

**GOLD-BURG  
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED AUGUST 31, 2019



GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2019

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# CERTIFICATE OF BOARD

Gold-Burg Independent School District

Name of School District


Montague

County

169-906

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 18 day of December 2019.

  
\_\_\_\_\_  
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)



**STEPHEN G. GILLAND, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANT**  
707 HWY 59 NORTH • BOWIE, TEXAS 76230

MEMBER OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

(940) 872-5157  
fax (940) 872-5158

December 18, 2019

### **Independent Auditor's Report**

Board of Trustees  
Gold-Burg Independent School District  
468 Prater Road  
Bowie, Texas 76230

### **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 Gold-Burg Independent School District as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Gold-Burg 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, and schedules related to the District's participation in the Teacher Retirement System and footnote 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 Gold-Burg Independent School District's basic financial statements. The introductory section and other supplementary information are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The other supplementary information is the responsibility of management and was 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2019, on our consideration of Gold-Burg 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 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 Gold-Burg Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Stephen G. Gilland, P.C." with a stylized flourish at the end.

Stephen G. Gilland, P.C.  
Bowie, Texas

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**GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2019**

In this section of the Annual Financial and Compliance Report, we, the managers of Gold-Burg Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2019. Please read it in conjunction with the independent auditor's report on page 2, and the District's Basic Financial Statements which begin on Exhibit A-1.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on Exhibits A-1 and B-1). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on Exhibit C-1) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explanations and supports the information in the financial statements. Immediately following the required supplementary information is the other supplementary information which includes required TEA schedules.

**Reporting the District as a Whole**

***The Statement of Net Position and the Statement of Activities***

The analysis of the District's overall financial condition and operations begins on Exhibit A-1. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

These two statements report the District's net position and changes in them. The District's net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

**GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2019**

In the Statement of Net Position and the Statement of Activities, we report the District's activities:

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

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The fund financial statements on Exhibit C-1 provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's uses primarily one fund, described as follows:

Governmental funds—The District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

**The District as Trustee**

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statement of Fiduciary Net Position on Exhibit E-1. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

- Net position of the District's governmental activities decreased from \$3.25 million to \$3.24 million.
- Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$295 thousand at August 31, 2019.
- The decrease in governmental net position was the result of the following:
  - First, the District's expenses exceeded revenues by about \$1.7 thousand and net position was further decreased by a special item use of \$6 thousand.
  - Second, the District recorded depreciation not recognized in the fund financial statements in the amount of \$96 thousand

**GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2019**

**Table I  
NET POSITION**

	Governmental Activities 2019	Governmental Activities 2018
Current and other assets	\$ 1,688,954	\$ 1,796,079
Capital assets	<u>2,841,752</u>	<u>2,836,903</u>
Total assets	<u>4,530,706</u>	<u>4,632,982</u>
Deferred outflows of resources	<u>290,277</u>	<u>147,205</u>
Long-term liabilities	1,089,444	1,058,788
Other liabilities	<u>187,951</u>	<u>202,147</u>
Total liabilities	<u>1,277,395</u>	<u>1,260,935</u>
Deferred inflows of resources	<u>304,081</u>	<u>272,047</u>
Net Position:		
Net Investment in Capital Assets	2,718,823	2,597,048
Restricted for State and Federal Programs	4,923	197
Restricted for Debt Service	221,009	215,447
Unrestricted	<u>294,752</u>	<u>434,513</u>
Total net position	\$ <u><u>3,239,507</u></u>	\$ <u><u>3,247,205</u></u>

**GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2019**

**Table II  
CHANGES IN NET POSITION**

	Governmental Activities 2019	Governmental Activities 2018
Revenues:		
Program Revenues:		
Charges for services	\$ 21,079	\$ 21,826
Operating grants and contributions	360,960	(31,443)
General Revenues:		
Maintenance and operations taxes	1,112,595	1,103,419
Debt service taxes	95,783	95,596
Grants and contributions not restricted to specific functions	414,233	359,672
Investment earnings	23,534	12,615
Miscellaneous	13,978	14,639
Total Revenue	<u>2,042,162</u>	<u>1,576,324</u>
Expenses:		
Instruction	1,102,091	697,266
Instructional resources and media services	6,141	6,129
Curriculum and staff development	6,915	7,538
School leadership	173,320	113,394
Guidance, counseling and evaluation services	12,339	11,086
Health services	395	361
Student (pupil) transportation	80,208	93,201
Food services	86,614	82,088
Extracurricular activities	102,593	89,784
General administration	205,083	140,396
Facilities maintenance and operations	224,695	184,999
Security and monitoring services	6,168	3,752
Data processing services	752	600
Debt service - interest on long term debt	5,165	5,853
Payments related to shared services arrangements	10,524	15,001
Other intergovernmental charges	20,848	19,846
Total Expenses	<u>2,043,851</u>	<u>1,471,294</u>
Change in net position before special items	(1,689)	105,030
Special items	(6,009)	-
Change in net position	(7,698)	105,030
Net position at beginning of the year	3,247,205	4,112,237
Prior period adjustment	-	(970,062)
Net position at end of the year	<u>\$ 3,239,507</u>	<u>\$ 3,247,205</u>

The District's total revenues increased by 30 percent (\$465 thousand), which resulted mostly from an increase in operating grants and foundations. The total cost of all programs and services was 39 percent (\$573 thousand) more than last year primarily due to increases in cost of instruction, school leadership, general administration and facilities maintenance and operations.

**GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2019**

The cost of all governmental activities this year was \$2.04 million. As shown in the Statement of Activities on Exhibit B-1, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$1.21 million because some of the costs were paid by those who directly benefited from the programs (\$21 thousand) or by other governments and organizations that subsidized certain programs with grants and contributions (\$775 thousand).

**THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds (as presented in the balance sheet on Exhibit C-1) reported a combined fund balance of \$1.48 million, which is a decrease of \$86 thousand from last year's total of \$1.57 million. Included in this year's total change in fund balance is a decrease of \$97 thousand in the District's General Fund and an increase of \$6 thousand in Debt Service Fund.

Other changes in fund balances should also be noted. The District made debt principal payment of \$90 thousand and capital lease payment of \$29 thousand, which directly reduces fund balance.

Over the course of the year, the Board of Trustees revised the District's budget several times. The significant budget amendments were primarily for cost increases in instruction and facilities maintenance and operations.

The District's General Fund fund balance of \$1.26 million reported on Exhibit G-1 differs from the General Fund's final budgetary fund balance of \$1.06 million primarily due to expenditures in all functions being less than expected.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2019, the District had \$2.84 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. We had previously adopted a minimum threshold for capitalizing capital assets of \$5,000.

During the fiscal year ending August 31, 2019, the District had the following capital outlay expenditures:

Building improvements paid for with operating revenues	\$ 87,190
Equipment paid for with operating revenues	<u>13,662</u>
Total	<u>\$100,852</u>

The District's fiscal year 2020 capital budget calls for \$78 thousand of capital outlay expenditures. More information about the District's capital assets is presented in Note D to the financial statements.

***Debt***

At year-end, the District had \$123 thousand in long-term debt versus \$240 thousand last year. The District has no plans to issue additional debt. More detailed information about the District's long-term liabilities is presented in Note F to the financial statements.

**GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2019**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors when setting the fiscal year 2020 budget and tax rate.

The factors include the following:

The District is anticipating student enrollment to increase.

The District is anticipating the tax base will remain stable.

The District is anticipating state foundation to increase.

District population is expected to increase.

District is anticipating grant revenues to increase.

These indicators were taken into account when adopting the General Fund budget for 2020.

1. Revenues are expected to increase by \$324 thousand over last year's actual.
2. Budgeted expenditures are expected to have a net increase of \$233 thousand from last year's actual.

The District will use its revenues to finance programs we currently offer.

If the budgeted amounts are realized, the District's General Fund fund balance will have no change by the close of 2020.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Gold-Burg Independent School District, 468 Prater Road, Bowie, Texas.

GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2019

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 682,794
1120 Current Investments	867,555
1220 Property Taxes - Delinquent	47,472
1230 Allowance for Uncollectible Taxes	(32,180)
1240 Due from Other Governments	118,952
1250 Accrued Interest	3,305
1300 Inventories	1,056
Capital Assets:	
1510 Land	43,620
1520 Buildings, Net	2,665,712
1530 Furniture and Equipment, Net	68,909
1550 Leased Property Under Capital Leases, Net	63,511
1000 Total Assets	4,530,706
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1705 Deferred Outflow Related to TRS Pension	241,963
1706 Deferred Outflow Related to TRS OPEB	48,314
1700 Total Deferred Outflows of Resources	290,277
<b>LIABILITIES</b>	
2110 Accounts Payable	38,530
2160 Accrued Wages Payable	75,297
2200 Accrued Expenses	1,766
2300 Unearned Revenue	72,359
Noncurrent Liabilities:	
2501 Due Within One Year	122,930
2502 Due in More Than One Year	-
2540 Net Pension Liability (District's Share)	388,136
2545 Net OPEB Liability (District's Share)	578,378
2000 Total Liabilities	1,277,395
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	58,746
2606 Deferred Inflow Related to TRS OPEB	245,335
2600 Total Deferred Inflows of Resources	304,081
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	2,718,823
3820 Restricted for Federal and State Programs	4,923
3850 Restricted for Debt Service	221,009
3900 Unrestricted	294,752
3000 Total Net Position	\$ 3,239,507

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

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GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2019

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	6 Primary Gov. Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 1,102,091	\$ -	\$ 224,612	\$ (877,479)
12 Instructional Resources and Media Services	6,141	-	-	(6,141)
13 Curriculum and Instructional Staff Development	6,915	-	-	(6,915)
23 School Leadership	173,320	-	12,641	(160,679)
31 Guidance, Counseling and Evaluation Services	12,339	-	11,015	(1,324)
33 Health Services	395	-	-	(395)
34 Student (Pupil) Transportation	80,208	-	2,754	(77,454)
35 Food Services	86,614	13,982	73,138	506
36 Extracurricular Activities	102,593	7,097	3,608	(91,888)
41 General Administration	205,083	-	8,460	(196,623)
51 Facilities Maintenance and Operations	224,695	-	23,365	(201,330)
52 Security and Monitoring Services	6,168	-	-	(6,168)
53 Data Processing Services	752	-	-	(752)
72 Debt Service - Interest on Long-Term Debt	5,165	-	1,367	(3,798)
93 Payments Related to Shared Services Arrangements	10,524	-	-	(10,524)
99 Other Intergovernmental Charges	20,848	-	-	(20,848)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 2,043,851</u>	<u>\$ 21,079</u>	<u>\$ 360,960</u>	<u>(1,661,812)</u>

Data Control Codes	General Revenues: Taxes:		
MT	Property Taxes, Levied for General Purposes		1,112,595
DT	Property Taxes, Levied for Debt Service		95,783
GC	Grants and Contributions not Restricted		414,233
IE	Investment Earnings		23,534
MI	Miscellaneous Local and Intermediate Revenue		13,978
SI	Special Item - Use		(6,009)
TR	Total General Revenues and Special Items		<u>1,654,114</u>
CN	Change in Net Position		(7,698)
NB	Net Position - Beginning		<u>3,247,205</u>
NE	Net Position--Ending		<u>\$ 3,239,507</u>

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

GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2019

Data Control Codes	10 General Fund	Major Special Revenue Fund	50 Debt Service Fund
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 461,917	\$ -	\$ 219,959
1120 Investments - Current	867,555	-	-
1220 Property Taxes - Delinquent	42,923	-	4,549
1230 Allowance for Uncollectible Taxes	(27,981)	-	(4,199)
1240 Due from Other Governments	66,310	42,348	700
1250 Accrued Interest	3,305	-	-
1260 Due from Other Funds	11,760	-	-
1300 Inventories	1,056	-	-
1000 Total Assets	<u>\$ 1,426,845</u>	<u>\$ 42,348</u>	<u>\$ 221,009</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 7,852	\$ 30,588	\$ -
2160 Accrued Wages Payable	70,093	-	-
2170 Due to Other Funds	-	11,760	-
2200 Accrued Expenditures	1,471	-	-
2300 Unearned Revenue	72,359	-	-
2000 Total Liabilities	<u>151,775</u>	<u>42,348</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	14,943	-	1,293
2600 Total Deferred Inflows of Resources	<u>14,943</u>	<u>-</u>	<u>1,293</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	1,053	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	-	219,716
Committed Fund Balance:			
3510 Construction	550,000	-	-
3530 Capital Expenditures for Equipment	300,000	-	-
3600 Unassigned Fund Balance	409,074	-	-
3000 Total Fund Balances	<u>1,260,127</u>	<u>-</u>	<u>219,716</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,426,845</u>	<u>\$ 42,348</u>	<u>\$ 221,009</u>

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

Other Funds	Total Governmental Funds
\$ 918	\$ 682,794
-	867,555
-	47,472
-	(32,180)
9,594	118,952
-	3,305
-	11,760
-	1,056
<u>\$ 10,512</u>	<u>\$ 1,700,714</u>
\$ 90	\$ 38,530
5,204	75,297
-	11,760
295	1,766
-	72,359
<u>5,589</u>	<u>199,712</u>
-	16,236
-	16,236
-	1,053
4,923	4,923
-	219,716
-	550,000
-	300,000
-	409,074
<u>4,923</u>	<u>1,484,766</u>
<u>\$ 10,512</u>	<u>\$ 1,700,714</u>

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GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2019

EXHIBIT C-1R

<b>Total Fund Balances - Governmental Funds</b>	\$ 1,484,766
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	2,841,752
2 Payables for bond principal which are not due in the current period are not reported in the governmental funds.	(95,000)
3 Payables for capital leases which are not due in the current period are not reported in the governmental funds.	(27,930)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$388,136 a Deferred Resource Inflow related to TRS in the amount of \$58,746 and a Deferred Resource Outflow related to TRS in the amount of \$241,963. This amounted to a decrease in Net Position in the amount of \$204,919.	(204,919)
5 The District participates in the TRS-Care plan for retirees through TRS. The District's share of the TRS plan resulted in a net OPEB liability of \$578,378, a deferred outflow of \$48,314 and a deferred inflow of \$245,335. This resulted in a difference between the ending fund balance and the ending net position of (\$775,399).	(775,399)
6 Property taxes receivable unavailable to pay for current expenditures are deferred in the governmental funds.	16,236
7 Rounding difference	1
<b>19 Net Position of Governmental Activities</b>	<u><u>\$ 3,239,507</u></u>

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

GOLD-BURG 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	Major Special Revenue Fund	50 Debt Service Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 1,162,046	\$ -	\$ 97,517
5800 State Program Revenues	485,198	42,348	1,367
5900 Federal Program Revenues	65,568	-	-
5020 Total Revenues	1,712,812	42,348	98,884
EXPENDITURES:			
Current:			
0011 Instruction	915,734	42,348	-
0012 Instructional Resources and Media Services	6,141	-	-
0013 Curriculum and Instructional Staff Development	6,915	-	-
0023 School Leadership	159,842	-	-
0031 Guidance, Counseling, and Evaluation Services	1,324	-	-
0033 Health Services	395	-	-
0034 Student (Pupil) Transportation	55,937	-	-
0035 Food Services	1,005	-	-
0036 Extracurricular Activities	90,791	-	-
0041 General Administration	190,047	-	-
0051 Facilities Maintenance and Operations	295,828	-	-
0052 Security and Monitoring Services	19,371	-	-
Debt Service:			
0071 Principal on Long-Term Debt	26,925	-	90,000
0072 Interest on Long-Term Debt	2,365	-	2,800
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	10,524	-	-
0099 Other Intergovernmental Charges	20,848	-	-
6030 Total Expenditures	1,803,992	42,348	92,800
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(91,180)	-	6,084
OTHER FINANCING SOURCES (USES):			
8949 Other (Uses)	(6,009)	-	-
1200 Net Change in Fund Balances	(97,189)	-	6,084
0100 Fund Balance - September 1 (Beginning)	1,357,316	-	213,632
3000 Fund Balance - August 31 (Ending)	\$ 1,260,127	\$ -	\$ 219,716

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

Other		Total	
Funds		Governmental	
		Funds	
\$	13,956	\$	1,273,519
	364		529,277
	131,928		197,496
	146,248		2,000,292
	49,830		1,007,912
	-		6,141
	-		6,915
	-		159,842
	11,015		12,339
	-		395
	-		55,937
	80,677		81,682
	-		90,791
	-		190,047
	-		295,828
	-		19,371
	-		116,925
	-		5,165
	-		10,524
	-		20,848
	141,522		2,080,662
	4,726		(80,370)
	-		(6,009)
	4,726		(86,379)
	197		1,571,145
\$	4,923	\$	1,484,766

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

EXHIBIT C-3

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ (86,379)
Current year long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as reductions in long-term debt in the government-wide financial statements.	90,000
Repayment of capital lease principal is an expenditure in the governmental funds but is not an expense in the Statement of Activities	26,925
Capital outlays are not reported as expenses in the Statement of Activities	100,852
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(96,003)
Certain property tax revenues are deferred in the governmental funds. This is the change in these amounts this year.	(6,550)
Current year changes due to GASB 68 increased revenues in the amount of \$32,894 and increased expenditures in the amount of \$70,558. The net effect on the change in the ending net position was a decrease in the amount of (\$37,694).	(37,694)
The District participates in the TRS-Care plan for retirees through TRS. The changes in the ending net position were increased revenues of \$15,525 and increased expenses of \$14,374. The net effect of reporting OPEB items was an increase in net position in the amount of \$1,151.	1,151
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ (7,698)</u></u>

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



GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2019

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	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 13,172
Total Assets	<u>\$ 13,172</u>
LIABILITIES	
Due to Student Groups	\$ 13,172
Total Liabilities	<u>\$ 13,172</u>

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

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GOLD-BURG 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 Gold-Burg 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" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity" and there are no component units included within the 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 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 fund:

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.

Debt Service Fund: This is the District's fund that accounts for the accumulation of resources for, and the payment of, general long-term debt.

Textbook Allotment Fund: This is a special revenue fund which accounts for resources restricted to; or designated for specific purposes by the District or a grantor.

GOLD-BURG 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 does not consider revenues collected after its year-end to be available in the current period. 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 when they become due or past due and receivable within the current period.

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.

GOLD-BURG 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 deferred expenditures.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed 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 and Improvements	15-60
Equipment and vehicles	5-10

d. 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.

e. 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.

f. 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.

GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2019*

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 insure 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 governing board. Committed amounts cannot be used for any other purpose unless the governing board 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 District. 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 governing board or by an official or body to which the governing board 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.

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.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

By a majority vote in a scheduled meeting the Board of Trustees may commit fund balances and it may modify or rescind commitments. The Board may also delegate authority to persons or parties to assign fund balances in specific circumstances or funds.

GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2019

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None	Not Applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. 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:

- a. the carrying amount of the District's governmental and fiduciary deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) were: \$1,562,203
- b. the bank balances were \$1,608,828

The District's cash deposits at 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.

GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2019*

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 are shown below.

Governmental		
<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificate of Deposit	12/9/2019	\$ 357,389
Certificate of Deposit	9/9/2020	510,166
Total Investments		<u>\$ 867,555</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 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:

	Credit Quality
<u>Investments:</u>	<u>Ratings*</u>
NONE	----

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.

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.

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 any of the investment risks described above.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning



GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2019

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.

Fair Value Measurement

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

The District has no investments that are subject to fair value measurement.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 43,620	\$ -	\$ -	\$ 43,620
Total capital assets not being depreciated	<u>43,620</u>	<u>-</u>	<u>-</u>	<u>43,620</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	4,266,494	87,190	16,000	4,337,684
Capital lease assets	82,841	-	-	82,841
Equipment and vehicles	452,443	13,662	-	466,105
Total capital assets being depreciated	<u>4,801,778</u>	<u>100,852</u>	<u>16,000</u>	<u>4,886,630</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,620,228)	(67,745)	(16,000)	(1,671,973)
Capital lease assets	(11,045)	(8,285)	-	(19,330)
Equipment and vehicles	(377,222)	(19,973)	-	(397,195)
Total accumulated depreciation	<u>(2,008,495)</u>	<u>(96,003)</u>	<u>(16,000)</u>	<u>(2,088,498)</u>
Total capital assets being depreciated, net	<u>2,793,283</u>	<u>4,849</u>	<u>-</u>	<u>2,798,132</u>
Governmental activities capital assets, net	<u>\$ 2,836,903</u>	<u>\$ 4,849</u>	<u>\$ -</u>	<u>\$ 2,841,752</u>

Note: The District has school buildings which became idle assets in June 2012. The buildings have an estimated cost of \$695,000 and a book value of approximately \$429,000.

Depreciation was charged to functions as follows:

Instruction	\$ 39,293
School Leadership	4,134
Student Transportation	23,322
Food Services	1,837
Extracurricular Activities	9,253
General Administration	4,593
Plant Maintenance and Operations	12,360
Security and Monitoring Services	459
Data Processing Services	752
	<u>\$ 96,003</u>

GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2019*

E. 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:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Non-major Fund	\$11,760	Short term loan

2. Transfers To and From Other Funds

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

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
None	None		

F. Long-Term Obligations

Bonds

<u>Description</u>	<u>Payment From</u>	<u>Rate</u>	<u>Amount</u>
Unlimited Tax Refunding Bonds Series 2013	Debt Service	2.0%	\$ 565,000
Total			<u>\$ 565,000</u>

Leases

In May 2017, the District entered into a lease agreement for financing equipment. The capital lease is for three years, requires annual payment of \$29,290 and bears interest of 4.495%.

1. Long-Term Obligation Activity

Changes in long-term obligations for the year ended August 31, 2019, are as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>One Year</u>
<u>Governmental activities:</u>					
General Obligation bonds	\$ 185,000	\$ -	\$ 90,000	\$ 95,000	\$ 95,000
Capital lease	54,854	-	26,924	27,930	27,930
Total governmental activities	<u>\$ 239,854</u>	<u>\$ -</u>	<u>\$ 116,924</u>	<u>\$ 122,930</u>	<u>\$ 122,930</u>

2. Debt Service Requirements

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

	<u>Governmental Activities</u>		
	<u>Bonds</u>		
<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	<u>\$ 95,000</u>	<u>\$ 950</u>	<u>\$ 95,950</u>

GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2019

3. Capital Lease

Commitments under a capital lease agreement for equipment provide for minimum future lease payment as of August 31, 2019, are as follows:

Year Ending August 31:	
2020	\$ 29,290
Less:	
Amount representing interest	(1,360)
Present value of minimum lease payments	<u>\$ 27,930</u>
 Rental Expenditure in 2019	 <u>\$ 29,290</u>

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Defined Benefit Pension Plan

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension benefits are based on statutory provisions of the plan effective for fiscal year 2018. The annual standard annuity is based on the average of the five highest annual creditable salaries multiplied by the years of credited service multiplied by 2.3 percent. For members who are grandfathered, the three highest annual salaries are used in the benefit formula. 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

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credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

#### 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 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 85<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same. Contribution Rates can be found in the TRS 2018 CAFR, Note 11, on page 76.

Contribution Rates		
	<u>2018</u>	<u>2019</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
District ISD 2019 Employer Contributions	\$ 24,710	
District ISD 2019 Member Contributions	75,125	
2018 NECE On-Behalf Contributions	88,876	

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source.

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

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

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Actuarial Assumptions

Roll Forward - A change was made in the measurement date of the total pension liability for the 2018 measurement year. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the total pension liability to August 31, 2018. This is the first year using the roll forward procedures.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The active mortality rates were based on 90 percent of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables.

The following table discloses the assumptions that were applied to this measurement period.

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 Rate	7.25%
Municipal Bond Rate as of August, 2018	3.69% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc Post Employment Benefit Changes	None

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

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 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 that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these 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 all periods of 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 (see page 52 of the TRS CAFR) are summarized below:

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Asset Class	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return **	Expected Contribution To Long-Term Portfolio Returns
<b>Global Equity</b>			
U.S.	18%	5.70%	1.04%
Non-U.S. Developed	13%	6.90%	0.90%
Emerging Markets	9%	8.95%	0.80%
Directional Hedge Funds	4%	3.53%	0.14%
Private Equity	13%	10.18%	1.32%
<b>Stable Value</b>			
U.S. Treasuries	11%	1.11%	0.12%
Absolute Return	0%	0.00%	0.00%
Hedge Funds (Stable Value)	4%	3.09%	0.12%
Cash	1%	(0.30%)	0.00%
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.70%	0.02%
Real Assets	14%	5.21%	0.73%
Energy and Natural Resources	5%	7.48%	0.37%
Commodities	0%	0.00%	0.00%
<b>Risk Parity</b>			
Risk Parity	5%	3.70%	0.18%
Inflation Expectations			2.30%
Volatility Drag ***			(0.79%)
<b>Total</b>	<b>100%</b>		<b>7.25%</b>

\* Target allocations are based on the FY2016 policy model.

\*\* Capital market assumptions come from Aon Hewitt (2017 Q4)

\*\*\* The Expected Contribution to Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

#### 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. The discount rate can be found in the 2018 TRS CAFR, Note 11, page 78.

	1% Decrease in Discount Rate (5.907%)	Current Single Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
Gold-Burg ISD's proportionate share of the net pension liability:	\$ 585,790	\$ 388,136	\$ 228,123

#### 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 \$388,136 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	\$ 388,136
State's proportionate share that is associated with the District	<u>897,978</u>
Total	<u>\$ 1,286,114</u>

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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 employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net pension liability was .0007051583% which was a decrease of .0001258621% from its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- 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 were updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

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

For the year ended August 31, 2019, the District recognized pension expense of \$88,876 and revenue of \$88,876 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: The amounts shown 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	\$ 2,419	\$ 9,523
Changes in actuarial assumptions	139,942	4,373
Net difference between projected and actual investment earnings	\$-0-	7,365
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	74,892	37,485
Contributions paid to TRS subsequent to the measurement date	24,710	\$-0-
Total as of fiscal year-end	\$ 241,963	\$ 58,746

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The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contributions paid subsequent to the measurement date) of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2020	\$ 48,827
2021	33,326
2022	27,859
2023	20,186
2024	17,300
Thereafter	11,009

I. 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 \$325 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to TRS Active Care as required by Section 22.004, Texas Education Code.

The terms of coverage and premium costs are as provided by statute.

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

J. Defined Other Post-Employment Benefit Plans

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2018 are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB liability	\$50,729,490,103
Less: plan fiduciary net position	<u>798,574,633</u>
Net OPEB liability	<u>\$49,930,915,470</u>
Net position as a percentage of total OPEB liability	1.57%

Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools,



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charter schools, regional education service centers and other educational districts who are members of the TRS pension system. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. Eligible Medicare retirees and their dependents may pay premiums to participate in the Medicare Advantage health plans. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The 85th Legislature, Regular Session, passed the following statutory changes in HB 3976 which became effective on September 1, 2017. These are described below under the section "Changes in Benefit Terms".

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. These new premium rates for retirees with Medicare Part A and Part B became effective January 1, 2018. (See the TRS CAFR page 70 for plan rates effective from September 1, 2016 – December 31, 2017).

<b>TRS-Care Monthly Premium Rates</b>		
Effective January 1, 2018 - Dec. 31, 2018		
	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

#### 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 .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act which is .75% of each employee's pay for the fiscal year 2018. The following table shows contributions to the TRS-Care plan by type of contributor.

<u>Contribution Rates</u>	<u>2018</u>	<u>2019</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
District's 2019 FYE Employer Contributions	\$7,866	
District's 2019 FYE Member Contributions	\$6,342	
Measurement Year 2018 NECE On-behalf Contributions	\$30,507	

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

With Senate Bill 1, 85<sup>th</sup> Legislature, Regular Session, 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. House Bill 30 of the 85th Legislature provided an additional \$212 million in a one-time supplemental funding for the FY 2018-2019 biennium. One-time supplemental contributions during fiscal 2018 totaled \$394.6 million.

#### Actuarial Assumptions

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

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

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

#### Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2017 Rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.69% 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.
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% after age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% - 9.05%
Ad-hoc Post Employment Benefit Changes	None

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 percent
- 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.

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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.

Discount Rate

A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of .27 percent in the discount rate since the previous year. *The Discount Rate can be found in the 2018 TRS CAFR on page 71.* 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.

Sensitivity of the Net OPEB Liability:

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (2.69%)	Current Single Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
District's proportionate share of the Net OPEB Liability:	\$688,468	\$578,378	\$491,289

Healthcare Cost Trend Rates Sensitivity Analysis

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$480,352	\$578,378	\$707,479

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 \$578,378 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	\$ 578,378
State's proportionate share that is associated with the District	<u>\$ 838,694</u>
Total	<u>\$ 1,417,072</u>

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

At August 31, 2018 the employer's proportion of the collective Net OPEB Liability was .0011583559% compared to .001272165 as of August 31, 2017. This is a decrease of .0001138091%.

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Changes in Actuarial Assumptions 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 changed from 3.42 percent as of August 31, 2017 to 3.69 percent as of August 31, 2018. This change lowered the OPEB Liability \$2.3 billion.

Changes in Benefit Terms:

The 85<sup>th</sup> Legislature, Regular Session passed the following statutory changes 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.
- Create a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and the eligible dependents to enroll in TRS-Care when the retiree reached 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 \$30,507 and revenue of \$30,507 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$30,692	\$9,128
Changes in actuarial assumptions	\$9,652	\$173,769
Net difference between projected and actual investment earnings	\$101	\$-0-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	\$3	\$62,438
Contributions paid to TRS subsequent to the measurement date	\$7,866	\$-0-
Total	\$48,314	\$245,335

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The net amounts of the District's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2020	\$(30,531)
2021	\$(30,531)
2022	\$(30,531)
2023	\$(30,551)
2024	\$(30,562)
Thereafter	\$(52,183)

K. 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. Subsidy payments received by TRS-Care on behalf of the District were:

<u>Year</u>	<u>Amount</u>
2019	\$ 3,785
2018	\$ 3,127
2017	\$ 4,412

L. 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 collectability 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.

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M. Shared Services Arrangements

Shared Services Arrangement -Membership

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

Member Districts

Bowie ISD  
Forestburg ISD  
Montague ISD  
Nocona ISD  
Prairie Valley ISD  
Saint Jo ISD

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, Nocona 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.

The District's Special Education SSA expenditures accounted for in the General Fund in function 93: \$10,523

N. Other Uses

In March 2018, a state-wide lawsuit on leased heavy equipment property values was ruled in favor of certain taxpayers, which resulted in a refund of property tax previously paid to the District by those taxpayers. The District refunded \$6,009 as a result of the lawsuit.

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,196,351	\$ 1,196,351	\$ 1,162,046	\$ (34,305)
5800 State Program Revenues	418,542	418,542	485,198	66,656
5900 Federal Program Revenues	65,000	65,000	65,568	568
5020 Total Revenues	1,679,893	1,679,893	1,712,812	32,919
EXPENDITURES:				
Current:				
0011 Instruction	853,438	953,438	915,734	37,704
0012 Instructional Resources and Media Services	6,850	7,100	6,141	959
0013 Curriculum and Instructional Staff Development	6,973	6,973	6,915	58
0023 School Leadership	151,391	163,391	159,842	3,549
0031 Guidance, Counseling, and Evaluation Services	10,245	10,245	1,324	8,921
0033 Health Services	650	800	395	405
0034 Student (Pupil) Transportation	78,328	81,599	55,937	25,662
0035 Food Services	974	1,074	1,005	69
0036 Extracurricular Activities	96,704	108,204	90,791	17,413
0041 General Administration	190,701	199,201	190,047	9,154
0051 Facilities Maintenance and Operations	202,979	337,979	295,828	42,151
0052 Security and Monitoring Services	17,034	22,034	19,371	2,663
0053 Data Processing Services	2,400	2,400	-	2,400
Debt Service:				
0071 Principal on Long-Term Debt	27,986	27,986	26,925	1,061
0072 Interest on Long-Term Debt	954	3,954	2,365	1,589
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	10,850	12,350	10,524	1,826
0099 Other Intergovernmental Charges	21,436	22,936	20,848	2,088
6030 Total Expenditures	1,679,893	1,961,664	1,803,992	157,672
1100 Excess (Deficiency) of Revenues Over (Under)	-	(281,771)	(91,180)	190,591
Expenditures				
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	(10,000)	-	10,000
8949 Other (Uses)	-	(7,000)	(6,009)	991
7080 Total Other Financing Sources (Uses)	-	(17,000)	(6,009)	10,991
1200 Net Change in Fund Balances	-	(298,771)	(97,189)	201,582
0100 Fund Balance - September 1 (Beginning)	1,357,316	1,357,316	1,357,316	-
3000 Fund Balance - August 31 (Ending)	\$ 1,357,316	\$ 1,058,545	\$ 1,260,127	\$ 201,582

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

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016
District's Proportion of the Net Pension Liability (Asset)	0.000705158%	0.00083102%	0.00081224%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 388,136	\$ 265,716	\$ 306,934
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	897,978	532,353	685,688
Total	<u>\$ 1,286,114</u>	<u>\$ 798,069</u>	<u>\$ 992,622</u>
District's Covered Payroll	\$ 977,761	\$ 999,413	\$ 1,010,450
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	39.70%	26.59%	30.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%	78.00%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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



FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.0008343%		0.0002893%	
\$	294,914	\$	77,277
675,251		565,256	
\$	970,165	\$	642,533
\$	986,406	\$	887,061
29.90%		8.71%	
78.43%		83.25%	

GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2019

	2019	2018	2017
Contractually Required Contribution	\$ 24,710	\$ 23,776	\$ 27,236
Contribution in Relation to the Contractually Required Contribution	(24,710)	(23,776)	(27,236)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 975,645	\$ 977,761	\$ 999,413
Contributions as a Percentage of Covered Payroll	2.53%	2.43%	2.73%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

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

2016		2015	
\$	25,807	\$	23,339
	(25,807)		(23,339)
\$	-	\$	-
\$	1,010,450	\$	986,406
	2.55%		2.37%

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

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.001158356%	0.001272165%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 578,378	\$ 553,217
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	838,694	738,470
Total	<u>\$ 1,417,072</u>	<u>\$ 1,291,687</u>
District's Covered Payroll	\$ 977,761	\$ 999,413
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	59.15%	55.35%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.57%	0.91%

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

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

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

	2019	2018
Contractually Required Contribution	\$ 7,866	\$ 7,991
Contribution in Relation to the Contractually Required Contribution	(7,866)	(7,991)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered Payroll	\$ 975,645	\$ 977,761
Contributions as a Percentage of Covered Payroll	0.81%	0.82%

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

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

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GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2019

A. Notes to Schedules for the TRS Pension

*Changes of Benefit terms.*

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

*Changes of Assumptions.*

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017.
- 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 were updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

B. Notes to Schedules for the TRS OPEB Plan

*Changes in Benefit.*

The 85th Legislature, Regular Session passed the following statutory changes 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.

### *Changes in Assumptions.*

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 changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the Total OPEB Liability \$2.3 billion.

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 percent.
- 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.

- C. State Textbook Fund is a major fund. However, the TEA does not consider it to be a budgeted fund.



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GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2019

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2010 and prior years	Various	Various	\$ Various
2011	1.040000	0.170000	73,656,200
2012	1.040000	0.150000	75,544,300
2013	1.040000	0.140000	78,802,709
2014	1.040000	0.110000	83,007,290
2015	1.040000	0.100000	98,273,001
2016	1.040000	0.090000	120,663,805
2017	1.040000	0.090000	96,731,056
2018	1.040000	0.090000	105,077,391
2019 (School year under audit)	1.040000	0.090000	105,628,274
1000 TOTALS			

(10) Beginning Balance 9/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2019
\$ 8,367	\$ -	\$ 36	\$ 7	\$ (279)	\$ 8,045
2,095	-	5	1	-	2,089
1,662	-	31	4	-	1,627
1,651	-	102	14	-	1,535
1,756	-	136	14	-	1,606
2,724	-	390	38	-	2,296
7,557	-	2,917	252	(575)	3,813
9,903	-	4,441	384	(1,366)	3,712
22,786	-	13,942	686	(1,642)	6,516
-	1,193,599	1,082,422	93,671	(1,271)	16,235
<u>\$ 58,501</u>	<u>\$ 1,193,599</u>	<u>\$ 1,104,422</u>	<u>\$ 95,071</u>	<u>\$ (5,133)</u>	<u>\$ 47,474</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 12,700	\$ 12,700	\$ 13,956	\$ 1,256
5800 State Program Revenues	500	500	364	(136)
5900 Federal Program Revenues	58,500	58,500	71,083	12,583
5020 Total Revenues	71,700	71,700	85,403	13,703
EXPENDITURES:				
Current:				
0035 Food Services	71,700	86,700	80,677	6,023
6030 Total Expenditures	71,700	86,700	80,677	6,023
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(15,000)	4,726	19,726
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	10,000	-	(10,000)
1200 Net Change in Fund Balances	-	(5,000)	4,726	9,726
0100 Fund Balance - September 1 (Beginning)	197	197	197	-
3000 Fund Balance - August 31 (Ending)	\$ 197	\$ (4,803)	\$ 4,923	\$ 9,726

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 93,000	\$ 93,000	\$ 97,517	\$ 4,517
5800 State Program Revenues	-	-	1,367	1,367
5020 Total Revenues	93,000	93,000	98,884	5,884
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	90,000	90,000	90,000	-
0072 Interest on Long-Term Debt	2,800	2,800	2,800	-
0073 Bond Issuance Cost and Fees	200	200	-	200
6030 Total Expenditures	93,000	93,000	92,800	200
1200 Net Change in Fund Balances	-	-	6,084	6,084
0100 Fund Balance - September 1 (Beginning)	213,632	213,632	213,632	-
3000 Fund Balance - August 31 (Ending)	\$ 213,632	\$ 213,632	\$ 219,716	\$ 6,084

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**STEPHEN G. GILLAND, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANT**  
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December 18, 2019

### **Independent Auditor's Report**

#### **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  
Gold-Burg Independent School District  
468 Prater Rd  
Bowie, Texas 76230

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 Gold-Burg Independent School District, as of and for the year ended August 31, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2019.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Gold-Burg 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 Gold-Burg Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Gold-Burg 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*.

**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 "Stephen G. Gilland, P.C." with a stylized flourish at the end.

Stephen G. Gilland, P.C.  
Bowie, Texas



GOLD-BURG 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

B. Financial Statement Findings

NONE

C. Federal Awards Findings and Questioned Costs

NONE

District Contact: Roger Ellis, Superintendent

GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2019

<u>Finding/Recommendation</u>	<u>Current Status</u>	Management's Explanation <u>If Not Implemented</u>
NONE		

GOLD-BURG INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2019

NONE

## SCHOOLS FIRST QUESTIONNAIRE

Gold-Burg Independent School District

Fiscal Year 2019

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$-0-
SF11	Net Pension Assets (1920) at fiscal year-end.	\$-0-
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$388,136
SF13	Pension Expense (6147) at fiscal year-end.	