source, from non-educational and general, or local funds.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

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 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.

Actuarial Assumptions. The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age, Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907%
Long-term expected Investment Rate	7.25%
Municipal Bond Rate as of August 2018	3.69%
Inflation	2.30%
Salary Increases	3.05% to 9.05%
Ad Hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the three year period ending August 31, 2017 and adopted in July, 2018.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. 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 sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected return, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2018

Asset Class	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18%	5.7%	1.0%
Non-U.S. Developed	13%	6.9%	0.9%
Emerging Markets	9%	8.9%	0.8%
Directional Hedge Funds	4%	3.5%	0.1%
Private Equity	13%	10.2%	1.3%
Stable Value			
U.S. Treasuries	11%	1.1%	0.1%
Absolute Return	0%	-	-
Stable Value Hedge Funds	4%	3.1%	0.1%
Cash	1%	-0.3%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.7%	0.0%
Real Assets	14%	5.2%	0.7%
Energy and Natural Resources	5%	7.5%	0.4%
Commodities	0%	-	-
Risk Parity			
Risk Parity	5%	3.7%	0.2%
Inflations Expectations			2.3%
Volatility Drag ³			-0.8%
Total	100%		7.2%

1 Target allocations are based on the FY 2016 policy model.

2 Capital market assumptions come from Aon Hewitt (2017 Q4)

3 The volatility drag results from the conversion between arithmetic and geometric mean returns.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
District's proportionate share of the net pension liability:	\$4,623,764	\$3,063,638	\$1,800,623

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2019, the District reported a liability of \$3,063,638 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	\$ 3 063 638
State's proportionate share that is associated with the District	5 738 958
Total	\$ 8 802 596

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

At August 31, 2018 the employer's proportion of the collective net pension liability was .0055659567%, which was an increase (decrease) of (.0008960235%) from its proportion measured as of August 31, 2017.

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

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study preformatted for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- the long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- the change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

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

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

For the year ended August 31, 2019, the District recognized pension expense of \$977,052 and revenue of \$568,004 for support provided by the State.

At August 31, 2019, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 19 096	\$ 75 170
Changes in actuarial assumptions	1 104 589	34 518
Difference between projected and actual investment earnings		58 130
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	396 029	266 969
Total as of August 31, 2018 measurement date	1 519 714	434 787
Contributions paid to TRS subsequent to the measurement date	170 259	
Total as of fiscal year end	\$ 1 689 973	\$ 434 787

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:

Year ended August 31:	Pension Expense Amount
2020	\$ 329,374
2021	202,042
2022	164 714
2023	160 126
2024	143 425
Thereafter	90 245

Long Term Liability Disclosure

	Beginning Balance	Additions	Retirements	Ending Balance
Net Pension Liability	\$ 2,066,193	\$ 1,184 948	\$ 187 503	\$ 3,063,638

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

N. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

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

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

TRS-Care Monthly for Retirees
 January 1, 2018 thru December 31, 2018

	Medicare	Non-Medicare
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1020	999
* or surviving spouse		

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

CONTRIBUTION RATES		
	2018	2019
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
District's 2019 Current Fiscal Year Employer Contributions		\$ 56,374
District's 2019 Current Fiscal Year Member Contributions		\$ 41,861
District's 2018 Measurement Year NECE On-behalf Contributions		\$ 72,671

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018. The 85th Texas Legislature, House Bill 30 provided an additional \$212 million in one-time, supplemental funding for the FY2018-19 biennium to continue to support the program. This was also received in FY2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 actuarial valuation was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017, rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.69%
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% after age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation.
Ad hoc post-employment benefit changes	None

Other Information: None

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase .27 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected *to not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (2.69%)	Current Single Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
District’s proportionate share of the Net OPEB liability:	\$ <u>6 230 676</u>	\$ <u>5 234 351</u>	\$ <u>4 446 193</u>

Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the Net OPEB Liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed 8.5% healthcare cost trend rate.

	1% Decrease Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
District’s Proportionate share of net OPEB liability:	\$ <u>4 347 214</u>	\$ <u>5 234 351</u>	\$ <u>6 402 730</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB’s

At August 31, 2019, the District reported a liability of \$5,234,351 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and total portion of the net OPEB liability that was associated with the District were as follows:

District’s Proportionate share of the collective Net OPEB Liability	\$ 5 234 351
State’s proportionate share that is associated with the District	<u>5 267 370</u>
Total	<u>\$ 10 501 721</u>

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

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

At August 31, 2019 the employer's proportion of the collective Net OPEB Liability was .0104831861% which was an increase (decrease) of (.004108434870)% from its proportion measured as of August 31, 2017 .

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

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- the health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumption were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability.
- The discount rate was changed from 3.42 percent as of August 31, 2017 to 3.69 percent as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.
- Change of Benefit Terms Since the Prior Measurement Date

The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescription for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and the eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2019

For the year ended August 31, 2019, the District recognized OPEB expense of \$25,215 and revenue of \$191,595. For support provided by the State

At August 31, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 277 768	\$ 82 606
Changes in actuarial assumptions	87 347	1 572 622
Difference between projected and actual investment earnings	915	
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	24	2 253 528
Total as of August 31, 2018 measurement date	366 054	3 908 756
Contributions paid to TRS subsequent to the measurement date	56 374	
Total as of fiscal year end	\$ 422 428	\$ 3 908 756

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

<u>Year ended August 31:</u>	<u>OPEB Expense Amount</u>
2020	\$ (486 343)
2021	(486 343)
2022	(486 343)
2023	(486 510)
2024	(486 615)
Thereafter	(1 110 542)

Long-Term Liability Disclosure

	Beginning Balance	Additions	Retirements	Ending Balance
Net OPEB Liability	\$ 6 345 349	\$ (1 038 079)	\$ 72 319	\$ 5 234 351

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

O. HEALTH CARE

During the year ended August 31, 2019, employees of the Grand Saline Independent School District were covered by the state sponsored health insurance plan. The District paid premiums of \$250 per employee to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents.

All premiums were paid to TRS-ActiveCare, the statewide health coverage program for public education employees administered by Aetna. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and TRS ActiveCare is renewable September 1 of each year and terms of coverage and premium costs are included in the contractual provisions.

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

P. SCHOOL DISTRICT RETIREE HEALTH PLAN

Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-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 supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

Medicare Part D:

Federal Government Retiree Drug Subsidy - Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by the District. The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire payroll reported by all reporting entities. The amount allocated on-behalf for the year ended August 31, 2019 is estimated by TRS at \$24,743.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

Q. COMPENSATED ABSENCES

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying general purpose financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest for most employees.

On retirement or death of certain employees meeting a minimum of ten years consecutive service in the District, district pays any accrued sick leave in a lump cash payment to such employees or his/her estate. The accumulated sick leave benefits at August 31, 2019 were \$16,150 and are recorded as a liability of the general fund.

R. SELF-INSURED WORKERS' COMPENSATION

During the year ended August 31, 2019 the Grand Saline Independent School District was a participant in the East Texas Educational Insurance Association's Workers' Compensation Self-insurance Joint Fund pursuant to Texas Labor Code Annotated Chapter 504 and Texas Government Code Ch. 791 (the Interlocal Cooperation Act).

The Board of Trustees of the plan and the plan supervisor, Claims Administrative Services, Inc., shall establish the proportionate contribution of each participant annually upon the actual loss experience and claims of the District, the experience rating modification of the District, the prorata costs or savings to the plan from the loss experience of all participants, and all reasonable and necessary administrative expenses of the plan. The proportionate contributions of all participants shall be combined into a self-insurance joint fund.

The District paid a fixed cost of \$36,285, to the plan supervisor for administration of claims, loss control, record keeping, and the cost of excess insurance. The loss fund maximum set aside in a separate account for claims not covered by excess insurance was established to be \$77,623 for the fiscal year. The self insurance retention maximum was \$225,000.

During the fiscal year, the District paid net claims of \$51,186 covering plan periods ending August 31, 2019, and has accrued \$10,402 as a liability for unpaid claims determined by the claims administrator.

S. 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 collectibility of any related receivable at August 31, 2019 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.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2019

T. 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 disaster. During fiscal year 2019 the district purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

U. SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 9, 2020; the date which the financial statements were available for distribution. There were none noted.

REQUIRED SUPPLEMENTARY INFORMATION

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 3,060,542	\$ 3,060,542	\$ 3,173,817	\$ 113,275
5800 State Program Revenues	7,675,641	7,675,641	7,593,630	(82,011)
5900 Federal Program Revenues	500,000	500,000	908,735	408,735
5020 Total Revenues	<u>11,236,183</u>	<u>11,236,183</u>	<u>11,676,182</u>	<u>439,999</u>
EXPENDITURES:				
Current:				
0011 Instruction	5,754,258	5,207,956	4,961,869	246,087
0012 Instructional Resources and Media Services	146,445	152,272	144,362	7,910
0013 Curriculum and Instructional Staff Development	161,938	165,411	160,564	4,847
0021 Instructional Leadership	204,467	234,469	229,723	4,746
0023 School Leadership	559,549	592,190	540,939	51,251
0031 Guidance, Counseling and Evaluation Services	325,063	347,452	337,011	10,441
0033 Health Services	257,700	276,139	267,374	8,765
0034 Student (Pupil) Transportation	405,402	314,852	180,885	133,967
0036 Extracurricular Activities	759,140	759,140	778,468	(19,328)
0041 General Administration	545,904	639,923	622,778	17,145
0051 Facilities Maintenance and Operations	1,519,932	1,567,975	1,535,268	32,707
0052 Security and Monitoring Services	56,700	53,400	50,493	2,907
0053 Data Processing Services	259,050	277,362	254,636	22,726
Debt Service:				
0071 Principal on Long-Term Debt	100,000	428,005	386,000	42,005
0072 Interest on Long-Term Debt	-	-	42,005	(42,005)
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	1,077,514	1,077,514	-
Intergovernmental:				
0099 Other Intergovernmental Charges	76,124	75,124	75,025	99
6030 Total Expenditures	<u>11,131,672</u>	<u>12,169,184</u>	<u>11,644,914</u>	<u>524,270</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>104,511</u>	<u>(933,001)</u>	<u>31,268</u>	<u>964,269</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	710,640	710,640	654,327	(56,313)
8911 Transfers Out (Use)	(815,151)	(815,151)	(657,449)	157,702
7080 Total Other Financing Sources (Uses)	<u>(104,511)</u>	<u>(104,511)</u>	<u>(3,122)</u>	<u>101,389</u>
1200 Net Change in Fund Balances	-	(1,037,512)	28,146	1,065,658
0100 Fund Balance - September 1 (Beginning)	<u>5,973,131</u>	<u>5,973,131</u>	<u>5,973,131</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 5,973,131</u>	<u>\$ 4,935,619</u>	<u>\$ 6,001,277</u>	<u>\$ 1,065,658</u>

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016
District's Proportion of the Net Pension Liability (Asset)	0.005565957%	0.00646198%	0.006268811%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 3,063,638	\$ 2,066,193	\$ 2,368,890
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	5,738,958	3,899,204	4,589,108
Total	<u>\$ 8,802,596</u>	<u>\$ 5,965,397</u>	<u>\$ 6,957,998</u>
District's Covered Payroll	\$ 6,391,498	\$ 7,075,291	\$ 6,715,192
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	47.93%	239.20%	35.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%	78.00%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only five years of data are presented this reporting period. "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."

<u>FY 2016</u>		<u>FY 2015</u>	
<u>Plan Year 2015</u>		<u>Plan Year 2014</u>	
	0.0064169%		0.0036615%
\$	2,268,289	\$	978,038
	4,454,264		3,802,313
<u>\$</u>	<u>6,722,553</u>	<u>\$</u>	<u>4,780,351</u>
\$	6,605,266	\$	6,407,456
	34.34%		15.26%
	78.43%		83.25%

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2019

	2019	2018	2017
Contractually Required Contribution	\$ 170,259	\$ 165,175	\$ 211,785
Contribution in Relation to the Contractually Required Contribution	(170,259)	(165,175)	(211,785)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 6,440,343	\$ 6,391,498	\$ 7,075,291
Contributions as a Percentage of Covered Payroll	2.64%	2.58%	2.99%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "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."

<hr/>	
<hr/> 2016	<hr/> 2015
\$ 199,167	\$ 188,880
(199,167)	(188,880)
<hr/> \$ -	<hr/> \$ -
<hr/> <hr/>	<hr/> <hr/>
\$ 6,715,192	\$ 6,605,266
2.97%	2.86%

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.010483186%	0.014591621%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 5,234,351	\$ 6,345,349
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	5,267,370	5,440,590
Total	<u>\$ 10,501,721</u>	<u>\$ 11,785,939</u>
District's Covered Payroll	\$ 6,391,498	\$ 7,075,291
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	81.90%	89.68%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2019

	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 56,374	\$ 55,195
Contribution in Relation to the Contractually Required Contribution	(56,374)	(55,195)
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Payroll	\$ 6,440,343	\$ 6,391,498
Contributions as a Percentage of Covered Payroll	0.88%	0.86%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2019

PENSIONS:

Changes of Benefit Terms

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

Changes of Assumptions

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumption including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the Long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

OTHER POST-EMPLOYMENT BENEFITS:

Changes of Benefit Term

The 85th Legislature, Regular Session,, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017.

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retirees on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependent to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan year 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

Changes of Assumptions

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the Total OPEB Liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the Total OPEB Liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the Total OPEB Liability
- The discount rate was changed from 3.42 percent as of August 31, 2017 to 3.69 percent as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.

COMBINING STATEMENTS

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2019

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
ASSETS				
1110 Cash and Cash Equivalents	\$ (34,885)	\$ 2,445	\$ -	\$ -
1240 Due from Other Governments	70,089	12,158	-	-
1000 Total Assets	<u>\$ 35,204</u>	<u>\$ 14,603</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
2160 Accrued Wages Payable	\$ 32,020	\$ 13,177	\$ -	\$ -
2200 Accrued Expenditures	3,184	1,426	-	-
2000 Total Liabilities	<u>35,204</u>	<u>14,603</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3490 Other Restricted Fund Balance	-	-	-	-
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 35,204</u>	<u>\$ 14,603</u>	<u>\$ -</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	289 Title IV Part A	410 State Instructional Materials	429 Other State Gramts
\$ (12,144)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (66,082)	\$ (3)
12,144	-	3,780	-	-	2,452	66,082	3
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,452</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 3,407	\$ -	\$ -	\$ 2,211	\$ -	\$ -
-	-	373	-	-	241	-	-
-	-	3,780	-	-	2,452	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,452</u>	<u>\$ -</u>	<u>\$ -</u>

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2019

Data Control Codes	461 Campus Activity Funds	498 Technology Fund	Total Nonmajor Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 55,129	\$ 2,771	\$ (52,769)
1240 Due from Other Governments	-	-	166,708
1000 Total Assets	<u>\$ 55,129</u>	<u>\$ 2,771</u>	<u>\$ 113,939</u>
LIABILITIES			
2160 Accrued Wages Payable	-	-	\$ 50,815
2200 Accrued Expenditures	-	-	5,224
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>56,039</u>
FUND BALANCES			
Restricted Fund Balance:			
3490 Other Restricted Fund Balance	-	2,771	2,771
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	55,129	-	55,129
3000 Total Fund Balances	<u>55,129</u>	<u>2,771</u>	<u>57,900</u>
4000 Total Liabilities and Fund Balances	<u>\$ 55,129</u>	<u>\$ 2,771</u>	<u>\$ 113,939</u>

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	434,910	253,883	3,718	41,418
5020 Total Revenues	434,910	253,883	3,718	41,418
EXPENDITURES:				
Current:				
0011 Instruction	434,910	253,883	3,718	41,418
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
6030 Total Expenditures	434,910	253,883	3,718	41,418
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	289 Title IV Part A	410 State Instructional Materials	429 Other State Gramts
\$ 147,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23,676	-	-	-	-	-	221,369	1,226
458,046	17,959	47,162	13,169	20,519	27,785	-	-
629,234	17,959	47,162	13,169	20,519	27,785	221,369	1,226
-	17,959	47,162	13,169	20,519	27,785	221,369	1,226
677,024	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
677,024	17,959	47,162	13,169	20,519	27,785	221,369	1,226
(47,790)	-	-	-	-	-	-	-
3,122	-	-	-	-	-	-	-
(44,668)	-	-	-	-	-	-	-
44,668	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	461 Campus Activity Funds	498 Technology Fund	Total Nonmajor Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 120,342	\$ -	\$ 267,854
5800 State Program Revenues	-	-	246,271
5900 Federal Program Revenues	-	-	1,318,569
5020 Total Revenues	<u>120,342</u>	<u>-</u>	<u>1,832,694</u>
EXPENDITURES:			
Current:			
0011 Instruction	-	-	1,083,118
0035 Food Services	-	-	677,024
0036 Extracurricular Activities	114,658	-	114,658
6030 Total Expenditures	<u>114,658</u>	<u>-</u>	<u>1,874,800</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	5,684	-	(42,106)
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	-	3,122
1200 Net Change in Fund Balance	5,684	-	(38,984)
0100 Fund Balance - September 1 (Beginning)	<u>49,445</u>	<u>2,771</u>	<u>96,884</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 55,129</u>	<u>\$ 2,771</u>	<u>\$ 57,900</u>

REQUIRED TEA SCHEDULES

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2019

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2010 and prior years	Various	Various	\$ Various
2011	0.943400	0.259760	211,077,948
2012	0.983400	0.358300	220,809,773
2013	1.023400	0.300000	223,187,420
2014	1.170000	0.153400	222,938,579
2015	1.170000	0.153400	224,217,913
2016	1.170000	0.153400	220,697,816
2017	1.170000	0.210000	229,045,861
2018	1.170000	0.280000	236,774,037
2019 (School year under audit)	1.170000	0.280000	248,454,567
1000 TOTALS			

(10) Beginning Balance 9/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2019
\$ 6,371	\$ -	\$ 113	\$ 16	\$ (5)	\$ 6,237
3,558	-	755	208	-	2,595
3,545	-	-	-	-	3,545
4,788	-	473	139	-	4,176
8,680	-	3,436	450	-	4,794
14,013	-	5,214	684	(1,444)	6,671
23,723	-	6,712	880	(736)	15,395
32,972	-	9,921	1,781	(2,425)	18,845
74,130	-	22,429	5,368	(14,144)	32,189
-	3,602,591	2,823,235	675,646	(24,226)	79,484
<u>\$ 171,780</u>	<u>\$ 3,602,591</u>	<u>\$ 2,872,288</u>	<u>\$ 685,172</u>	<u>\$ (42,980)</u>	<u>\$ 173,931</u>

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 153,100	\$ 153,100	\$ 147,512	\$ (5,588)
5800 State Program Revenues	20,000	20,000	23,676	3,676
5900 Federal Program Revenues	447,400	447,400	458,046	10,646
5020 Total Revenues	620,500	620,500	629,234	8,734
EXPENDITURES:				
Current:				
0035 Food Services	725,011	725,011	677,024	47,987
6030 Total Expenditures	725,011	725,011	677,024	47,987
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(104,511)	(104,511)	(47,790)	56,721
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	104,511	104,511	3,122	(101,389)
1200 Net Change in Fund Balances	-	-	(44,668)	(44,668)
0100 Fund Balance - September 1 (Beginning)	44,668	44,668	44,668	-
3000 Fund Balance - August 31 (Ending)	\$ 44,668	\$ 44,668	\$ -	\$ (44,668)

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 642,954	\$ 642,954	\$ 694,844	\$ 51,890
5800 State Program Revenues	286,110	286,110	311,278	25,168
5900 Federal Program Revenues	120,543	120,544	121,581	1,037
5020 Total Revenues	1,049,607	1,049,608	1,127,703	78,095
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	761,000	761,000	761,000	-
0072 Interest on Long-Term Debt	273,354	273,354	273,537	(183)
0073 Bond Issuance Cost and Fees	2,500	2,500	1,750	750
6030 Total Expenditures	1,036,854	1,036,854	1,036,287	567
1200 Net Change in Fund Balances	12,753	12,754	91,416	78,662
0100 Fund Balance - September 1 (Beginning)	66,860	66,860	66,860	-
3000 Fund Balance - August 31 (Ending)	\$ 79,613	\$ 79,614	\$ 158,276	\$ 78,662

COMPLIANCE, INTERNAL CONTROL AND FEDERAL AWARDS

SMITH, LAMBRIGHT & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Marlin R. Smith, CPA
J. W. Lambright, CPA

Cheri E. Kirkland, CPA

P. O. Box 912
505 E. Tyler
Athens, Texas 75751
(903) 675-5674
FAX (903) 675-5676
smithlambright.com

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*

Independent Auditor's Report

Board of School Trustees
Grand Saline Independent School District
400 Stadium Drive
Grand Saline, Texas 75140

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 District as of and for the year ended August 31, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 9, 2020.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

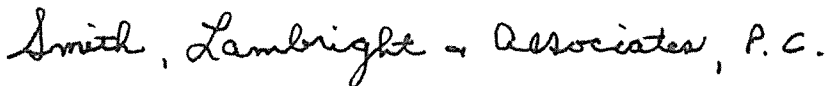
Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



SMITH, LAMBRIGHT & ASSOCIATES, P. C.
Certified Public Accountants
Athens, Texas

January 9, 2020

SMITH, LAMBRIGHT & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Marlin R. Smith, CPA
J. W. Lambright, CPA

Cheri E. Kirkland, CPA

P. O. Box 912
505 E. Tyler
Athens, Texas 75751
(903) 675-5674
FAX (903) 675-5676
smithlambright.com

**Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance;
and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

Board of School Trustees
Grand Saline Independent School District
400 Stadium Drive
Grand Saline, Texas 75140

Report on Compliance for Each Major Federal Program

We have audited the District's 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, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on 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, 2019.

Report on Internal Control Over Compliance

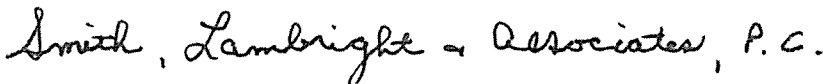
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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

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.

Respectfully submitted,



SMITH, LAMBRIGHT & ASSOCIATES, P. C.
Certified Public Accountants
Athens, Texas

January 9, 2020

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2019

I. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X no

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 Title 2 CFR 200.516(a) _____ yes X no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.010	ESEA Title I, Part A
84.027	Special Education Cluster; IDEA - Part B, Formula
84.173	IDEA - Part B, Preschool

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low risk auditee? _____ X yes _____ no

District Contact Person Micah Lewis
Superintendent

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2019

II. Financial Statement Findings

The audit disclosed no finding required to be reported.

III. Federal Awards Findings and Questioned Costs

The audit disclosed no finding required to be reported.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2019

N/A

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2019

N/A

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2019

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19-610101234904	\$ 434,910
*IDEA - Part B, Formula	84.027	19-660001234904	253,883
*IDEA - Part B, Discretionary	84.027	19-66001906	41,418
Total CFDA Number 84.027			295,301
*IDEA - Part B, Preschool	84.173	19-661001234904	3,718
Total Special Education Cluster (IDEA)			299,019
Career and Technical - Basic Grant	84.048	19-420006234904	17,959
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	19-696001234904	20,519
Title III, Part A - English Language Acquisition	84.365A	19-671001234904	13,169
ESEA, Title II, Part A, Teacher Principal Training	84.367A	19-694501234904	47,162
Title IV, Part A	84.424A	19-680101234904	27,785
Total Passed Through State Department of Education			860,523
TOTAL U.S. DEPARTMENT OF EDUCATION			860,523
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
**School Breakfast Program	10.553		113,124
**National School Lunch Program-Cash Assistance	10.555		305,441
**National School Lunch Prog.-Non-Cash Assistance	10.555		39,481
Total CFDA Number 10.555			344,922
Total Child Nutrition Cluster			458,046
Total Passed Through the State Department of Agriculture			458,046
TOTAL U.S. DEPARTMENT OF AGRICULTURE			458,046
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,318,569
*Clustered Programs			
**Clustered Programs			

Note A - Funds received from the SHARS program of \$908,735 in the General Fund are not considered as federal financial assistance for purposes of this schedule.

Note B - The Federal revenue for the Federal Interest Rebate Amount on the Qualified School Construction Bonds of \$121, 581 is reported in the Debt Service Fund and is not considered as federal financial assistance for purposes of this schedule.

GRAND SALINE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2019

For all Federal programs, the District uses the fund types specified in Texas Education Agency’s *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in the General Fund or in a Special Revenue Fund which are Governmental Fund types.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions of the Period of Availability of Federal Funds.

The National School Breakfast and Lunch Programs and the USDA donated commodities are accounted for in the nonmajor governmental funds. The Impact Aid, if any, is accounted for in the General Fund. Expenditures are not specifically attributable to these revenue sources and are shown on this schedule in an amount equal to revenue for balancing purposes only. The revenue for indirect costs is recognized in the General Fund.

The expenditures shown on the Schedule of Expenditures of Federal Awards (SEFA) does not equal to total federal revenues shown on Exhibit C-3 by the amount of federal revenue recorded in various funds as shown below. These amounts are not subject to the Single Audit Act and are not required to be included in the SEFA.

Amount reported on the Schedule of Expenditures of Federal Awards \$	1 318 569
SHARS Revenue reported in the General Fund	908 735
Federal Interest Rebate (QSCB) reported in the Debt Service Fund	121 581
Federal Program Revenue Reported on Exhibit C-3	\$ 2 348 885