

GLEN ROSE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2019

Glen Rose Independent School District
Annual Financial Report
For The Year Ended August 31, 2019

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
 INTRODUCTORY SECTION		
Certificate of Board.....	1	
 FINANCIAL SECTION		
Independent Auditor's Report.....	2	
Management's Discussion and Analysis (Required Supplementary Information).....	5	
 <u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	12	A-1
Statement of Activities.....	13	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	14	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	16	C-1R
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	17	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	19	C-3
Statement of Fiduciary Net Position - Fiduciary Funds.....	20	E-1
Notes to the Financial Statements	21	
 <u>Required Supplementary Information</u>		
Budgetary Comparison Schedules:		
General Fund.....	47	G-1
Schedule of the District's Proportionate Share of the		
Net Pension Liability - Teacher Retirement System Of Texas.....	49	G-2
Schedule of District's Pension Contributions - Teacher Retirement System Of Texas.....	50	G-3
Schedule of the District's Proportionate Share of the		
Net OPEB Liability - Teacher Retirement System of Texas.....	51	G-4
Schedule of District's OPEB Contributions - Teacher Retirement System of Texas.....	52	G-5
Notes to Required Supplementary Information.....	53	
 OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedule of Delinquent Taxes Receivable.....	54	J-1
Fund Balance and Cash Flow Calculation Worksheet (Unaudited)-General Fund.....	56	J-2
Budgetary Comparison Schedules Required by the Texas Education Agency:		
National School Breakfast and Lunch Program.....	57	J-3
Debt Service Fund.....	58	J-4
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>	59	

Glen Rose Independent School District
Annual Financial Report
For The Year Ended August 31, 2019

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance.....	61	
Schedule of Findings and Questioned Costs	63	
Corrective Action Plan.....	64	
Schedule of Expenditures of Federal Awards	65	K-1
Notes to the Schedule of Expenditures of Federal Awards.....	66	
Schedule of Required Responses to Selected School First Indicators.....	67	K-2

Introductory Section

CERTIFICATE OF BOARD

Glen Rose Independent School District
Name of School District

Somervell
County

213-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____approved _____disapproved for the year ended August 31, 2019, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

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

Financial Section



SNOW GARRETT WILLIAMS

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees
Glen Rose Independent School District
P.O. Box 2129
Glen Rose, Texas 76043

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Glen Rose 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Glen Rose Independent School District as of August 31, 2019, and the respective changes in financial position, 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, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions, schedule of the District's proportionate share of the net OPEB liability, and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Glen Rose Independent School District's basic financial statements. The introductory section and the other supplementary information are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information, except for Exhibit J-2, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and Exhibit J-2 of the other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019 on our consideration of Glen Rose Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Glen Rose Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Snow Garrett Williams". The signature is written in a cursive, flowing style.

Snow Garrett Williams
December 13, 2019

Management's Discussion and Analysis (Unaudited)

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2019. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$26,724,484 (*net position*). Of this amount, \$4,558,052 (*unrestricted net position*) may be used to meet the District's ongoing obligations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$18,209,325. Approximately 30% of this total amount, \$5,462,018, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,462,018, or 24% of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no *business-type activities* and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 14-19 of this report.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position that can be found on page 20.

Notes to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-46 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 47-53 of this report.



Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net assets exceeded liabilities by \$26,724,484, as of August 31, 2019.

The District's Net Position

	August 31, 2019	August 31, 2018
Current assets	\$ 19,527,743	\$ 20,880,984
Capital assets	36,855,907	38,390,278
Total assets	56,383,650	59,271,262
Deferred outflows of resources		
Deferred outflow related to pensions	3,714,825	1,255,851
Deferred outflow related to OPEB	2,192,918	122,976
Total deferred outflows of resources	5,907,743	1,378,827
Current liabilities	1,046,216	1,147,725
Long-term liabilities outstanding	31,174,677	27,647,843
Total liabilities	32,220,893	28,795,568
Deferred inflows of resources		
Deferred inflow related to pensions	554,771	788,664
Deferred inflow related to OPEB	2,791,245	2,734,744
Total deferred inflows of resources	3,346,016	3,523,408
Net position:		
Net investment in capital assets	21,519,457	21,081,478
Restricted	646,975	709,597
Unrestricted	4,558,052	6,540,038
Total net position	\$ 26,724,484	\$ 28,331,113

Net Position as of 8/31/19



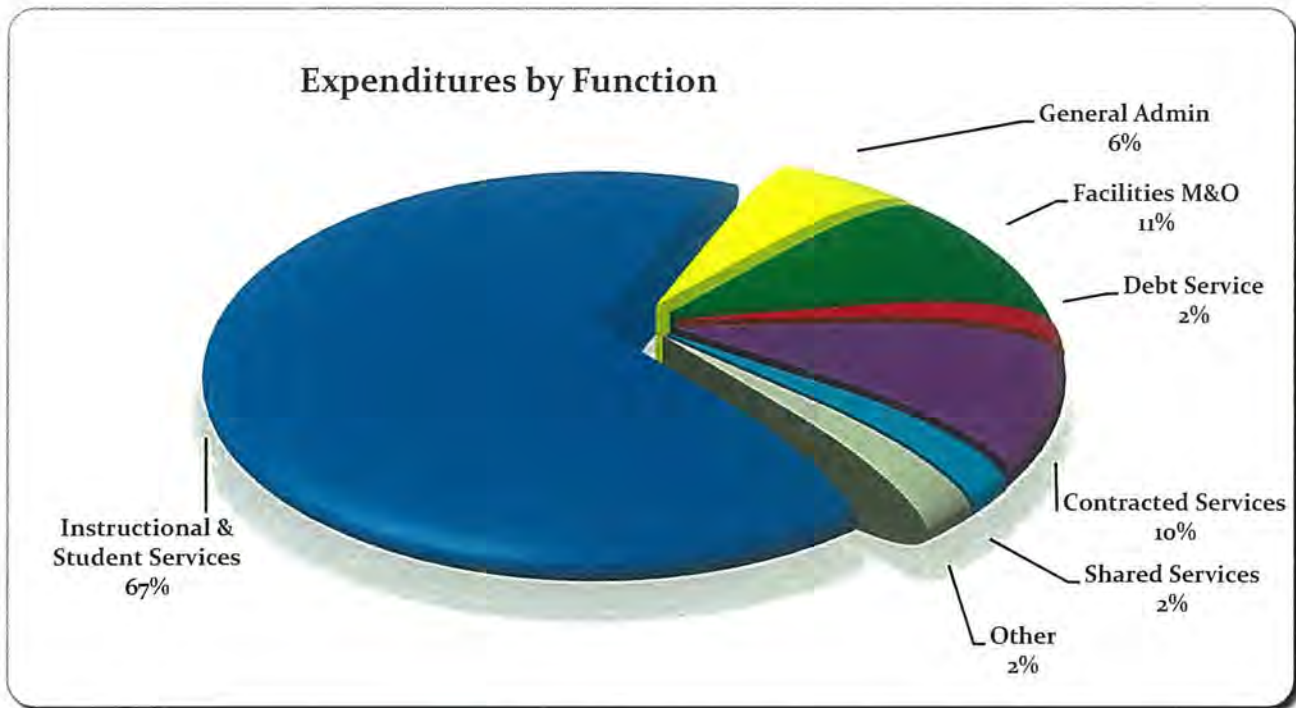
Net investment in capital assets (e.g., land, buildings, furniture and equipment, and construction in progress) is \$21,519,457. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional \$646,975 of the District's net position represents resources that are subject to external

restrictions on how they may be used. The remaining balance is *unrestricted net position*, \$4,558,052, may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having *long-term* commitments that are less than currently available resources and due to bond proceeds for construction projects.

Governmental activities. The District's total net position decreased \$1,606,629. The total cost of all *governmental activities* this year was \$31,510,027. The amount that our taxpayers paid for these activities through property taxes was \$22,729,877, or 72%.

Changes in the District's Net Position

	Fiscal Year August 31, 2019	Fiscal Year August 31, 2018
Revenues:		
Program Revenues		
Charges for Services	\$ 1,509,846	\$ 1,426,426
Operating Grants and Contributions	3,269,464	(1,058,928)
General revenues		
Property Taxes	22,729,877	23,001,580
State Grants	1,268,377	1,174,511
Other	1,125,834	1,131,787
Total Revenues	<u>29,903,398</u>	<u>25,675,376</u>
Expenses:		
Instruction	14,563,781	9,481,668
Instruction Resources & Media Services	347,440	248,859
Curriculum and Staff Development	300,686	241,529
Instructional Leadership	178,256	123,375
School Leadership	1,187,025	748,299
Guidance, Counseling & Evaluation Services	815,227	550,424
Health Services	258,347	169,274
Student Transportation	831,166	623,247
Food Service	1,148,373	1,010,318
Cocurricular / Extracurricular Activities	1,572,464	1,372,228
General Administration	1,808,728	1,189,454
Facilities Maintenance & Operations	3,348,396	3,332,955
Security and Monitoring Services	290,023	119,415
Data Processing Services	466,670	455,414
Community Services	11,495	10,938
Interest on Long-Term Debt	582,208	630,131
Bond Issuance Costs and Fees	2,425	3,193
Capital Outlay	6,475	-
Contracted Instructional Services between Schools	3,078,218	2,963,553
Payments Related to Shared Service Arrangements	712,624	677,278
Total Expenses	<u>31,510,027</u>	<u>23,951,552</u>
Increase (decrease) in net position	(1,606,629)	1,723,824
Net position - beginning	28,331,113	38,071,691
Prior period adjustment	-	(11,464,402)
Net position - beginning, as restated	28,331,113	26,607,289
Net position - ending	<u>\$ 26,724,484</u>	<u>\$ 28,331,113</u>



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$18,209,325, a decrease of \$1,242,567. Approximately 30% of this total amount (\$5,462,018) constitutes *unassigned fund balance*. The remainder of fund balance is *restricted*, *committed*, or *assigned* to indicate that it is not available for new spending because it has already been *restricted* for (1) federal/state funds grant restrictions (\$53,439), (2) retirement of long-term debt (\$334,025), and (3) other fund restrictions (\$228,910); *committed* for (1) construction (\$6,318,869), (2) equipment (\$3,802,193), and (3) other commitments (\$2,007,042); and *assigned* for other purposes (\$2,829).

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,462,018, out of a total fund balance of \$9,662,018. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 24% of the total general fund expenditures, while total fund balance represents 42% of that same amount.

The fund balance of the District's general fund increased \$95,160 during the current fiscal year. Key factors in this increase are:

- The District's revenues exceeded expenditures by \$58,808 due to an increase in tax collections and state program revenues
- The District also recognized a gain on the sale of personal property in the amount of \$36,352

General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to budgeted revenue and appropriations. These amendments were due to allow for unexpected occurrences and to better reflect the activities of the District. Budget revisions were primarily due to:

- Changes in the needs of the District throughout the year due to unexpected occurrences or changes in program needs or goals on the campuses.

The following are significant variations between the final budget and actual amounts for the general fund:

- Actual revenues were higher than budgeted by \$294,035, primarily related to an increase in both state and federal program revenues; and,
- Actual expenditures were lower than budgeted by \$725,608 due to reduced expenditures in instruction, plant maintenance and operations, and contracted instructional services between public schools.

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment purchases. The fund balance of the District's capital projects fund was \$7,771,062 as of August 31, 2019, all of which is committed for capital projects. The net decrease in the capital projects fund balance for the fiscal year ending August 31, 2019, was \$1,264,282.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of August 31, 2019, amounts to \$36,855,907 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress.

Major capital asset events during the year included the completion of the greenhouse, special education and elevator renovations at the elementary school, two Chevrolet suburban purchases, Thomas passenger bus, and improvements to the fiber optic network.

Districts Capital Assets (net of depreciation)

	<u>August 31, 2019</u>	<u>August 31, 2018</u>
Land	\$ 2,903,976	\$ 2,903,976
Buildings and improvements	30,783,546	33,168,122
Furniture and equipment	2,206,704	2,293,188
Construction in progress	961,681	24,992
Total at historical cost	<u>\$ 36,855,907</u>	<u>\$ 38,390,278</u>

Additional information on the District's capital assets can be found in Note C on page 30 of this report.



Long-term debt. As of August 31, 2019, the District had total general obligation bonded debt outstanding of \$15,250,000, a decrease of \$1,960,000 over the prior year. The unamortized premium for bonds is \$86,450, a decrease of \$12,350 from the previous year. The net pension liability for fiscal year 2019 had an ending balance of \$7,011,435, derived from GASB 68 and an increase of \$3,210,120 from the prior year. Finally, the net OPEB liability for fiscal year 2019 had an ending balance of \$8,826,792 derived from GASB 75 and an increase of \$2,289,064 from the prior year.

State statutes limit the amount of general obligation debt a government entity may issue up to 10% of its total assessed valuation. The current debt limitation for the District is \$226,278,140, which is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note E on pages 31-32 of this report.

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC Business ("S&P") has assigned a municipal bond rating of "AAA" to the Bonds based upon the Permanent School Fund Guarantee. S&P generally rates all bond issues guaranteed by the Permanent School Fund of the State of Texas "AAA".

The District's underlying rating for the Bonds (without consideration of the Permanent School Fund guarantee or other credit enhancement) is "AAA" by S&P.

Economic Factors and Next Year's Budgets and Rates

- Tax rate for Maintenance & Operations budget set at \$0.90 per \$100 valuation and Interest and Sinking rate for \$0.139 for a total tax rate of \$1.039.
- The District budgeted revenues of \$31,100,112 and expenditures of \$30,861,850 in the 2019-2020 budget. (Gen Operating; Debt Service; Child Nutrition)
- The District's student attendance rate remains stable at the 97.55 percent level.
- The District's enrollment increased by approximately 56 students in 2018-2019. Enrollment for 2019-2020 is expected to be 1945.
- All employees will receive a salary increase- Teachers 0-5 years received an average raise of \$2791 and Teachers 6 years plus averaged an increase of \$3,770; Auxillary staff (paraprofessionals, manual, & bus drivers) 4% of mid-point
- A one-time insurance supplement of \$1,500 will be given during the month of November.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Glen Rose Independent School District's Business Office.

Basic Financial Statements

GLEN ROSE INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION**

AUGUST 31, 2019

Data Control Codes		1	Governmental Activities
ASSETS:			
1110	Cash and Cash Equivalents	\$	600,567
1120	Current Investments		17,735,165
1225	Property Taxes Receivable (Net)		296,015
1240	Due from Other Governments		617,431
1290	Other Receivables (Net)		12,834
1300	Inventories		82
1410	Unrealized Expenses		265,649
Capital Assets:			
1510	Land		2,903,976
1520	Buildings and Improvements, Net		30,783,546
1530	Furniture and Equipment, Net		2,206,704
1580	Construction in Progress		961,681
1000	Total Assets		<u>56,383,650</u>
DEFERRED OUTFLOWS OF RESOURCES:			
	Deferred Outflow Related to Pensions		3,714,825
	Deferred Outflow Related to OPEB		2,192,918
1700	Total Deferred Outflows of Resources		<u>5,907,743</u>
LIABILITIES:			
2110	Accounts Payable		272,344
2140	Interest Payable		23,813
2165	Accrued Liabilities		674,270
2180	Due to Other Governments		74,282
2300	Unearned Revenue		1,507
Noncurrent Liabilities:			
2501	Due Within One Year		2,810,000
2502	Due in More Than One Year		12,526,450
2540	Net Pension Liability		7,011,435
2545	Net OPEB Liability		8,826,792
2000	Total Liabilities		<u>32,220,893</u>
DEFERRED INFLOWS OF RESOURCES:			
	Deferred Inflow Related to Pensions		554,771
	Deferred Inflow Related to OPEB		2,791,245
2600	Total Deferred Inflows of Resources		<u>3,346,016</u>
NET POSITION:			
3200	Net Investment in Capital Assets		21,519,457
Restricted For:			
3820	State and Federal Programs		53,439
3850	Debt Service		364,626
3880	Scholarships		88,220
3890	Shared Service Arrangement		140,690
3900	Unrestricted		4,558,052
3000	Total Net Position	\$	<u>26,724,484</u>

The accompanying notes are an integral part of this statement.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2019

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Program Revenues Charges for Services	Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 14,563,781	\$ 694,639	\$ 1,748,026	\$ (12,121,116)
12	Instructional Resources and Media Services	347,440	1,334	42,380	(303,726)
13	Curriculum and Staff Development	300,686	2,540	14,445	(283,701)
21	Instructional Leadership	178,256	142,524	18,573	(17,159)
23	School Leadership	1,187,025	2,635	73,594	(1,110,796)
31	Guidance, Counseling, & Evaluation Services	815,227	28,738	216,421	(570,068)
33	Health Services	258,347	1,945	14,407	(241,995)
34	Student Transportation	831,166	47,348	42,010	(741,808)
35	Food Service	1,148,373	402,140	598,825	(147,408)
36	Cocurricular/Extracurricular Activities	1,572,464	92,016	58,055	(1,422,393)
41	General Administration	1,808,728	24,882	94,344	(1,689,502)
51	Facilities Maintenance and Operations	3,348,396	14,133	102,079	(3,232,184)
52	Security and Monitoring Services	290,023	775	28,490	(260,758)
53	Data Processing Services	466,670	848	21,394	(444,428)
61	Community Services	11,495	30	428	(11,037)
72	Interest on Long-term Debt	582,208	--	128,012	(454,196)
73	Bond Issuance Costs and Fees	2,425	--	--	(2,425)
81	Capital Outlay	6,475	2,605	37,493	33,623
91	Contracted Instructional Services between Schools	3,078,218	--	--	(3,078,218)
93	Payments Related to Shared Services Arrangements	712,624	50,714	30,488	(631,422)
TG	Total Governmental Activities	31,510,027	1,509,846	3,269,464	(26,730,717)
TP	Total Primary Government	\$ 31,510,027	\$ 1,509,846	\$ 3,269,464	(26,730,717)
General Revenues:					
MT	Property Taxes, Levied for General Purposes				20,477,131
DT	Property Taxes, Levied for Debt Service				2,252,746
IE	Investment Earnings				585,774
GC	Grants and Contributions Not Restricted to Specific Programs				1,268,377
MI	Miscellaneous				540,060
TR	Total General Revenues				25,124,088
CN	Change in Net Position				(1,606,629)
NB	Net Position - Beginning				28,331,113
NE	Net Position - Ending				\$ 26,724,484

The accompanying notes are an integral part of this statement.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2019

Data Control Codes	10 General Fund	Shared Services Arrangement IDEA-B Formula
ASSETS:		
1110 <i>Cash and Cash Equivalents</i>	\$ 310,926	\$ --
1120 <i>Current Investments</i>	9,622,573	--
1225 <i>Taxes Receivable</i>	431,004	--
1230 <i>Allowance for Uncollectible Taxes (credit)</i>	(165,590)	--
1240 <i>Due from Other Governments</i>	153,341	254,228
1260 <i>Due from Other Funds</i>	389,135	--
1290 <i>Other Receivables</i>	122	--
1300 <i>Inventories</i>	--	--
1410 <i>Unrealized Expenditures</i>	265,649	--
1000 Total Assets	<u>\$ 11,007,160</u>	<u>\$ 254,228</u>
LIABILITIES:		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ 94,330	\$ --
2150 <i>Payroll Deductions & Withholdings</i>	--	--
2160 <i>Accrued Wages Payable</i>	594,022	2,884
2170 <i>Due to Other Funds</i>	391,376	177,062
2180 <i>Due to Other Governments</i>	--	74,282
2300 <i>Unearned Revenue</i>	--	--
2000 Total Liabilities	<u>1,079,728</u>	<u>254,228</u>
DEFERRED INFLOWS OF RESOURCES:		
<i>Property Taxes</i>	265,414	--
2600 Total Deferred Inflows of Resources	<u>265,414</u>	<u>--</u>
FUND BALANCES:		
Restricted Fund Balances:		
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--
3480 <i>Retirement of Long-Term Debt</i>	--	--
3490 <i>Other Restrictions of Fund Balance</i>	--	--
Committed Fund Balances:		
3510 <i>Construction</i>	1,350,000	--
3530 <i>Capital Expenditures for Equipment</i>	1,000,000	--
3545 <i>Other Committed Fund Balance</i>	1,850,000	--
Assigned Fund Balances:		
3590 <i>Other Assigned Fund Balance</i>	--	--
3600 <i>Unassigned</i>	5,462,018	--
3000 Total Fund Balances	<u>9,662,018</u>	<u>--</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 11,007,160</u>	<u>\$ 254,228</u>

EXHIBIT C-1

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 46,755	\$ 242,886	\$ 600,567
7,799,346	313,246	17,735,165
--	46,245	477,249
--	(15,644)	(181,234)
--	209,862	617,431
41,080	350,296	780,511
--	12,712	12,834
--	82	82
--	--	265,649
<u>\$ 7,887,181</u>	<u>\$ 1,159,685</u>	<u>\$ 20,308,254</u>
\$ 50,155	\$ 127,859	\$ 272,344
--	17	17
--	77,347	674,253
65,964	146,109	780,511
--	--	74,282
--	1,507	1,507
<u>116,119</u>	<u>352,839</u>	<u>1,802,914</u>
--	30,601	296,015
<u>--</u>	<u>30,601</u>	<u>296,015</u>
--	53,439	53,439
--	334,025	334,025
--	228,910	228,910
4,968,869	--	6,318,869
2,802,193	--	3,802,193
--	157,042	2,007,042
--	2,829	2,829
--	--	5,462,018
<u>7,771,062</u>	<u>776,245</u>	<u>18,209,325</u>
<u>\$ 7,887,181</u>	<u>\$ 1,159,685</u>	<u>\$ 20,308,254</u>

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

Total fund balances - governmental funds balance sheet	\$ 18,209,325
--	---------------

Amounts reported for governmental activities in the Statement of Net Position ("SNP")
are different because:

Capital assets used in governmental activities are not reported in the funds.	36,855,907
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	296,015
Payables for bond principal which are not due in the current period are not reported in the funds.	(15,250,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(23,813)
Premiums on bonds which are not due and payable in the current period are not reported in the funds.	(86,450)
Recognition of the District's proportionate share of the GASB 75 net OPEB liability is not reported in the funds.	(8,826,792)
Deferred Resource Inflows related to the GASB 75 OPEB plan are not reported in the funds.	(2,791,245)
Deferred Resource Outflows related to the GASB 75 OPEB plan are not reported in the funds.	2,192,918
Recognition of the District's proportionate share of the GASB 68 net pension liability is not reported in the funds.	(7,011,435)
Deferred Resource Inflows related to the GASB 68 pension plan are not reported in the funds.	(554,771)
Deferred Resource Outflows related to the GASB 68 pension plan are not reported in the funds.	<u>3,714,825</u>

Net position of governmental activities - Statement of Net Position	<u>\$ 26,724,484</u>
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The accompanying notes are an integral part of this statement.

GLEN ROSE 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	Shared Service Arrangements IDEA-B Formula
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ 21,195,749	\$ --
5800 <i>State Program Revenues</i>	1,870,893	--
5900 <i>Federal Program Revenues</i>	162,861	528,741
5020 <i>Total Revenues</i>	<u>23,229,503</u>	<u>528,741</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	10,086,672	355,737
0012 <i>Instructional Resources and Media Services</i>	262,436	--
0013 <i>Curriculum and Staff Development</i>	253,352	--
0021 <i>Instructional Leadership</i>	--	--
0023 <i>School Leadership</i>	975,341	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	472,259	173,004
0033 <i>Health Services</i>	214,707	--
0034 <i>Student Transportation</i>	890,059	--
0035 <i>Food Service</i>	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	1,109,266	--
0041 <i>General Administration</i>	1,507,147	--
0051 <i>Facilities Maintenance and Operations</i>	2,129,742	--
0052 <i>Security and Monitoring Services</i>	236,662	--
0053 <i>Data Processing Services</i>	314,889	--
0061 <i>Community Services</i>	10,166	--
0071 <i>Principal on Long-term Debt</i>	--	--
0072 <i>Interest on Long-term Debt</i>	--	--
0073 <i>Bond Issuance Costs and Fees</i>	--	--
0081 <i>Capital Outlay</i>	968,155	--
0091 <i>Contracted Instructional Services</i>		
0091 <i>Between Public Schools</i>	3,078,218	--
0093 <i>Payments to Shared Service Arrangements</i>	661,624	--
6030 <i>Total Expenditures</i>	<u>23,170,695</u>	<u>528,741</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>		
1100 <i>Expenditures</i>	<u>58,808</u>	<u>--</u>
Other Financing Sources and (Uses):		
7912 <i>Sale of Real or Personal Property</i>	36,352	--
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>36,352</u>	<u>--</u>
1200 <i>Net Change in Fund Balances</i>	95,160	--
0100 <i>Fund Balances - Beginning</i>	9,566,858	--
3000 <i>Fund Balances - Ending</i>	<u>\$ 9,662,018</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

60 Capital Projects Funds	Other Governmental Funds	98 Total Governmental Funds
\$ 260,386	\$ 3,915,953	\$ 25,372,088
--	328,206	2,199,099
--	1,076,834	1,768,436
<u>260,386</u>	<u>5,320,993</u>	<u>29,339,623</u>
399,897	1,303,484	12,145,790
--	27,503	289,939
--	3,387	256,739
--	148,496	148,496
--	58	975,399
--	28,632	673,895
--	1,439	216,146
--	257	890,316
18,890	980,091	998,981
--	236,932	1,346,198
--	22,727	1,529,874
823,297	11,146	2,964,185
--	20,173	256,835
282,584	--	597,473
--	--	10,166
--	1,960,000	1,960,000
--	596,688	596,688
--	2,425	2,425
--	--	968,155
--	--	3,078,218
--	51,000	712,624
<u>1,524,668</u>	<u>5,394,438</u>	<u>30,618,542</u>
<u>(1,264,282)</u>	<u>(73,445)</u>	<u>(1,278,919)</u>
--	--	36,352
--	--	36,352
<u>(1,264,282)</u>	<u>(73,445)</u>	<u>(1,242,567)</u>
9,035,344	849,690	19,451,892
<u>\$ 7,771,062</u>	<u>\$ 776,245</u>	<u>\$ 18,209,325</u>

GLEN ROSE INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019*

Net change in fund balances - total governmental funds	\$ (1,242,567)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,503,518
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,006,301)
The gain or loss on the sale of capital assets is not reported in the funds.	4,764
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(36,352)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(11,295)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,960,000
Amortization of premium and discount on issuance of bonds is not reported in the funds.	12,350
(Increase) decrease in accrued interest from beginning of period to end of period.	2,130
OPEB contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in the net OPEB liability.	(121,953)
GASB 75 required certain expenditures to be de-expended and recorded as deferred resource outflows. These OPEB contributions made after the measurement date of the plan increased net position.	125,780
The proportionate share of the TRS-Care expense on the plan as a whole had to be recorded. The net OPEB expense decreased net position.	(279,450)
Pension contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction to NPL.	(421,941)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These pension contributions made after the measurement date of the plan increased ending net position.	442,785
The proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased net position.	(538,097)
Change in net position of governmental activities - Statement of Activities	\$ <u>(1,606,629)</u>

The accompanying notes are an integral part of this statement.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT*STATEMENT OF FIDUCIARY NET POSITION**FIDUCIARY FUNDS**AUGUST 31, 2019*

Data Control Codes		Agency Fund		Student Activity
	ASSETS:			
1110	<i>Cash and Cash Equivalents</i>	\$	121,321	
1000	Total Assets		<u>121,321</u>	<u>121,321</u>
	LIABILITIES:			
	Current Liabilities:			
2190	<i>Due to Student Groups</i>		<u>121,321</u>	
2000	Total Liabilities		<u>121,321</u>	<u>121,321</u>
	NET POSITION:			
3000	Total Net Position	\$	<u><u>--</u></u>	

The accompanying notes are an integral part of this statement.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

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

Capital Projects Fund: This fund is used to account for an report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

In addition, the District reports the following fund types:

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

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

b. Measurement Focus, Basis of Accounting

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

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

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

3. Financial Statement Amounts

a. 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 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

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

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

b. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

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

c. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings & Improvements	5-45
Equipment	5-20

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

e. Receivable and Payable Balances

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

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

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

f. Interfund Activity

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

g. Use of Estimates

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

h. Data Control Codes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

At a minimum, the District shall maintain committed, assigned, and unassigned fund balances in the general operating fund equal to or exceeding 20 percent of the total annual operating expenditures. If the committed, assigned, or unassigned fund balances fall below 20 percent of the total annual operating expenditures, the administration shall immediately prepare a plan for Board approval to restore the unassigned fund balance to the 20 percent level.

j. Net Position Flow Assumption

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

k. Fund Balance Flow Assumptions

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

4. Pensions

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

5. 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.

6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standard. The applicable provisions of the new standard are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements

The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

B. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2019, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$18,408,137 and the bank balance was \$19,108,931. The District's cash deposits at August 31, 2019 and during the year ended August 31, 2019, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

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

The District's investments at August 31, 2019 consisted of long-term certificates of deposit, money market savings accounts, money market funds, and investment pools. Certificates of deposit and money market savings account are entirely covered by FDIC and pledged collateral by the bank and are included in the cash balances in Note B-1.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

The District's investments at August 31, 2019 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Texstar - LGIP	Wtd Avg Maturity = 24 Days	\$ 16,906
TexPool - LGIP	Wtd Avg Maturity = 36 Days	6,441
Interbank - ICS Money Market Savings Account	N/A	15,791,201
East West Bank Certificate of Deposit	Various	1,532,064
Edward Jones - Money Market	Wtd Avg Maturity = 39 Days	25,568
Nex Bank - Money Market Savings Account	N/A	362,985
Total Investments		<u>\$ 17,735,165</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At August 31, 2019, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

TexStar- LGIP	AAAm
TexPool- LGIP	AAAm
Edward Jones - Money Market	AAAm

b. Custodial Credit Risk

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

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

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

Investment Accounting Policy

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

Public Funds Investment Pools

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

TexSTAR

TexSTAR is a local government investment pool organized under the Interlocal Cooperation Act Texas Short Term to invest their public funds and funds under their control through the investment pools. Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (the "PFIA"). These two acts provide for the creation of public funds investment pools (including TexSTAR) and authorize eligible governmental entities ("Participants") to invest their public funds and funds under their control through the investment pools.

ASC 820 "Fair Value Measurement and Disclosure Requirements" in reporting its investments and should be classified on government entities financials at Level 2. For pricing and redeeming shares, TexSTAR maintains a stable net asset value (NAV) of \$1 per share using the fair value method.

Under the fair value method, fixed income securities are valued each day by independent or affiliated commercial pricing services or third party broker-dealers. The pricing services or broker-dealers use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services or broker-dealers may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the broker-dealers or pricing services also utilize proprietary valuation models which may consider market transactions in comparable securities and the various relationships between securities in determining value and/or market characteristics such as benchmark yield curves, option adjusted spreads, credit spreads, estimated default rates, coupon-rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair values.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's. TexPool uses amortized cost to value portfolio assets and follows the criteria established by GASB 79 for use of amortized cost. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org. There are no limitations or restrictions on withdrawals.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure the assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

- Level 2 inputs are inputs- other than quoted prices included within Level 1- that are observable for an asset or liability, either directly or indirectly.

-Level 3 inputs are unobservable inputs for an assets or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

In accordance with GASB Statement No. 79, Certain External Investment Pools and Pool Participants, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice period of maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Investments' fair value measurements are as follows at August 31, 2019:

Investments	Fair Value	Fair Value Measurement Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
TexSTAR	\$ 16,906	\$ --	\$ 16,906	\$ --
Total Investments	\$ 16,906	\$ --	\$ 16,906	\$ --

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

C. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,903,976	\$ --	\$ --	\$ 2,903,976
Construction in progress	24,992	961,681	(24,992)	961,681
Total capital assets not being depreciated	<u>2,928,968</u>	<u>961,681</u>	<u>(24,992)</u>	<u>3,865,657</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	79,249,366	96,084	--	79,345,450
Equipment	9,028,762	470,745	(86,624)	9,412,883
Total capital assets being depreciated	<u>88,278,128</u>	<u>566,829</u>	<u>(86,624)</u>	<u>88,758,333</u>
Less accumulated depreciation for:				
Buildings and improvements	(46,081,244)	(2,480,660)	--	(48,561,904)
Equipment	(6,735,574)	(525,641)	(55,036)	(7,206,179)
Total accumulated depreciation	<u>(52,816,818)</u>	<u>(3,006,301)</u>	<u>(55,036)</u>	<u>(55,768,083)</u>
Total capital assets being depreciated, net	<u>35,461,310</u>	<u>(2,439,472)</u>	<u>(31,588)</u>	<u>32,990,250</u>
Governmental activities capital assets, net	<u>\$ 38,390,278</u>	<u>\$ (1,477,791)</u>	<u>\$ (56,580)</u>	<u>\$ 36,855,907</u>

Depreciation was charged to functions as follows:

Instruction	\$ 1,564,199
Instructional Resources and Media Services	37,465
Curriculum and Staff Development	33,175
Instructional Leadership	19,188
School Leadership	126,039
Guidance, Counseling, & Evaluation Services	87,825
Health Services	27,930
Student Transportation	115,045
Food Services	129,061
Extracurricular Activities	173,953
General Administration	197,688
Plant Maintenance and Operations	383,027
Security and Monitoring Services	33,188
Data Processing Services	77,204
Community Services	1,314
	<u>\$ 3,006,301</u>

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

D. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2019, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Special Revenue Funds	\$ 323,171	For transfer of federal, state, and local receipts
Special Revenue Funds	General Fund	338,484	For transfer of federal, state, and local receipts
General Fund	Capital Projects Fund	65,964	Short Term Loan
Capital Projects Fund	General Fund	41,079	Short Term Loan
Debt Service Fund	General Fund	11,813	Short Term Loan
	Total	<u>\$ 780,511</u>	

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

E. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2019, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 17,210,000	\$ --	\$ 1,960,000	\$ 15,250,000	\$ 2,810,000
Premium Amortized	98,800	--	12,350	86,450	--
Net Pension Liability *	3,801,315	3,639,239	429,119	7,011,435	--
Net OPEB Liability*	6,537,728	2,411,017	121,953	8,826,792	--
Total governmental activities	<u>\$ 27,647,843</u>	<u>\$ 6,050,256</u>	<u>\$ 2,523,422</u>	<u>\$ 31,174,677</u>	<u>\$ 2,010,000</u>

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Net Pension Liability *	Governmental	General Fund
Net OPEB Liability*	Governmental	General Fund

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2019, are as follows:

Year Ending August 31,	Governmental Activities				
	Bonds		Notes from Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2020	\$ 2,810,000	\$ 534,189	\$ --	\$ --	\$ 3,344,189
2021	2,070,000	460,388	--	--	2,530,388
2022	2,120,000	387,710	--	--	2,507,710
2023	2,170,000	307,978	--	--	2,477,978
2024	2,225,000	220,940	--	--	2,445,940
2025-2029	3,855,000	180,062	--	--	4,035,062
Totals	<u>\$ 15,250,000</u>	<u>\$ 2,091,267</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 17,341,267</u>

The interest rate on the Unlimited Tax School Building Bonds, Series 2010 A ranges from 2.50% to 3.375% and matures on August 15, 2026.

The interest rate on the Build America Bonds, Series 2010 8 ranges from 3.511% to 4.211% and matures on August 15, 2024.

The District did not have any unused lines of credit, assets pledged as collateral for debt, or terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, or subjective acceleration clauses as of August 31, 2019.

F. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of August 31, 2019, as follows:

<u>Year Ending August 31,</u>	
2020	\$ 45,346
2021	40,332
Total Minimum Rentals	<u>\$ 85,678</u>
 Rental Expenditures in 2019	 <u>\$ 45,801</u>

G. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended August 31, 2019, the District carried insurance through various plans described below. There were no significant reductions in any coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three years.

Property Casualty Program

The District purchased property and liability insurance through Texas Association of Public School (TAPS), a risk pooling arrangement. In any risk pooling arrangement, if the assets of the fund are exhausted, members are liable for some portion of the Fund's liabilities for the fund year in question. Each member of the pool would, therefore, be contingently liable for its portion of the liability.

Aggregate excess reinsurance coverage has been expanded for the 2018-19 fund year. This will provide additional protection for members in the 2018-2019 fund year.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

Workers' Compensation

The District participated in the Texas Education Insurance Association public entity risk pool, a fully-funded guaranteed cost workers' compensation program serving colleges and school districts throughout Texas. The plan for workers' compensation benefits is authorized by Section 504.011 of the Labor Code. Claims are paid by a third party administrator acting on behalf of the District under the contractual agreement. Administrative fees are included within the provisions of that agreement.

Unemployment Compensation

During the year ended August 31, 2019, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2019, the Fund anticipates that Glen Rose ISD has no additional liability beyond the contractual obligation for payment of contribution.

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

H. Pension Plan

1. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS) 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.

2. Pension Plan Fiduciary Net Position

Detail 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>; or by writing to TRS at 1 000 Red River Street, Austin.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (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 cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1.) above.

4. Contributions

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

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

<u>Contribution Rates</u>		
	<u>2018</u>	<u>2019</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
 District's 2019 Employer Contributions	 \$ 442,785	
District's 2019 Member Contributions	\$ 1,012,785	
2018 NECE On-Behalf Contributions (state)	\$ 589,269	

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).

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

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 sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

5. 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 of Return	7.25%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Payroll Growth Rate	3.00%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

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

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

6. Discount Rate

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 the pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine the discount rate assumed the 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 returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of 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 Rate of Return As of August 31, 2018			
Asset Class	Target Allocation	Long-term Expected Geometric Real Rate of Return	Expected Contribution to Long-term Portfolio Returns *
Global Equity			
U.S.	18.0%	5.7%	1.0%
Non-U.S. Developed	13.0%	6.9%	0.9%
Emerging Markets	9.0%	8.9%	0.8%
Directional Hedge Funds	4.0%	3.5%	0.1%
Private Equity	13.0%	10.2%	1.3%
Stable Value			
U.S. Treasuries	11.0%	1.1%	0.1%
Absolute Return	0.0%	0.0%	0.0%
Stable Value Hedge Funds	4.0%	3.1%	0.1%
Cash	1.0%	-0.3%	0.0%
Real Return			
Global Inflation Linked Bonds	3.0%	0.7%	0.0%
Real Assets	14.0%	5.2%	0.7%
Energy & Natural Resources	5.0%	7.5%	0.4%
Commodities	0.0%	0.0%	0.0%
Risk Parity			
Risk Parity	5.0%	3.7%	0.2%
Inflation Expectation			2.3%
Alpha			-0.8%
Total	100.0%		7.2%
* Target allocation are based on the FY 2016 policy model.			
** The expected contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.			

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

7. 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	\$ 10,581,937	\$ 7,011,435	\$ 4,120,902

8. 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 \$7,011,435 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	\$ 7,011,435
State's proportionate share that is associated with District	<u>9,634,145</u>
Total	<u>\$ 16,645,580</u>

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

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.0127382%. which was an increase of 0.0008497% 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 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% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0% to 7.25%.
- 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.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

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

For the year ended August 31, 2019, the District recognized pension expense of \$953,524 and revenue of \$953,524 for support provided by the State.

At August 31, 2019, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts below will be the cumulative layers from the current and prior years combined).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 43,704	\$ 172,033
Changes in actuarial assumptions	2,527,960	78,999
Difference between projected and actual investment earnings	--	133,037
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	700,376	170,702
Contributions paid to TRS subsequent to the measurement date	442,785	--
Total	<u>\$ 3,714,825</u>	<u>\$ 554,771</u>

The net amounts of the District'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	\$ 722,330
2021	\$ 442,362
2022	\$ 365,580
2023	\$ 441,716
2024	\$ 438,970
Thereafter	\$ 306,311

I. Defined Other Post-Employment Benefit Plans

1. 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.

2. OPEB Plan Fiduciary Net Position

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

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

3. Benefits Provided

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

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes, including automatic cost of living adjustments (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 Rates 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	1,020	999

* or surviving spouse

4. Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% 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.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

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 Employer Contributions	\$	125,780
District's 2019 Member Contributions	\$	82,495
2018 NECE On-Behalf Contributions (state)	\$	149,243

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers 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.

5. 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 actuarial valuation of TRS-Care is similar to the actuarial valuations performed on the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation, salary increases, and general payroll growth, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. Since the assumptions were based upon a recent actuarial experience study performed and they were reasonable for this OPEB valuation, they were employed in the 2018 CAFR for the Teacher Retirement System of Texas.

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	

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

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
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	3.00%
Projected Salary Increases	3.05% to 9.05%, including inflation ***
Healthcare Trend Rates **	8.50% **
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% after age 65.
Ad Hoc Post-Employment Benefit Changes	None

*Sourced from fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2018.

**8.50% for FY2019, decreasing 0.5% per year to 4.50% for FY2027 and later years.

*** Includes inflation at 2.5%.

6. Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of 0.27% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

7. 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 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 net OPEB liability	\$ 10,506,915	\$ 8,826,792	\$ 7,497,706

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

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

At August 31, 2019, the District reported a liability of \$8,826,792 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 8,826,792
State's proportionate share that is associated with the District	<u>10,817,420</u>
Total	<u>\$ 19,644,212</u>

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 District's proportion of the Net OPEB liability was based on the District's contributions to OPEB 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 District's proportion of the collective net OPEB liability was 0.017678%, which was an increase of .002644% from its proportion measured as of August 31, 2017.

The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 8.5% rate is used.

	1% Decrease in 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	\$ 7,330,795	\$ 8,826,792	\$ 10,797,053

9. 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 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% as of August 31, 2017 to 3.69% as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850 / \$2,292 were indexed annually by 2.50%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis-point addition to the long term trend rate assumption.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provision or applicable law.

Changes of benefit terms that affected measurement of the total OPEB liability during the measurement period are listed below:

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 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 their 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.

For the year ended August 31, 2019, the District recognized OPEB expense of \$393,473 and revenue of \$393,473 for support provided by the State.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

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	\$ 468,405	\$ 139,300
Changes in actuarial assumptions	147,295	2,651,945
Differences between projected and actual investment earnings	1,544	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,449,894	--
Contributions paid to TRS subsequent to the measurement date	125,780	
Total	\$ 2,192,918	\$ 2,791,245

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

Year ended August 31	Amount
2020	\$ (167,036)
2021	\$ (167,036)
2022	\$ (167,036)
2023	\$ (167,328)
2024	\$ (167,495)
Thereafter	\$ 111,824

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the current fiscal year ended August 31, 2019, the subsidy payment received by TRS-Care on behalf of the District was \$40,695.

J. Employee Health Care Coverage

During the year ended August 31, 2019, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$406 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable annually, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Company are available for their year end and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

K. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2019.

L. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides special education services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and are accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Glen Rose ISD	\$ 688,643
Tolar ISD	202,833
Bluff Dale ISD	964
Three Way ISD	54,963
Total	<u>\$ 947,403</u>

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for audiology with the following school districts:

<u>Member Districts</u>	
Central Texas SSA	Granbury ISD
Greater Erath County SSA	Springtown ISD
Hood-Somervell County Co-Op	Stephenville ISD
Palo Pinto Co-Op	Weatherford ISD
Parker County Co-Op	

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Peaster ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

M. Subsequent Events

The District evaluated subsequent events through December 13, 2019, the date the financial statements were available to be issued and nothing significant requiring disclosure was noted.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2019

N. Other Committed Fund Balance

<u>Fund</u>		
General Fund	\$ 1,850,000	Reserve for Instructional Improvement
Special Revenue Fund	157,042	Campus Activity Fund
	<u>\$ 2,007,042</u>	

O. Other Restricted Fund Balance

<u>Fund</u>		
Scholarship Fund	\$ 88,220	Reserve for Scholarships
Shared Service Arrangement	140,690	Shared Service Arrangement
	<u>\$ 228,910</u>	

Required Supplementary Information

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

GLEN ROSE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 21,479,566	\$ 21,237,566	\$ 21,195,749	\$ (41,817)
5800	State Program Revenues	1,697,902	1,697,902	1,870,893	172,991
5900	Federal Program Revenues	--	--	162,861	162,861
5020	Total Revenues	23,177,468	22,935,468	23,229,503	294,035
	EXPENDITURES:				
	Current:				
	Instruction & Instructional Related Services:				
0011	Instruction	10,108,512	10,219,448	10,086,672	132,776
0012	Instructional Resources and Media Services	307,796	278,510	262,436	16,074
0013	Curriculum and Staff Development	303,849	276,328	253,352	22,976
	Total Instruction & Instr. Related Services	10,720,157	10,774,286	10,602,460	171,826
	Instructional and School Leadership:				
0023	School Leadership	972,681	977,376	975,341	2,035
	Total Instructional & School Leadership	972,681	977,376	975,341	2,035
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	514,292	492,408	472,259	20,149
0033	Health Services	211,207	215,207	214,707	500
0034	Student (Pupil) Transportation	945,447	964,147	890,059	74,088
0036	Cocurricular/Extracurricular Activities	1,233,008	1,197,508	1,109,266	88,242
	Total Support Services - Student (Pupil)	2,903,954	2,869,270	2,686,291	182,979
	Administrative Support Services:				
0041	General Administration	1,405,147	1,524,147	1,507,147	17,000
	Total Administrative Support Services	1,405,147	1,524,147	1,507,147	17,000
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	2,190,780	2,243,080	2,129,742	113,338
0052	Security and Monitoring Services	252,402	252,402	236,662	15,740
0053	Data Processing Services	367,961	337,521	314,889	22,632
	Total Support Services - Nonstudent Based	2,811,143	2,833,003	2,681,293	151,710
	Ancillary Services:				
0061	Community Services	11,770	11,770	10,166	1,604
	Total Ancillary Services	11,770	11,770	10,166	1,604
	Capital Outlay:				
0081	Capital Outlay	--	1,000,000	968,155	31,845
	Total Capital Outlay	--	1,000,000	968,155	31,845
	Intergovernmental Charges:				
0091	Contracted Instr. Services Between Public Schools	3,359,001	3,194,001	3,078,218	115,783
0093	Payments to Fiscal Agent/Member Dist.-SSA	712,450	712,450	661,624	50,826
	Total Intergovernmental Charges	4,071,451	3,906,451	3,739,842	166,609
6030	Total Expenditures	22,896,303	23,896,303	23,170,695	725,608
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	281,165	(960,835)	58,808	1,019,643

GLEN ROSE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Other Financing Sources (Uses):				
7912	Sale of Real or Personal Property	--	--	36,352	36,352
7915	Transfers In	500	500	--	(500)
7080	Total Other Financing Sources and (Uses)	500	500	36,352	35,852
1200	Net Change in Fund Balance	281,665	(960,335)	95,160	1,055,495
0100	Fund Balance - Beginning	9,566,858	9,566,858	9,566,858	--
3000	Fund Balance - Ending	<u>\$ 9,848,523</u>	<u>\$ 8,606,523</u>	<u>\$ 9,662,018</u>	<u>\$ 1,055,495</u>

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset)	0.013%	0.012%	0.013%	0.013%	0.009%	--	--	--	--	--
District's proportionate share of the net pension liability (asset)	\$ 7,011,435	\$ 3,801,315	\$ 4,729,598	\$ 4,637,887	\$ 2,433,968	\$ --	\$ --	\$ --	\$ --	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	9,634,145	5,982,425	7,548,734	7,432,320	6,485,509	--	--	--	--	--
Total	<u>\$ 16,645,580</u>	<u>\$ 9,783,740</u>	<u>\$ 12,278,332</u>	<u>\$ 12,070,207</u>	<u>\$ 8,919,477</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 12,699,844	\$ 12,695,465	\$ 13,000,249	\$ 12,814,811	\$ 12,329,310	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	55.21%	29.94%	36.38%	36.19%	19.74%	--	--	--	--	--
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**This schedule displays amounts based off of the measurement year (Fiscal Year 2019 displays Measurement Year 2018 amounts).

GLEN ROSE INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS **

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 442,785	\$ 421,941	\$ 385,025	\$ 397,664	\$ 388,500	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions in relation to the contractually required contribution	(442,785)	(421,941)	(385,025)	(397,664)	(388,500)	--	--	--	--	--
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 13,165,277	\$ 12,699,844	\$ 12,695,465	\$ 13,000,249	\$ 12,814,811	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	3.36%	3.32%	3.03%	3.06%	3.03%	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

**This schedule displays amounts for the fiscal year (Fiscal Year 2019 displays amounts for the current fiscal year, not the measurement year).

GLEN ROSE INDEPENDENT SCHOOL DISTRICT*SCHEDULE OF THE DISTRICT'S PROPORTIONATE**SHARE OF THE NET OPEB LIABILITY**TEACHER RETIREMENT SYSTEM OF TEXAS**LAST TEN FISCAL YEARS **

	Measurement Year Ended									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the collective net OPEB liability	0.017678%	0.015034%	--	--	--	--	--	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 8,826,792	\$ 6,537,728	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
State proportionate share of the collective net OPEB liability associated with the District	10,817,420	9,956,575	--	--	--	--	--	--	--	--
Total	<u>\$ 19,644,212</u>	<u>\$ 16,494,303</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 12,699,844	\$ 12,695,465	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	69.50%	51.50%	--	--	--	--	--	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	1.57%	0.91%	--	--	--	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**This schedule displays amounts based off of the measurement year.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT*SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS**TEACHER RETIREMENT SYSTEM OF TEXAS**LAST TEN FISCAL YEARS **

	Fiscal Year Ended									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily or contractually required District contribution	\$ 125,780	\$ 121,953	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(125,780)	(121,953)	--	--	--	--	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 13,165,277	\$ 12,699,844	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	0.96%	0.96%	--	--	--	--	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

This schedule displays amounts for the fiscal year (Fiscal Year 2019 displays amounts for the current fiscal year, not the measurement year).

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

Budget

The official budget was prepared for adoption for all Governmental Fund Types legally required to adopt a budget (General Funds, Food Service Funds, and Debt Service Funds). The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

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

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

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

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

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

Defined Benefit Pension Plan and OPEB Plan

Changes of benefit terms

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

Change of benefit terms that affected the measurement of the total net OPEB liability during the measurement period are described in the notes to the financial statements (Note I).

Changes of assumptions

Changes of assumptions that affected the measurement of the net pension liability during the measurement period are described in the notes to the financial statements (Note H).

Changes of assumptions that affected the measurement of the net OPEB liability during the measurement period are described in the notes to the financial statements (Note I).

Other Supplementary Information

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

GLEN ROSE INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2019*

Year 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		.825		.069		3,375,075,391
2012		.825		.069		3,390,614,659
2013		.825		.069		3,340,992,170
2014		.825		.069		2,950,148,881
2015		.825		.069		2,671,133,445
2016		.842		.092		3,086,481,049
2017		.860		.114		2,260,237,358
2018		.880		.114		2,310,025,799
2019 (School Year Under Audit)		.900		.103		2,262,781,404

1000 Totals

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

Column 20, the current year's levy is the ending levy due provided by Somervell County Appraisal District.

Column 3, Assessed/Appraised Value for School Tax purposes is calculated based on current year total levy divided by current year tax rate. This amount includes adjustments for frozen values.

10 Beginning Balance 9/1/18	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/19
\$ 113,023	\$ --	\$ 24	\$ 4	\$ (31,654)	\$ 81,341
9,708	--	432	36	1	9,241
12,129	--	454	38	--	11,637
18,264	--	1,237	103	--	16,924
24,806	--	2,501	209	(1)	22,095
32,618	--	3,410	285	(762)	28,161
44,650	--	5,452	596	(800)	37,802
58,207	--	6,278	832	(7,416)	43,681
187,842	--	65,734	8,515	(22,770)	90,823
--	22,695,697	20,324,463	2,235,690	--	135,544
<u>\$ 501,247</u>	<u>\$ 22,695,697</u>	<u>\$ 20,409,985</u>	<u>\$ 2,246,308</u>	<u>\$ (63,402)</u>	<u>\$ 477,249</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)
GENERAL FUND
AS OF AUGUST 31, 2019

EXHIBIT J-2

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2019 (Exhibit C-1 object 3000 for the General Fund only)	\$ 9,662,018
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	--
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	4,200,000
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	--
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	1,930,891
7	Estimate of two months' average cash disbursements during the fiscal year	3,861,782
8	Estimate of delayed payments from state sources (58XX)	50,535
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
10	Estimate of delayed payments from federal sources (59XX)	--
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	10,043,208
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ (381,190)

GLEN ROSE INDEPENDENT SCHOOL DISTRICT

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT J-3

Data Control Codes		1	2	3 Variance Positive (Negative)
		Budget	Actual	
REVENUES:				
5700	Local and Intermediate Sources	\$ 502,200	\$ 419,545	\$ (82,655)
5800	State Program Revenues	13,873	19,345	5,472
5900	Federal Program Revenues	493,000	563,055	70,055
5020	Total Revenues	1,009,073	1,001,945	(7,128)
EXPENDITURES:				
Current:				
Support Services - Student (Pupil):				
0035	Food Services	1,007,912	980,091	27,821
	Total Support Services - Student (Pupil)	1,007,912	980,091	27,821
6030	Total Expenditures	1,007,912	980,091	27,821
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	1,161	21,854	20,693
1200	Net Change in Fund Balance	1,161	21,854	20,693
0100	Fund Balance - Beginning	29,808	29,808	--
3000	Fund Balance - Ending	\$ 30,969	\$ 51,662	\$ 20,693

GLEN ROSE INDEPENDENT SCHOOL DISTRICT

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT J-4

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
REVENUES:				
5700	Local and Intermediate Sources	\$ 2,623,920	\$ 2,295,299	\$ (328,621)
5800	State Program Revenues	--	18,641	18,641
5900	Federal Program Revenues	109,370	109,371	1
5020	Total Revenues	<u>2,733,290</u>	<u>2,423,311</u>	<u>(309,979)</u>
EXPENDITURES:				
Debt Service:				
0071	Principal on Long-Term Debt	1,960,000	1,960,000	--
0072	Interest on Long-Term Debt	596,689	596,688	1
0073	Bond Issuance Costs and Fees	2,925	2,425	500
	Total Debt Service	<u>2,559,614</u>	<u>2,559,113</u>	<u>501</u>
6030	Total Expenditures	<u>2,559,614</u>	<u>2,559,113</u>	<u>501</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>173,676</u>	<u>(135,802)</u>	<u>(309,478)</u>
1200	Net Change in Fund Balance	<u>173,676</u>	<u>(135,802)</u>	<u>(309,478)</u>
0100	Fund Balance - Beginning	469,827	469,827	--
3000	Fund Balance - Ending	<u>\$ 643,503</u>	<u>\$ 334,025</u>	<u>\$ (309,478)</u>



SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Glen Rose Independent School District
P.O. Box 2129
Glen Rose, Texas 76043

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Glen Rose Independent School District, as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise Glen Rose Independent School District's basic financial statements, and have issued our report thereon dated December 13, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Glen Rose Independent School District in a separate letter dated December 13, 2019.

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,

A handwritten signature in black ink that reads "Snow Garrett Williams". The signature is written in a cursive, flowing style.

Snow Garrett Williams
December 13, 2019



SNOW GARRETT WILLIAMS

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Glen Rose Independent School District
P.O. Box 2129
Glen Rose, Texas 76043

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Glen Rose Independent School 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 Glen Rose Independent School District's major federal programs for the year ended August 31, 2019. Glen Rose Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 Glen Rose Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Glen Rose Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Glen Rose Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2019.

Report on Internal Control Over Compliance

Management of the Glen Rose Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Glen Rose Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Glen Rose Independent School District's internal control over compliance.

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

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

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

Respectfully submitted,



Snow Garrett Williams
December 13, 2019

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

Version of compliance supplement used in audit: August 2019

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2019

No corrective action plan needed.

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

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Federal Expenditures
CHILD NUTRITION CLUSTER:			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	71401901	\$ 120,723
National School Lunch Program	10.555	71301901	384,401
Total Passed Through State Department of Education			<u>505,124</u>
Passed Through State Department of Agriculture:			
Commodity Supplemental Food Program (Non-cash)	10.555	213901A	57,931
Total U. S. Department of Agriculture			<u>563,055</u>
Total Child Nutrition Cluster			<u>563,055</u>
SPECIAL EDUCATION (IDEA) CLUSTER:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
SSA IDEA-B Formula	84.027	186600012139016600	102,797
SSA IDEA-B Formula	84.027	196600012139016600	425,944
Total CFDA Number 84.027			<u>528,741</u>
SSA IDEA-B Preschool	84.173	186610012139016610	262
SSA IDEA-B Preschool	84.173	196610012139016610	9,660
Total CFDA Number 84.173			<u>9,922</u>
Total Passed Through State Department of Education			<u>538,663</u>
Total U. S. Department of Education			<u>538,663</u>
Total Special Education (IDEA) Cluster			<u>538,663</u>
OTHER PROGRAMS:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010	1910101213901	211,821
Career and Technical - Basic Grant	84.048	18420006126905	46,398
Title III Part A English Language Acquisition and Language Enhancement	84.365	19671001213901	24,259
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	19694501213901	39,134
Summer School LEP	84.369	69551802	1,252
Title IV, Part A, Subpart 1	84.424	19680101213901	19,348
Total Passed Through State Department of Education			<u>342,212</u>
Total U. S. Department of Education			<u>342,212</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,443,930</u>

The accompanying notes are an integral part of this schedule.

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

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Glen Rose Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Glen Rose Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2019*

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ --
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 7,011,435
SF13	Pension Expense (object 6147) at fiscal year-end.	\$

In correspondence to all school administrators dated November 1, 2017, the TEA's Director of Financial Compliance stated "For 2017, and until further notice, no data should be entered in the field for data feed Schedule L-1 question SF13. If the AFR and data feed has been submitted no additional steps need to be taken."

