

**GREGORY-PORTLAND  
INDEPENDENT SCHOOL DISTRICT**

***ANNUAL FINANCIAL REPORT***

***FOR THE YEAR ENDED AUGUST 31, 2020***



**Lovvorn & Kieschnick**

CERTIFIED PUBLIC ACCOUNTANTS

LOVVORN & KIESCHNICK, LLP

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**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**

**DIRECTORY OF OFFICIALS**

**AUGUST 31, 2020**

**BOARD OF TRUSTEES**

VICTOR HERNANDEZ	PRESIDENT
REY ROJAS	VICE-PRESIDENT
CARRIE GREGORY	SECRETARY
DEAN ATKINSON	MEMBER
GILBERT CORTINAS	MEMBER
RANDY EULENFELD	MEMBER
TIM FLINN	MEMBER

**OTHER OFFICIALS**

MICHELLE CAVAZOS, PH.D.	SUPERINTENDENT
PAUL CLORE, PH.D.	SUPERINTENDENT (RETIRING)
BRIGITTE CLARK	CHIEF FINANCIAL OFFICER
VELMA SOLIZ-GARCIA	ASSISTANT SUPERINTENDENT— CURRICULUM & INSTRUCTION
LESLIE FAUGHT, ED.D.	ASSISTANT SUPERINTENDENT— SCHOOL LEADERSHIP & STUDENT SERVICES
BRANDON CHANDLER	CHIEF HUMAN RESOURCES OFFICER
ALBERTO SILGUERO	DIRECTOR OF BUSINESS SERVICES

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Gregory-Portland Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2020

TABLE OF CONTENTS

	Page	Exhibit
<b>INTRODUCTORY SECTION</b>		
Certificate of Board.....	1	
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report.....	2	
Management's Discussion and Analysis (Required Supplementary Information).....	5	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	13	A-1
Statement of Activities.....	14	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	16	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	18	C-1R
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	19	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	21	C-3
Statement of Net Position - Internal Service Fund.....	22	D-1
Statement of Revenues, Expenses, and Changes in		
Fund Net Position - Internal Service Fund.....	23	D-2
Statement of Cash Flows - Proprietary Funds.....	24	D-3
Statement of Fiduciary Net Position - Fiduciary Funds.....	25	E-1
Notes to the Financial Statements .....	26	
<u>Required Supplementary Information</u>		
Budgetary Comparison Schedules:		
General Fund.....	54	G-1
Schedule of the District's Proportionate Share of the		
Net Pension Liability - Teacher Retirement System.....	56	G-2
Schedule of District's Contributions - Teacher Retirement System.....	57	G-3
Schedule of the District's Proportionate Share of the		
Net OPEB Liability - TRS-Care OPEB Plan.....	58	G-4
Schedule of District's Contributions - TRS-Care OPEB Plan.....	59	G-5
Notes to Required Supplementary Information.....	60	
<u>Budgetary Comparison Schedules as Supplementary Information:</u>		
Enterprise Funds:		
Budgetary Comparison Schedule:		
National School Breakfast and Lunch Program.....	61	H-1

Gregory-Portland Independent School District  
 Annual Financial Report  
 For The Year Ended August 31, 2020

TABLE OF CONTENTS

	Page	Exhibit
<b>OTHER SUPPLEMENTARY INFORMATION SECTION</b>		
Schedule of Delinquent Taxes Receivable.....	62	J-1
Fund Balance and Cash Flow Calculation Worksheet (Unaudited)-General Fund.....	64	J-2
Budgetary Comparison Schedules Required by the Texas Education Agency:		
Fund 511.....	65	J-3
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	66	
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance.....	68	
Schedule of Findings and Questioned Costs .....	70	
Summary Schedule of Prior Audit Findings.....	71	
Corrective Action Plan.....	72	
Schedule of Expenditures of Federal Awards .....	73	K-1
Notes to the Schedule of Expenditures of Federal Awards.....	74	

*Introductory Section*

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CERTIFICATE OF BOARD

Gregory-Portland Independent School District  
Name of School District

San Patricio  
County

205-902  
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, 2020, at a meeting of the board of trustees of such school district on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

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

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*Financial Section*

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**Lovvorn & Kieschnick, LLP**  
418 Peoples Street, Ste. 308  
Corpus Christi, TX 78401

**Independent Auditor's Report**

To the Board of Trustees  
Gregory-Portland Independent School District  
608 College Street  
Portland, Texas 78374

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gregory-Portland Independent School District ("the District") as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gregory-Portland Independent School District as of August 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020 on our consideration of Gregory-Portland Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gregory-Portland Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

*Lovvorn + Kieschnick LLP*

Lovvorn & Kieschnick, LLP

Corpus Christi, TX

December 11, 2020

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*Management's Discussion and Analysis*

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**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED AUGUST 31, 2020  
UNAUDITED**

This section of Gregory-Portland Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

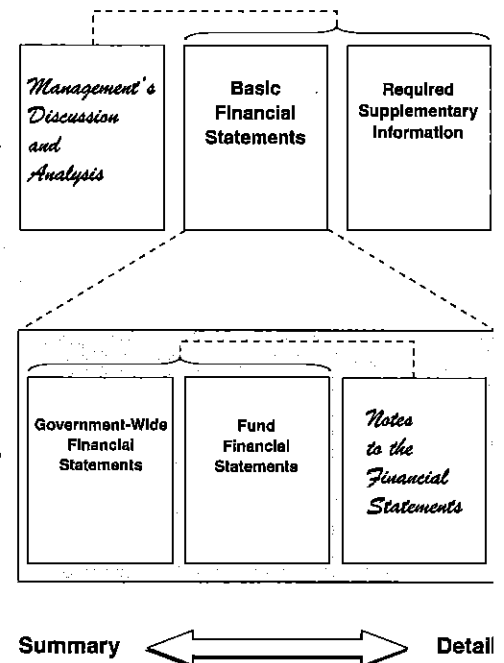
- The District's total combined net position was \$96,697,982 at August 31, 2020.
- During the year, the District's expenses were \$23,986,720 less than the \$88,417,490 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$65,730,754.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as food service.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

**Figure A-1. Required Components of the District's Annual Financial Report**



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

### Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of

net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes, state formula revenue, and grants finance most of these activities.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

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

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- We use *internal service funds* to report activities that provide supplies and services for the District's other programs and activities.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Continued

**Table A-1**  
**Gregory-Portland Independent School District's Net Position**  
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2020-2019
	2020	2019*	2020	2019	2020	2019*	
<b>Current Assets:</b>							
Cash and Investments	124.4	138.4	0.1	0.4	124.5	138.8	-10.3%
Property Taxes (Net)	0.5	0.5	-	-	0.5	0.5	0.0%
Due from Other Governments	2.5	1.5	0.1	0.2	2.6	1.7	52.9%
Unrealized Expense	0.1	0.1	0.2	0.1	0.3	0.2	50.0%
<b>Total Current Assets:</b>	<b>127.5</b>	<b>140.5</b>	<b>0.4</b>	<b>0.7</b>	<b>127.9</b>	<b>141.2</b>	<b>-9.4%</b>
<b>Noncurrent Assets:</b>							
Land	4.1	4.1	-	-	4.1	4.1	0.0%
Construction in Progress	42.0	8.4	-	-	42.0	8.4	400.0%
Buildings and Equipment, Net	101.3	102.1	0.5	0.5	101.8	102.6	-0.8%
<b>Total Noncurrent Assets</b>	<b>147.4</b>	<b>114.6</b>	<b>0.5</b>	<b>0.5</b>	<b>147.9</b>	<b>115.1</b>	<b>28.5%</b>
<b>Total Assets</b>	<b>274.9</b>	<b>255.1</b>	<b>0.9</b>	<b>1.2</b>	<b>275.8</b>	<b>256.3</b>	<b>7.6%</b>
<b>Deferred Outflows of Resources:</b>							
Deferred Charge for Refunding	(0.1)	(0.3)	-	-	(0.1)	(0.3)	-66.7%
Deferred Outflow Related to Pensions	9.0	8.6	-	-	9.0	8.6	4.7%
Deferred Outflow Related to OPEB	4.6	3.5	-	-	4.6	3.5	31.4%
<b>Total Deferred Outflows of Resources</b>	<b>13.5</b>	<b>11.8</b>	<b>-</b>	<b>-</b>	<b>13.5</b>	<b>11.8</b>	<b>14.4%</b>
<b>Current Liabilities:</b>							
Accounts Payable and Accrued Liabilities	11.5	6.1	0.1	0.1	11.6	6.2	87.1%
Interest Payable	0.2	0.2	-	-	0.2	0.2	0.0%
Due to Other Governments	0.7	0.8	-	-	0.7	0.8	-12.5%
Unearned Revenue	0.1	0.1	0.1	0.1	0.2	0.2	0.0%
<b>Total Current Liabilities</b>	<b>12.5</b>	<b>7.2</b>	<b>0.2</b>	<b>0.2</b>	<b>12.7</b>	<b>7.4</b>	<b>71.6%</b>
<b>Non-current Liabilities:</b>							
Due Within One Year	4.9	4.6	-	-	4.9	4.6	6.5%
Due in More Than One Year	133.9	146.2	-	-	133.9	146.2	-8.4%
Net Pension Liability	14.5	13.5	-	-	14.5	13.5	7.4%
Net OPEB Liability	17.0	17.2	-	-	17.0	17.2	-1.2%
<b>Total Liabilities</b>	<b>182.8</b>	<b>188.7</b>	<b>0.2</b>	<b>0.2</b>	<b>183.0</b>	<b>188.9</b>	<b>-3.1%</b>
<b>Deferred Inflows of Resources:</b>							
Deferred Inflow Related to Pensions	2.4	0.8	-	-	2.4	0.8	200.0%
Deferred Inflow Related to OPEB	7.3	5.4	-	-	7.3	5.4	35.2%
<b>Total Deferred Inflows of Resources</b>	<b>9.7</b>	<b>6.2</b>	<b>-</b>	<b>-</b>	<b>9.7</b>	<b>6.2</b>	<b>56.5%</b>
<b>Net Position:</b>							
Net Investment in Capital Assets	50.3	40.6	0.4	0.5	50.7	41.1	23.4%
Restricted For:							
Federal and State Programs	0.1	-	0.3	0.5	0.4	0.5	-20.0%
Debt Service	3.0	2.6	-	-	3.0	2.6	15.4%
Unrestricted	42.6	28.8	-	-	42.6	28.8	47.9%
<b>Total Net Position</b>	<b>96.0</b>	<b>72.0</b>	<b>0.7</b>	<b>1.0</b>	<b>96.7</b>	<b>73.0</b>	<b>32.5%</b>

\*Restated.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

### Net position

The District's combined net position was \$96,697,982 at August 31, 2020. (See Table A-1.) Approximately \$3.0 million of the District's restricted net position represents proceeds from local

taxes. These proceeds, when spent, are restricted for debt service. The balance of restricted net position, \$0.1 million is restricted for use in state and federal programs. The \$42.6 million of unrestricted net position represents resources available to fund the programs of the District next year.

### Changes in net position

The District's total revenues were \$93.0 million. A significant portion, 67.7%, of the District's revenue comes from taxes. 25.1% comes from state aid, while 0.5% relates to charges for services.

The total cost of all programs and services was \$66.8 million.

**Table A-2**  
Changes in Gregory-Portland Independent School District's Net Position  
(In millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2020-2019
	2020	2019	2020	2019	2020	2019	
<b>Program Revenues:</b>							
Charges for Services	0.2	0.2	0.3	0.3	0.5	0.5	0.0%
Operating Grants and Contributions	6.0	4.9	1.8	-	7.8	4.9	59.2%
<b>General Revenues:</b>							
Property Taxes	61.2	45.0	-	-	61.2	45.0	36.0%
State Aid – Formula	20.9	10.5	-	-	20.9	10.5	99.0%
Grants Not Restricted	-	-	-	2.5	-	2.5	-100.0%
Other	2.6	4.1	-	-	2.6	4.1	-36.6%
<b>Total Revenues</b>	<b>90.9</b>	<b>64.7</b>	<b>2.1</b>	<b>2.8</b>	<b>93.0</b>	<b>67.5</b>	<b>37.8%</b>
<b>Expenses:</b>							
Instruction	33.1	28.9	-	-	33.1	28.9	14.5%
Instructional Resources and Media Services	2.3	2.4	-	-	2.3	2.4	-4.2%
Curriculum Dev. and Instructional Staff Dev.	0.5	0.5	-	-	0.5	0.5	0.0%
Instructional Leadership	1.2	1.1	-	-	1.2	1.1	9.1%
School Leadership	3.7	3.2	-	-	3.7	3.2	15.6%
Guidance, Counseling and Evaluation Services	2.0	1.8	-	-	2.0	1.8	11.1%
Social Work Services	0.2	-	-	-	0.2	-	0.0%
Health Services	0.6	0.6	-	-	0.6	0.6	0.0%
Student (Pupil) Transportation	1.3	1.1	-	-	1.3	1.1	18.2%
Food Services	0.7	0.2	2.3	3.0	3.0	3.2	-6.3%
Curricular/Extracurricular Activities	1.7	1.6	-	-	1.7	1.6	6.2%
General Administration	2.8	2.8	-	-	2.8	2.8	0.0%
Plant Maintenance & Oper.	7.7	7.1	-	-	7.7	7.1	8.5%
Security & Monitoring Services	0.8	1.0	-	-	0.8	1.0	-20.0%
Data Processing Services	0.1	-	-	-	0.1	-	0.0%
Debt Service	5.2	6.1	-	-	5.2	6.1	-14.8%
Facilities Acquisition and Construction	-	0.2	-	-	-	0.2	-100.0%
Other Intergovernmental Charges	0.5	0.6	-	-	0.5	0.6	-16.7%
<b>Total Expenses</b>	<b>64.4</b>	<b>59.2</b>	<b>2.3</b>	<b>3.0</b>	<b>66.7</b>	<b>62.2</b>	<b>7.2%</b>
<b>Special and Extraordinary Items:</b>							
Extraordinary Items--Net	(1.7)	(0.1)	(0.2)	-	(1.9)	(0.1)	1800.0%
Special Items--Net	(0.7)	(1.6)	-	-	(0.7)	(1.6)	-56.3%
Transfers	(0.1)	-	0.1	-	-	-	0.0%
<b>Increase (Decrease) in Net Position</b>	<b>24.0</b>	<b>3.8</b>	<b>(0.3)</b>	<b>(0.2)</b>	<b>23.7</b>	<b>3.6</b>	<b>558.3%</b>
<b>Net Position Beginning</b>	<b>72.0</b>	<b>68.4</b>	<b>1.0</b>	<b>1.2</b>	<b>73.0</b>	<b>69.6</b>	<b>4.9%</b>
<b>Prior-Period Adjustment</b>	<b>-</b>	<b>(0.2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.2)</b>	<b>-100.0%</b>
<b>Net Position Ending</b>	<b>96.0</b>	<b>72.0</b>	<b>0.7</b>	<b>1.0</b>	<b>96.7</b>	<b>73.0</b>	<b>32.5%</b>

- The cost of all *governmental* activities this year was \$64.4 million.
- However, the amount that our taxpayers paid for these activities through property taxes was \$61.2 million.
- Some of the cost was paid by those who directly benefited from the programs, \$0.2 million, or
- By grants and contributions \$6.0 million.

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

**Table A-3**  
Net Cost of Selected Gregory-Portland Independent School District Functions  
(in millions of dollars)

	Total Cost of Services			Net Cost of Services		
	2020	2019	% Change	2020	2019	% Change
Instruction	33.2	29.2	13.7%	29.3	25.9	13.1%
School Administration	2.8	2.8	0.0%	2.7	2.6	3.8%
Plant Maintenance & Operations	7.7	7.1	8.5%	7.4	6.8	8.8%
Debt Service - Interest & Fiscal Charges	5.2	6.1	-14.8%	5.2	6.1	-14.8%

### **Business-type Activities**

Revenues of the District's business-type activities decreased \$754,478 and expenses decreased \$749,125 from the preceding year.

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

Revenues from governmental fund types totaled \$88.8 million, an increase of 40.3% from the preceding year.

### **General Fund Budgetary Highlights**

Over the course of the year, the Board of Trustees reviewed the District budget and made budget amendments. Even with these adjustments, actual expenditures were \$24.9 million below final budget amounts. The most significant favorable variance in expenditures was for "Instruction," and capital outlay.

Resources available were \$3.3 million above the final budgeted amount.



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2019-20, the District had invested \$181.8 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$32.9 million or 28.7% from last year.

**Table A-4**  
Gregory-Portland Independent School District's Capital Assets  
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2020-2019
	2020	2019	2020	2019	2020	2019	
Land	4.1	4.1	-	-	4.1	4.1	0.0%
Buildings and Improvements	123.2	120.5	-	-	123.2	120.5	2.2%
Construction in Progress	42.0	8.4	-	-	42.0	8.4	400.0%
Vehicles	3.9	3.7	0.1	0.1	4.0	3.8	5.3%
Equipment	8.6	7.8	1.2	1.2	9.8	9.0	8.9%
Totals at Historical Cost	181.8	144.5	1.3	1.3	183.1	145.8	25.6%
Total Accumulated Depreciation	34.3	29.9	0.8	0.8	35.1	30.7	14.3%
Net Capital Assets	147.5	114.6	0.5	0.5	148.0	115.1	28.6%

### Long-Term Obligations

More detailed information about the District's obligations is presented in the notes to the financial statements.

The District had the following obligations at August 31, 2020:

#### Bond Ratings

The District's bonds presently carry "AAA" enhanced rating with underlying ratings as follows: Standard & Poors "AA"; Moody's Aa2.

**Table A-5**  
 Gregory-Portland Independent School District's Long-Term Obligations  
 (in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2020-2019
	2020	2019*	2020	2019	2020	2019*	
Bonds Payable	125.3	135.6	-	-	125.3	135.6	-7.60%
Bond Premium	13.1	14.8	-	-	13.1	14.8	-11.49%
Capital Lease	0.3	0.4	-	-	0.3	0.4	-25.00%
Sub-Total	<u>138.7</u>	<u>150.8</u>	<u>-</u>	<u>-</u>	<u>138.7</u>	<u>150.8</u>	-8.02%
Net Pension Liability	14.5	13.5	-	-	14.5	13.5	7.41%
Net OPEB Liability	17.0	17.2	-	-	17.0	17.2	-1.16%
Total Long-Term Obligations	<u>170.2</u>	<u>181.5</u>	<u>-</u>	<u>-</u>	<u>170.2</u>	<u>181.5</u>	-6.23%

\*Restated

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

Factors taken into consideration during budget planning include the following:

- Appraised value used for the 2020-21 budget preparation is up \$1.5 billion, or 13.7% from the prior-year estimated value.
- Anticipating an average daily attendance (ADA) of 4,366.
- General operating fund spending per student in average daily attendance increases in the 2020-21 budget from \$11,796 to \$12,653.
- Increasing starting Teacher Salary to \$57,000 to maintain the highest starting salary in ESC 2.
- Adding staff targeted to support the Board of Trustee's and Superintendent's priorities.

Amounts available for appropriation in the 2020-21 general fund budget are \$73.6 million, an increase of 16% from the original 2019-20 budget of \$63.4 million. Total local revenue for the general fund will increase approximately \$10 million. State revenue sources are expected to increase \$1 million from the amount budgeted for prior year. Those increases are the result of the changes associated with House Bill 3 of the 86th Legislature and Chapter 313 agreements taking effect. These payments will continue to provide increases to fund balance through approximately 2027, barring any further legislative changes.

General fund expenditures are budgeted to increase nearly 7% from \$51.7 million to \$55.2 million. The COVID-19 pandemic contributed to the increased budget at \$1 million for additional costs associated with educating students under these unprecedented circumstances. The District's largest budget item remains payroll. For the 2020-21 school year, the Board of Trustees approved a 3% raise based on the mid-point system for all employees. The competitive salaries offered by Gregory-Portland ISD allowed the District to open the 2020-21 school year with no teacher vacancies.

The District continues to increase in expenditure needs because of salaries, curriculum needs, security needs, aging facilities, and increasing uncontrollable costs. Unfinished maintenance projects will also be budgeted and completed in 2020-21. In addition, the Board has identified several areas of need to be addressed by assignments of fund balance.

The school board has supported senior District management which has been in place for 18+ years and has assured stability in financial management. The District uses conservative principles to manage financial activities, underestimating projected annual enrollment and/or increases to annual property valuations to ensure that budgets remain within projected revenues.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Chief Financial Officer, Gregory-Portland Independent School District at (361) 777-1091.

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*Basic Financial Statements*

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## GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF NET POSITION

AUGUST 31, 2020

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
1110	\$ 114,097,365	\$ 158,451	\$ 114,255,816
1120	10,267,819	--	10,267,819
1225	456,250	--	456,250
1240	2,490,340	66,670	2,557,010
1250	13,362	--	13,362
1290	103,916	--	103,916
1300	8,762	186,470	195,232
1410	16,534	--	16,534
Capital Assets:			
1510	4,106,096	--	4,106,096
1520	93,555,890	--	93,555,890
1530	7,790,781	457,823	8,248,604
1580	42,037,620	--	42,037,620
1000	<u>274,944,735</u>	<u>869,414</u>	<u>275,814,149</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
1701	(113,457)	--	(113,457)
1705	8,951,357	--	8,951,357
1706	4,639,676	--	4,639,676
1700	<u>13,477,576</u>	<u>--</u>	<u>13,477,576</u>
<b>LIABILITIES:</b>			
2110	7,033,349	48,519	7,081,868
2140	238,831	--	238,831
2165	4,489,753	--	4,489,753
2180	716,660	--	716,660
2300	81,316	77,980	159,296
2400	1,500	--	1,500
Noncurrent Liabilities:			
2501	4,867,071	--	4,867,071
2502	133,919,787	--	133,919,787
2540	14,466,094	--	14,466,094
2545	16,959,050	--	16,959,050
2000	<u>182,773,411</u>	<u>126,499</u>	<u>182,899,910</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
2605	2,357,096	--	2,357,096
2606	7,336,737	--	7,336,737
2600	<u>9,693,833</u>	<u>--</u>	<u>9,693,833</u>
<b>NET POSITION:</b>			
3200	50,344,565	457,823	50,802,388
Restricted For:			
3820	59,990	285,092	345,082
3840	19,775	--	19,775
3850	2,983,199	--	2,983,199
3900	42,547,538	--	42,547,538
3000	<u>\$ 95,955,067</u>	<u>\$ 742,915</u>	<u>\$ 96,697,982</u>

The accompanying notes are an integral part of this statement.

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues	
			Charges for Services	4 Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	\$ 33,186,980	\$ 36,857	\$ 3,877,380
12	Instructional Resources and Media Services	2,330,227	--	110,776
13	Curriculum and Staff Development	501,660	--	208,569
21	Instructional Leadership	1,125,955	--	83,459
23	School Leadership	3,661,127	--	222,928
31	Guidance, Counseling, & Evaluation Services	1,975,188	--	304,682
32	Social Work Services	173,056	--	12,792
33	Health Services	641,358	--	77,893
34	Student Transportation	1,285,545	--	64,611
35	Food Service	682,469	--	442,709
36	Cocurricular/Extracurricular Activities	1,716,801	163,201	66,897
41	General Administration	2,792,839	--	132,535
51	Facilities Maintenance and Operations	7,725,642	--	284,692
52	Security and Monitoring Services	758,337	--	24,392
53	Data Processing Services	102,917	--	986
61	Community Services	6,264	--	3,310
72	Interest on Long-term Debt	5,183,756	--	23,445
73	Bond Issuance Costs and Fees	31,810	--	--
81	Capital Outlay	2,418	--	29,227
99	Other Intergovernmental Charges	546,421	--	--
TG	Total Governmental Activities	<u>64,430,770</u>	<u>200,058</u>	<u>5,971,283</u>
	Business-type Activities:			
05	Food Services	2,288,191	244,051	23,894
TB	Total Business-type Activities	<u>2,288,191</u>	<u>244,051</u>	<u>23,894</u>
TP	Total Primary Government	<u>\$ 66,718,961</u>	<u>\$ 444,109</u>	<u>\$ 5,995,201</u>
	General Revenues:			
MT	Property Taxes, Levied for General Purposes			
DT	Property Taxes, Levied for Debt Service			
	Chapter 313 Payments			
IE	Investment Earnings			
GC	Grants and Contributions Not Restricted to Specific Programs			
MI	Miscellaneous			
	Sale of Right of Way			
	Special and Extraordinary Items:			
E1	Extraordinary Item Inflow - Hurricane Harvey Damage Proceeds			
S2	Special Item Outflow - Tax Valuation Judgments (Note R)			
E2	Extraordinary Item Outflow - COVID-19 Remediation			
FR	Transfers			
TR	Total General Revenues and Transfers			
CN	Change in Net Position			
NB	Net Position - Beginning (restated)			
NE	Net Position - Ending			

The accompanying notes are an integral part of this statement.



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Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (29,272,743)		\$ (29,272,743)
(2,219,451)		(2,219,451)
(293,091)		(293,091)
(1,042,496)		(1,042,496)
(3,438,199)		(3,438,199)
(1,670,506)		(1,670,506)
(160,264)		(160,264)
(563,465)		(563,465)
(1,220,934)		(1,220,934)
(239,760)		(239,760)
(1,486,703)		(1,486,703)
(2,660,304)		(2,660,304)
(7,440,950)		(7,440,950)
(733,945)		(733,945)
(101,931)		(101,931)
(2,954)		(2,954)
(5,160,311)		(5,160,311)
(31,810)		(31,810)
26,809		26,809
(546,421)		(546,421)
<u>(58,259,429)</u>		<u>(58,259,429)</u>
--	\$ (2,020,246)	(2,020,246)
--	(2,020,246)	(2,020,246)
<u>(58,259,429)</u>	<u>(2,020,246)</u>	<u>(60,321,751)</u>
27,262,988	--	27,262,988
17,452,135	--	17,452,135
16,492,123	--	16,492,123
1,774,711	4,951	1,779,662
20,891,459	1,794,085	22,685,544
388,417	--	388,417
480,872	--	480,872
390,646	--	390,646
(640,325)	--	(640,325)
(2,121,808)	(169,966)	(2,291,774)
(125,069)	125,069	--
<u>82,246,149</u>	<u>1,754,139</u>	<u>84,000,288</u>
23,986,720	(266,107)	23,720,613
71,968,347	1,009,022	72,977,369
<u>\$ 95,955,067</u>	<u>\$ 742,915</u>	<u>\$ 96,697,982</u>

# GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2020

Data Control Codes	10 General Fund	50 Debt Service Fund
<b>ASSETS:</b>		
1110	\$ 57,566,518	\$ 3,154,022
1120	10,267,819	--
1225	390,701	65,549
1240	1,364,161	2,459
1250	13,362	--
1260	1,213,191	--
1290	103,727	--
1300	8,762	--
1410	16,534	--
1000	<u>70,944,775</u>	<u>3,222,030</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110	\$ 1,403,982	\$ --
2120	13,411	--
2150	350	--
2160	2,561,943	--
2170	820	--
2180	716,660	--
2200	45,983	--
2300	78,671	--
2400	1,500	--
2000	<u>4,823,320</u>	<u>--</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
2601	390,701	65,549
2600	<u>390,701</u>	<u>65,549</u>
<b>FUND BALANCES:</b>		
Nonspendable Fund Balances:		
3410	8,762	--
3430	16,534	--
Restricted Fund Balances:		
3450	--	--
3480	--	3,156,481
3490	--	--
Assigned Fund Balances:		
3590	54,894,428	--
3600	10,811,030	--
3000	<u>65,730,754</u>	<u>3,156,481</u>
4000	<u>\$ 70,944,775</u>	<u>\$ 3,222,030</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

60 Capital Projects Fund - 615	Other Governmental Funds	98 Total Governmental Funds
\$ 49,928,148	\$ 184,324	\$ 110,833,012
--	--	10,267,819
--	--	456,250
--	1,123,720	2,490,340
--	--	13,362
--	820	1,214,011
--	189	103,916
--	--	8,762
--	--	16,534
<u>49,928,148</u>	<u>1,309,053</u>	<u>125,404,006</u>
\$ 5,509,498	\$ 107,094	\$ 7,020,574
--	--	13,411
--	--	350
--	--	2,561,943
574,466	638,725	1,214,011
--	--	716,660
1,743,238	--	1,789,221
--	2,645	81,316
--	--	1,500
<u>7,827,202</u>	<u>748,464</u>	<u>13,398,986</u>
--	--	456,250
--	--	456,250
--	--	8,762
--	--	16,534
--	59,990	59,990
--	--	3,156,481
42,100,946	322,935	42,423,881
--	177,664	55,072,092
--	--	10,811,030
<u>42,100,946</u>	<u>560,589</u>	<u>111,548,770</u>
\$ <u>49,928,148</u>	\$ <u>1,309,053</u>	\$ <u>125,404,006</u>

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**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**AUGUST 31, 2020**

Total fund balances - governmental funds balance sheet	\$ 111,548,770
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	147,490,387
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	456,250
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	3,126,750
Payables for bond principal which are not due in the current period are not reported in the funds.	(125,340,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(344,628)
Payables for bond interest which are not due in the current period are not reported in the funds.	(238,831)
Premiums on issuance of bonds to be amortized over life of debt.	(13,102,230)
Deferred charge for refunding is expended in the funds, but is amortized in the statement of net position.	(113,457)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(14,466,094)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(2,357,096)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	8,951,357
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(16,959,050)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(7,336,737)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>4,639,676</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 95,955,067</u>

The accompanying notes are an integral part of this statement.

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Data Control Codes	10 <u>General Fund</u>	50 <u>Debt Service Fund</u>
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ 44,886,094	\$ 17,542,045
5800 <i>State Program Revenues</i>	21,758,881	23,445
5900 <i>Federal Program Revenues</i>	450,356	--
5020 <b>Total Revenues</b>	<u>67,095,331</u>	<u>17,565,490</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	26,427,382	--
0012 <i>Instructional Resources and Media Services</i>	1,801,883	--
0013 <i>Curriculum and Staff Development</i>	238,102	--
0021 <i>Instructional Leadership</i>	914,276	--
0023 <i>School Leadership</i>	3,071,204	--
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	1,437,392	--
0032 <i>Social Work Services</i>	146,846	--
0033 <i>Health Services</i>	504,319	--
0034 <i>Student Transportation</i>	935,886	--
0035 <i>Food Service</i>	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	1,363,549	--
0041 <i>General Administration</i>	2,416,877	--
0051 <i>Facilities Maintenance and Operations</i>	6,868,190	--
0052 <i>Security and Monitoring Services</i>	647,382	--
0053 <i>Data Processing Services</i>	95,390	--
0061 <i>Community Services</i>	2,540	--
0071 <i>Principal on Long-term Debt</i>	413,902	3,145,000
0072 <i>Interest on Long-term Debt</i>	32,725	6,112,933
0073 <i>Bond Issuance Costs and Fees</i>	--	6,696
0081 <i>Capital Outlay</i>	2,144,480	--
0099 <i>Other Intergovernmental Charges</i>	546,421	--
6030 <b>Total Expenditures</b>	<u>50,008,746</u>	<u>9,264,629</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>17,086,585</u>	<u>8,300,861</u>
Other Financing Sources and (Uses):		
7949 <i>Other Resources - Sale of Right of Way</i>	480,872	--
8911 <i>Transfers Out</i>	(125,069)	--
8949 <i>Payment to Escrow Agent</i>	--	(7,723,152)
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>355,803</u>	<u>(7,723,152)</u>
<b>SPECIAL ITEM:</b>		
8912 <i>Special Item (Use) - Tax Valuation Judgment (Note R)</i>	(1,814,294)	(170,756)
<b>EXTRAORDINARY ITEM:</b>		
7919 <i>Extraordinary Item (Resource) - Hurricane Harvey Damage Proceeds</i>	390,646	--
8913 <i>Extraordinary Item (Use) - COVID-19 Remediation</i>	(2,121,808)	--
1200 <b>Net Change in Fund Balances</b>	<u>13,896,932</u>	<u>406,953</u>
0100 <b>Fund Balances - Beginning</b>	<u>51,833,822</u>	<u>2,749,528</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ 65,730,754</u>	<u>\$ 3,156,481</u>

EXHIBIT C-2

60 Capital Projects Fund - 615	Other Governmental Funds	98 Total Governmental Funds
\$ 994,595	\$ 152,524	\$ 63,575,258
6,231	142,657	21,931,214
<u>    --</u>	<u>2,824,757</u>	<u>3,275,113</u>
<u>1,000,826</u>	<u>3,119,938</u>	<u>88,781,585</u>
37,293	1,976,201	28,440,876
674,503	20,409	2,496,795
--	201,110	439,212
--	27,908	942,184
--	12,096	3,083,300
--	202,704	1,640,096
--	--	146,846
--	41,293	545,612
177,228	--	1,113,114
--	442,709	442,709
--	123,101	1,486,650
--	2,751	2,419,628
127,625	69,299	7,065,114
--	31,699	679,081
--	--	95,390
--	3,266	5,806
--	28,813	3,587,715
--	3,560	6,149,218
12,614	12,500	31,810
33,943,902	450,344	36,538,726
<u>    --</u>	<u>    --</u>	<u>546,421</u>
<u>34,973,165</u>	<u>3,649,763</u>	<u>97,896,303</u>
<u>(33,972,339)</u>	<u>(529,825)</u>	<u>(9,114,718)</u>
--	--	480,872
--	--	(125,069)
<u>    --</u>	<u>    --</u>	<u>(7,723,152)</u>
<u>    --</u>	<u>    --</u>	<u>(7,367,349)</u>
--	--	(1,985,050)
--	--	390,646
--	--	(2,121,808)
<u>(33,972,339)</u>	<u>(529,825)</u>	<u>(20,198,279)</u>
76,073,285	1,090,414	131,747,049
<u>\$ 42,100,946</u>	<u>\$ 560,589</u>	<u>\$ 111,548,770</u>

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2020*

Net change in fund balances - total governmental funds	\$ (20,198,279)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	37,360,057
The depreciation of capital assets used in governmental activities is not reported in the funds.	(4,471,903)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	8,928
Tax refunds requiring the use of current financial resources are reported as expenditures in the funds.	1,344,725
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	3,445,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	142,715
(Increase) decrease in accrued interest from beginning of period to end of period.	17,914
The net revenue (expense) of internal service funds is reported with governmental activities.	435,203
Amortization of bond premium and deferred amount is an expense in the SOA but not in the funds.	947,548
Payments to an escrow agent on refunding bonds are not reported as an other financing use in the SOA.	7,723,152
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	(2,249,138)
The District's share of the unrecognized deferred inflows and outflows for the OPEB plan was amortized.	<u>(519,202)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 23,986,720</u>

The accompanying notes are an integral part of this statement.



# GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF NET POSITION

### INTERNAL SERVICE FUND

AUGUST 31, 2020

Data Control Codes	Nonmajor Enterprise Fund <hr/> National Breakfast/Lunch Program <hr/>	Nonmajor Internal Service Fund <hr/> Insurance Fund <hr/>
<b>ASSETS:</b>		
Current Assets:		
1110	\$ 158,451	\$ 3,264,353
<i>Cash and Cash Equivalents</i>		
<i>Receivables:</i>		
1240	66,670	--
<i>Due from Other Governments</i>		
1310	186,470	--
<i>Inventories, at Cost</i>		
	<hr/> 411,591	<hr/> 3,264,353
Total Current Assets		
Noncurrent Assets:		
Capital Assets:		
1530	1,309,354	--
<i>Furniture and Equipment</i>		
1570	(851,531)	--
<i>Accumulated Depreciation</i>		
	<hr/> 457,823	<hr/> --
Total Noncurrent Assets		
1000	<hr/> 869,414	<hr/> 3,264,353
Total Assets		
<b>LIABILITIES:</b>		
Current Liabilities:		
2110	\$ 48,519	\$ 12,775
<i>Accounts Payable</i>		
2200	--	124,828
<i>Accrued Expenses</i>		
2300	77,980	--
<i>Unearned Revenues</i>		
	<hr/> 126,499	<hr/> 137,603
Total Current Liabilities		
2000	<hr/> 126,499	<hr/> 137,603
Total Liabilities		
<b>NET POSITION:</b>		
3200	457,823	--
<i>Net Investment in Capital Assets</i>		
3800	285,092	--
<i>Restricted</i>		
3900	--	3,126,750
<i>Unrestricted</i>		
3000	<hr/> 742,915	<hr/> 3,126,750
Total Net Position		

The accompanying notes are an integral part of this statement.

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - INTERNAL SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Nonmajor Enterprise Fund <u>National Breakfast/Lunch Program</u>	Nonmajor Internal Service Fund <u>Insurance Fund</u>
<b>OPERATING REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ 244,051	\$ 577,001
5800 <i>State Program Revenues</i>	23,894	--
5020 <i>Total Revenues</i>	<u>267,945</u>	<u>577,001</u>
<b>OPERATING EXPENSES:</b>		
6100 <i>Payroll Costs</i>	1,203,236	--
6200 <i>Professional and Contracted Services</i>	154,608	63,583
6300 <i>Supplies and Materials</i>	846,161	--
6400 <i>Other Operating Costs</i>	84,186	96,264
6030 <i>Total Expenses</i>	<u>2,288,191</u>	<u>159,847</u>
Operating Income (Loss)	<u>(2,020,246)</u>	<u>417,154</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
7952 <i>National School Breakfast Program</i>	323,807	--
7953 <i>National School Lunch Program</i>	1,273,374	--
7954 <i>USDA Donated Commodities</i>	196,904	--
7955 <i>Earnings from Temp. Deposits and Investments</i>	4,951	18,049
8030 <i>Total Non-operating Revenues (Expenses)</i>	<u>1,799,036</u>	<u>18,049</u>
Income (Loss) before Contributions and Transfers	(221,210)	435,203
7915 <i>Transfers In</i>	125,069	--
8913 <i>Extraordinary Item - Use - COVID-19 Remediation</i>	(169,966)	--
1300 <i>Change in Net Position</i>	<u>(266,107)</u>	<u>435,203</u>
0100 <i>Total Net Position - Beginning</i>	1,009,022	2,691,547
3300 <i>Total Net Position - Ending</i>	<u>\$ 742,915</u>	<u>\$ 3,126,750</u>

The accompanying notes are an integral part of this statement.

# GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2020

	Nonmajor Enterprise Funds National Breakfast/Lunch Program	Nonmajor Internal Service Funds
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 244,051	\$ --
Cash Received from Grants	23,894	--
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	--	577,001
Cash Payments to Employees for Services	(1,203,236)	--
Cash Payments to Other Suppliers for Goods and Services	(1,014,032)	(429,304)
Net Cash Provided (Used) by Operating Activities	<u>(1,949,323)</u>	<u>147,697</u>
<b>Cash Flows from Non-capital Financing Activities:</b>		
Payments for COVID-19 Remediation	(169,966)	--
Transfers from (To) Other Funds	125,069	--
Net Cash Provided (Used) for Non-capital Financing Activities	<u>(44,897)</u>	<u>--</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds from Grants	1,794,085	--
Principal and Interest Paid	--	--
Acquisition or Construction of Capital Assets	--	--
Proceeds from Sale of Capital Assets	--	--
Contributed Capital	--	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>1,794,085</u>	<u>--</u>
<b>Cash Flows from Investing Activities:</b>		
Interest and Dividends on Investments	4,951	18,049
Net Cash Provided (Used) for Investing Activities	<u>4,951</u>	<u>18,049</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(195,184)	165,745
Cash and Cash Equivalents at Beginning of Year	353,635	3,098,608
Cash and Cash Equivalents at End of Year	<u>\$ 158,451</u>	<u>\$ 3,264,353</u>
<b>Reconciliation of Operating Income to Net Cash   Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ (2,020,246)	\$ 417,154
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
Depreciation	82,149	--
Provision for Uncollectible Accounts	--	--
Change in Assets and Liabilities:		
Decrease (Increase) in Receivables	132,388	--
Decrease (Increase) in Inventories	(87,417)	--
Decrease (Increase) in Prepaid Expenses	--	--
Increase (Decrease) in Accounts Payable	(42,322)	5,010
Increase (Decrease) in Payroll Deductions	--	--
Increase (Decrease) in Accrued Wages Payable	--	--
Increase (Decrease) in Interfund Payables	--	(238,862)
Increase (Decrease) in Due to Other Governments	--	--
Increase (Decrease) in Accrued Expenses	--	(35,605)
Increase (Decrease) in Unearned Revenue	(13,875)	--
Total Adjustments	<u>70,923</u>	<u>(269,457)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,949,323)</u>	<u>\$ 147,697</u>

The accompanying notes are an integral part of this statement.

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2020

Data Control Codes		Agency Fund
		Student Activity
	<b>ASSETS:</b>	
1110	<i>Cash and Cash Equivalents</i>	\$ 211,775
1000	Total Assets	<u>211,775</u>
	<b>LIABILITIES:</b>	
	Current Liabilities:	
2190	<i>Due to Student Groups</i>	\$ 211,775
2000	Total Liabilities	<u>211,775</u>
	<b>NET POSITION:</b>	
3000	Total Net Position	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

# GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2020

### A. Summary of Significant Accounting Policies

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

#### 1. Reporting Entity

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

#### 2. Basis of Presentation, Basis of Accounting

##### a. Basis of Presentation

**Government-wide Financial Statements:** The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

**Debt Service Fund:** This fund is used to account for general longterm debt principal and interest for debt

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2020*

issues and other long-term debts for which a tax has been dedicated.

Capital Projects Fund: This fund is used to account for construction activities.

The District reports the following major enterprise funds:

In addition, the District reports the following fund types:

Enterprise Fund: The National School Breakfast and Lunch Program Fund is used to account for child nutrition service operations financed from the NSLP program and user charges.

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

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

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

# GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2020

### 3. Financial Statement Amounts

#### a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

#### b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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.

#### c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

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

#### d. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20
Vehicles	10
Equipment	10

#### e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

f. **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.

Except for delinquent taxes, there are no significant receivables which are not scheduled for collection within one year of year end.

g. **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.

h. **Use of Estimates**

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

i. **Data Control Codes**

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

j. **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 spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

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

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



**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

come from outside parties, constitutional provisions, or enabling legislation.

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

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.

k. Net Position Flow Assumption

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

l. Fund Balance Flow Assumptions

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

4. Pensions

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

At August 31, 2020, the District reported the following:

Net Pension Asset	\$	
Net Pension Liability	\$	14,466,094

5. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to / deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

6. Implementation of New Standards

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

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

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

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

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

**GASB Statement No. 83, *Certain Asset Retirement Obligations***

This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

The District does not currently have any AROs and does not expect that implementation of the pronouncement will have an impact on the financial statements.

**GASB Statement No. 92, *Omnibus 2020***

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the terms *derivative* and *derivatives* in existing standards to *derivative instrument* and *derivative instruments*, respectively. The provisions in paragraphs 11 and 13 were excluded from the scope of Statement 95 because paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District.

**GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.***

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

other employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

7. Future implementation of New Standards

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* is currently in effect to postpone the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

The effective dates for the following pronouncements are postponed by one year:

Statement No. 84, *Fiduciary Activities*

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

Statement No. 90, *Majority Equity Interests*

Statement No. 91, *Conduit Debt Obligations*

Statement No. 92, *Omnibus 2020*

Statement No. 93, *Replacement of Interbank Offered Rates*

The effective dates for the following pronouncements are postponed by 18 months:

Statement No. 87, *Leases*

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>
Special Item Use - Tax Valuation Judgment exceeded appropriation in the Debt Service Fund.	In the future, the budget will be amended to account for tax refunds.

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

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**C. Deposits and Investments**

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Texas Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. Agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

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 2020, Gregory-Portland Independent School District, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was 28,204,313 and the bank balance was 31,080,846. The District's cash deposits at 2020, Gregory-Portland Independent School District and during the year ended 2020, Gregory-Portland Independent School District, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

As of August 31, 2020, the District had the following investments and maturities:

Investment Type	Investment Maturities (In Years)			
	Fair Value	Less than 1	1 to 2	2 to 3
Investment Pools:				
Investment in TexPool	4,176,455	4,176,455	--	--
Investment in Lone Star Pool	92,354,645	92,354,645	--	--
Total Fair Value	<u>\$ 96,531,100</u>	<u>\$ 96,531,100</u>	<u>\$ --</u>	<u>\$ --</u>

Interest Rate Risk - In accordance with state law and District policy, the District does not purchase any investments with maturities greater than 10 years.

Credit Risk - In accordance with state law and the District's investment policy investments in mutual funds, and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A. The District's investments in investment pools were rated AAA.

Concentration of Credit Risk - The District does not place a limit on the amount the District may invest in any one issuer. The District does not have a concentration of credit risk.

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a custodial credit risk.

The local government investment pools such as TexPool and Lone Star Pool are not evidenced by securities in physical form. They are managed conservatively to provide safe, efficient and liquid investments to Texas governmental entities. The pools both seek to maintain a \$1 value per share as required by the Texas Public Funds Investment Act.

Federated Investors manages the assets, provides participant services, and arranges for all custody and other functions in support of TexPool operations under a contract with the State Comptroller of Public Accounts. The state comptroller maintains oversight responsibility for TexPool, including the ability to influence operations, designation of management and accountability for fiscal matters. Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB 31 allows 2a7-like pools to use amortized cost (which excludes unrealized gains and losses) rather than market value to report net assets to compute share price. The fair value of the District's position in TexPool is the same as the value of TexPool shares.

Lone Star Investment Pool is administered by FIRST Public. The fair value of the funds in Lone Star is also the same as the value of Lone Star shares.

Limitations exist for withdrawals in this way: ACH (Automated Clearing House) withdrawals from Lone Star or TexPool are restricted to the account designated by the direct deposit form currently on record. The current authorized direct deposit form designates only the District Depository Bank as the entity to use for deposits or withdrawals by ACH. The Superintendent must authorize any new or replacement direct deposit form that would alter or replace the depository bank.

Limitations exist for wire transfers in this way: A Wire Transfer to or from Lone Star or TexPool requires two signatures from authorized representatives in order to be processed.

**D. Capital Assets**

Capital asset activity for the year ended August 31, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,106,096	\$ --	\$ --	\$ 4,106,096
Construction in progress	8,360,872	37,210,676	3,533,928	42,037,620
Total capital assets not being depreciated	<u>12,466,968</u>	<u>37,210,676</u>	<u>3,533,928</u>	<u>46,143,716</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	120,537,425	2,706,778	--	123,244,203
Equipment	7,759,997	764,708	--	8,524,705
Vehicles	3,698,225	211,823	--	3,910,048
Total capital assets being depreciated	<u>131,995,647</u>	<u>3,683,309</u>	<u>--</u>	<u>135,678,956</u>
Less accumulated depreciation for:				
Buildings and improvements	(26,214,896)	(3,473,418)	--	(29,688,314)
Equipment	(1,912,333)	(698,526)	--	(2,610,859)
Vehicles	(1,733,154)	(299,959)	--	(2,033,113)
Total accumulated depreciation	<u>(29,860,383)</u>	<u>(4,471,903)</u>	<u>--</u>	<u>(34,332,286)</u>
Total capital assets being depreciated, net	<u>102,135,264</u>	<u>(788,594)</u>	<u>--</u>	<u>101,346,670</u>
Governmental activities capital assets, net	<u>\$ 114,602,232</u>	<u>\$ 36,422,082</u>	<u>\$ 3,533,928</u>	<u>\$ 147,490,386</u>

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ --	\$ --	\$ --	\$ --
Construction in progress	--	--	--	--
Total capital assets not being depreciated	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	--	--	--	--
Equipment	1,174,238	--	--	1,174,238
Vehicles	135,118	--	--	135,118
Total capital assets being depreciated	<u>1,309,356</u>	<u>--</u>	<u>--</u>	<u>1,309,356</u>
Less accumulated depreciation for:				
Buildings and improvements	--	--	--	--
Equipment	(742,360)	(68,637)	--	(810,997)
Vehicles	(27,024)	(13,512)	--	(40,536)
Total accumulated depreciation	<u>(769,384)</u>	<u>(82,149)</u>	<u>--</u>	<u>(851,533)</u>
Total capital assets being depreciated, net	<u>539,972</u>	<u>(82,149)</u>	<u>--</u>	<u>457,823</u>
Business-type activities capital assets, net	<u>\$ 539,972</u>	<u>\$ (82,149)</u>	<u>\$ --</u>	<u>\$ 457,823</u>

Depreciation was charged to functions as follows:

<b>Governmental Activities:</b>	
Instruction	\$ 2,430,268
Instructional Resources and Media Services	204,172
Curriculum and Staff Development	36,692
Instructional Leadership	82,487
School Leadership	268,883
Guidance, Counseling, & Evaluation Services	144,532
Social Work Services	12,657
Health Services	46,909
Student Transportation	273,862
Extracurricular Activities	125,568
General Administration	204,842
Plant Maintenance and Operations	577,503
Security and Monitoring Services	55,543
Data Processing Services	7,527
Community Services	458
	<u>\$ 4,471,903</u>

<b>Business-type Activities:</b>	
Food Services	\$ 82,149
	<u>\$ 82,149</u>

**E. Interfund Balances and Activities**

**1. Due To and From Other Funds**

Balances due to and due from other funds at August 31, 2020, consisted of the following:

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 545,376	Short-term loans
General Fund	Capital Projects Fund - 615	574,466	Capital projects expenditures
Other Governmental Funds	General Fund	820	Short-term loans
	Total	<u>\$ 1,214,011</u>	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2020, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Non-major Enterprise Fund	\$ 125,069	Supplement other funds sources
	Total	<u>\$ 125,069</u>	

F. Long-Term Obligations

1. Long-Term Obligation Activity

On August 15, 2020, the District used \$7,727,644 of its own resources from the Debt Service Fund to advance refund \$6,845,000 of outstanding series 2018-A Unlimited Tax School Building Bonds with interest rates of 5.25%. The District used these resources to purchase U.S. Government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on refunded portions of the 2018-A series bonds. As a result, that portion of the 2018-A series bonds is considered defeased, and the District has removed the liability from its accounts. The advance refunding resulted in \$7,052,850 in total savings to the District.

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2020, are as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 9/1/19	Issued	Retired	Amounts Outstanding 8/31/20	Amounts Due Within One Year
Public Property Finance Contractual Obligations							
Series 2012	1.79%	2,864,000	915,000	--	300,000	615,000	305,000
Unlimited Tax Refunding Bonds							
Series 2013	4.00%	13,050,000	2,425,000	--	2,425,000	--	--
Unlimited Tax Refunding Bonds							
Series 2013	3.50%	6,565,000	6,565,000	--	--	6,565,000	--
Unlimited Tax School Building Bonds							
Series 2015	3.25% to 5.00%	11,710,000	11,710,000	--	--	11,710,000	345,000

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Unlimited Tax School Building Bonds Series 2016	3.00% to 4.25%	9,050,000	9,050,000	-	-	9,050,000	275,000
Unlimited Tax School Building Bonds Series 2018	2.00% to 5.00%	30,425,000	29,065,000	-	405,000	28,660,000	470,000
Unlimited Tax School Building Bonds Series 2018A	4.00% to 5.25%	55,980,000	55,980,000	-	7,160,000	48,820,000	520,000
Unlimited Tax Refunding Bonds Series 2019	3.00% to 4.00%	19,920,000	19,920,000	-	-	19,920,000	1,785,000
<b>Subtotals</b>		<u>135,630,000</u>	<u>-</u>	<u>10,290,000</u>	<u>125,340,000</u>	<u>3,700,000</u>	
<b>Bond Premiums</b>		<u>14,749,320</u>	<u>-</u>	<u>1,647,092</u>	<u>13,102,228</u>	<u>1,017,480</u>	
<b>Total Bonds</b>		<u>150,379,320</u>	<u>-</u>	<u>11,937,092</u>	<u>138,442,228</u>	<u>4,717,480</u>	
<b>Other Liabilities:</b>							
Capital Leases		487,345	-	142,715	344,630	149,591	
Net Pension Liability		13,497,387	1,942,736	974,029	14,466,094	-	
Net OPEB Liability		17,174,872	38,691	254,513	16,959,050	-	
<b>Total Governmental Activities</b>		<u>\$ 181,538,924</u>	<u>\$ 1,981,427</u>	<u>\$ 13,308,349</u>	<u>\$ 170,212,002</u>	<u>\$ 4,867,071</u>	

The Debt Service Fund makes the debt payments for the Unlimited Tax Bonds and the General Fund pays the debt for the Contractual Obligation Bonds and Capital Leases.

**2. Debt Service Requirements**

Debt service requirements on long-term debt for bonds payable by the Debt Service fund at August 31, 2020, are as follows:

Year Ending August 31,	Governmental Activities					
	General Obligation Bonds			Public Property Obligations		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 3,395,000	5,688,763	\$ 9,083,763	\$ 305,000	8,279	\$ 313,279
2022	3,720,000	5,565,412	9,285,412	310,000	2,775	312,775
2023	4,195,000	5,404,438	9,599,438	-	-	-
2024	4,375,000	5,221,812	9,596,812	-	-	-
2025	4,570,000	5,027,163	9,597,163	-	-	-
2026-2030	24,760,000	21,897,119	46,657,119	-	-	-
2031-2035	28,965,000	16,233,413	45,198,413	-	-	-
2036-2040	36,785,000	8,414,656	45,199,656	-	-	-
2041-2043	13,960,000	626,330	14,586,330	-	-	-
<b>Totals</b>	<u>\$ 124,725,000</u>	<u>\$ 74,079,106</u>	<u>\$ 198,804,106</u>	<u>\$ 615,000</u>	<u>\$ 11,054</u>	<u>\$ 626,054</u>



**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

\* Note: The District has approved a resolution to defease \$14,495,000 of Unlimited Tax School Building Bonds, Series 2018-A prior to scheduled maturity on August 15, 2021.

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

The District had \$6,845,000 in defeased bonds outstanding at August 31, 2020.

**Authorized But Not Issued Debt**

The District has \$9,845,000 in Unlimited Tax School Building Bonds authorized but unissued. The District plans to issue these bonds in fiscal years 2021 and thereafter to construct, design, acquire and equip school facilities in the District, purchase necessary sites for school facilities, and purchase new school buses.

**3. Capital Leases**

During 2018, the District entered into a lease agreement to purchase software, malware, licenses, computer equipment and a phone security system at a cost of \$565,241. The District received a special financing promotion in the amount of \$43,146 and financed the remaining \$522,095. The initial lease payment of \$113,048 was made on August 15, 2018, with subsequent payments due annually on August 15. The lease agreement qualifies as a capital lease for accounting purposes, and therefore has been recorded at the present value of future minimum lease payments as of the date of inception.

During 2019, the District entered into a lease agreement to purchase copy machines at a cost of \$183,483. The District has a purchase option price of \$1 at the end of the lease. Payments are due on the 6th of every month for a period of 48 months. The lease agreement qualifies as a capital lease for accounting purposes, and therefore has been recorded at the present value of future minimum lease payments as of the date of inception.

Future combined minimum lease payments to be paid by the General Fund are as follows:

<u>Year Ending August 31:</u>	
2021	\$ 165,426
2022	165,427
2023	38,215
2024	--
2025	--
Total	<u>369,068</u>
Less amount representing interest (Rate 3.89%)	<u>(24,438)</u>
Present value of future minimum lease payments	<u>\$ 344,630</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. During fiscal year 2020, 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.

**Unemployment Compensation**

During the year ended August 31, 2020, Gregory-Portland ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. The Fund meets its obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members.

The Fund engages the services of an independent auditor to conduct an independent financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2019, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

**Worker's Compensation**

The District has established the Worker's Compensation Internal Service Fund to account for and finance workers compensation claims. It is a modified self-insurance plan, known as SchoolComp. The Plan year began September 1, 2019 and ended September 1, 2020. The District's maximum financial exposure for the plan year is \$317,917. Any costs above \$317,917 for the 2019-2020 plan year are the shared responsibility of the remaining School Comp members. The District's self-insured retention per occurrence is \$95,375.

Costs for any one claim above the self-insured retention are the shared responsibility of the remaining SchoolComp members. Excess insurance is provided by Safety National Casualty Corporation and admitted carrier. The policy provides for specific stop-loss attachment at \$350,000 per occurrence and aggregate stop-loss attachment at \$11,653,213. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the District participate in the program and make payments to the fund based on actuarial estimates of the amounts needed to pay prior-year and current-year claims and to establish a reserve for losses relating to catastrophes. That reserve was \$3,126,751 at 8/31/20 and is reported as net position in the Workers' Compensation Internal Service Fund. The claims liability of \$124,828 reported in the fund at 8/31/20, is based on the requirements of Governmental Accounting Standards Board 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities during the past two years are:

	Year Ended 08/31/20	Year Ended 08/31/19
Unpaid claims, beginning of year	\$ 160,433	\$ 102,560
Current year claims and changes in estimate	52,427	325,975
Claim payments	(88,032)	(268,102)
Unpaid claims, end of year	<u>\$ 124,828</u>	<u>\$ 160,433</u>

**H. Pension Plan**

**1. Plan Description**

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

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.

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/TRS%20Documents/cafr2019.pdf>, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1.) above.

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.

In May, 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

4. Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

**Contribution Rates**

	<u>2019</u>	<u>2020</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
District's 2020 Employer Contributions	\$ 1,180,954	
District's 2020 Member Contributions	\$ 2,625,085	
2019 NECE On-Behalf Contributions (state)	\$ 1,420,303	

# GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2020

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non(OASDI) surcharge that was in effect in fiscal year 2019.

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees. This surcharge was in effect through fiscal year 2019 and was replaced with the Public Education Employer Contribution.

### 5. Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2019	2.63%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2018. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2018.

**6. Discount Rate**

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25%. 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 geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2019 are summarized below:

<b>Asset Class</b>	<b>FY 2019 Target Allocation *</b>	<b>New Target Allocation **</b>	<b>Long-Term Expected Geometric Real Rate of Return ***</b>
<b>Global Equity</b>			
USA	18.0%	18.0%	6.4%
Non-U.S. Developed	13.0%	13.0%	6.3%
Emerging Markets	9.0%	9.0%	7.3%
Directional Hedge Funds	4.0%	-	-
Private Equity	13.0%	14.0%	8.4%
<b>Stable Value</b>			
U.S. Treasuries ****	11.0%	16.0%	3.1%
Stable Value Hedge Funds	4.0%	5.0%	4.5%
Absolute Return	0.0%	0.0%	0.0%
<b>Real Return</b>			
Global Inflation Linked Bonds ****	3.0%	-	-
Real Estate	14.0%	15.0%	8.5%
Energy, Natural Resources & Infrastructure	5.0%	6.0%	7.3%
Commodities	0.0%	0.0%	0.0%
<b>Risk Parity</b>			
Risk Parity	5.0%	8.0%	5.8%/6.5%*****
<b>Leverage</b>			
Cash	1.0%	2.0%	2.5%
Asset Allocation Leverage	-	-6.0%	2.7%
<b>Expected Return</b>	<b>100.0%</b>	<b>100.0%</b>	<b>7.23%</b>

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

\* Target allocations are based on the Strategic Asset Allocation as of FY2019  
 \*\* New allocations are based on the Strategic Asset Allocation to be implemented FY2020  
 \*\*\* 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%  
 \*\*\*\* New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds  
 \*\*\*\*\* 5.8% (6.5%) return expectation corresponds to Risk Parly with a 10% (12%) target volatility

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate 6.25%	Discount Rate 7.25%	1% Increase in Discount Rate 8.25%
District's proportionate share of the net pension liability:	\$ 22,236,488	\$ 14,466,094	\$ 8,170,575

8. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2020, the District reported a liability of \$14,466,094 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	\$ 14,466,094
State's proportionate share that is associated with District	<u>21,094,958</u>
Total	<u>\$ 35,561,052</u>

The net pension liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019 the employer's proportion of the collective net pension liability was 0.0278284417%, which was an increase (decrease) of 0.0033066537% from its proportion measured as of August 31, 2018.

**Changes Since the Prior Actuarial Valuation -**

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

For the year ended August 31, 2020, the District recognized pension expense of \$6,743,813 and revenue of

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

\$3,313,721 for support provided by the State.

At August 31, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 60,771	\$ 502,286
Changes in actuarial assumptions	4,488,093	1,854,692
Difference between projected and actual investment earnings	145,256	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	3,076,283	118
Contributions paid to TRS subsequent to the measurement date	<u>1,180,954</u>	<u>--</u>
Total	<u>\$ 8,951,357</u>	<u>\$ 2,357,096</u>

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

Year Ended August 31	Pension Expense Amount
2021	\$ 1,297,234
2022	\$ 1,130,385
2023	\$ 1,287,698
2024	\$ 1,187,081
2025	\$ 572,833
Thereafter	\$ (61,924)

**I. Defined Other Post-Employment Benefit Plans**

**1. Plan Description**

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

**2. OPEB Plan Fiduciary Net Position**

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

**3. Benefits Provided**

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

The premium rates for retirees are reflected in the following table.

TRS-Care Monthly Premium Rates		
	Medicare	Non-Medicare
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

4. Contributions

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

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

Contribution Rates		
	2019	2020
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 2020 Employer Contributions	\$	290,843
District's 2020 Member Contributions	\$	221,591
2019 NECE On-Behalf Contributions (state)	\$	338,170

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are



**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2020*

subject to (regardless of whether or not they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS-Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$73.6 million in fiscal year 2019.

5. Actuarial Assumptions

The total OPEB liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2018 TRS pension actuarial valuation that was rolled forward to August 31, 2019:

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, 2018 rolled forward to August 31, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.63% as of August 31, 2019
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation *
Healthcare Trend Rates	7.30% **
Election Rates	Normal Retirement: 65% participation prior to age 65 and 50% after age 65. ***
Ad Hoc Post-Employment Benefit Changes	None

\* Includes inflation at 2.5%.

\*\*7.3% for FY2020, 7.4% for FY 2021, 7.0% for FY 2022, decreasing 0.5% per year to an ultimate rate of 4.5% for FY 2027 and later years.

\*\*\* 25% of pre-65 retirees are assumed to discontinue coverage at age 65.

6. Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability. There was an increase of 1.06% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (1.63%)	Current Single Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of net OPEB liability	\$ 20,475,016	\$ 16,959,051	\$ 14,208,508

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

At August 31, 2020, the District reported a liability of \$16,959,050 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	\$ 16,959,050
State's proportionate share that is associated with the District	\$ 22,534,785
<b>Total</b>	<b>\$ 39,493,835</b>

The Net OPEB liability was measured as of August 31, 2018 and rolled forward to August 31, 2019 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2018 thru August 31, 2019.

At August 31, 2019 the District's proportion of the collective net OPEB liability was 0.0358608826%, which was an increase (decrease) of 0.0014636124% from its proportion measured as of August 31, 2018.

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

	1% Decrease in Healthcare Trend Rate (7.5%)	Current Single Healthcare Trend Rate (8.5%)	1% Increase in Healthcare Trend Rate (9.5%)
District's proportionate share of net OPEB liability	\$ 13,834,599	\$ 16,959,050	\$ 21,144,382

9. Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB Liability (TOL) since the prior measurement period:

- The discount rate was changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the TOL.
- The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. This change increased the TOL.

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

was no lapse assumption in the prior valuation. These changes decreased the TOL.

- [The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date - There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2020, the District recognized OPEB expense of \$1,403,969 and revenue of \$593,924 for support provided by the State.

At August 31, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 831,986	\$ 2,775,169
Changes in actuarial assumptions	941,943	4,561,568
Differences between projected and actual investment earnings	1,830	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	2,573,074	--
Contributions paid to TRS subsequent to the measurement date	290,843	
<b>Total</b>	<b>\$ 4,639,676</b>	<b>\$ 7,336,737</b>

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

Year ended August 31,	OPEB Expense Amount
2021	\$ (584,424)
2022	\$ (584,424)
2023	\$ (585,016)
2024	\$ (585,355)
2025	\$ (585,263)
Thereafter	\$ (63,422)

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the current fiscal year ended August 31, 2020, the subsidy payment received by TRS-Care on behalf of the District was \$163,941.

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**J. Employee Health Care Coverage**

During the year ended August 31, 2020, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$250 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, 2020, and terms of coverage and premium costs are included in the contractual provisions.

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

**K. Commitments and Contingencies**

**1. Contingencies**

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

**2. Litigation**

At August 31, 2020, the District was not involved in any lawsuits or other legal actions which, in Administration's opinion (based on discussions with legal counsel) would result in any direct loss to the District which would be material to its financial position.

**L. Unearned Revenue**

Unearned revenue at year end consisted of the following:

<u>Revenue Description</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Food Service Enterprise Fund</u>
State Entitlements	\$ --	\$ 1,780	\$ 1,780	\$ --
Federal Grant Programs	--	--	--	77,980
Other	78,671	865	79,536	--
<b>Total Unearned Revenue</b>	<b>\$ 78,671</b>	<b>\$ 2,645</b>	<b>\$ 81,316</b>	<b>\$ 77,980</b>

**M. Due From Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2020, are reported on the combined financial statements as Due from Other Governments and are summarized below:

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Fund	State Entitlements	Federal Grants	Other	Total
General	\$ 1,350,043	\$ 17	\$ 14,101	\$ 1,364,161
Debt Service Fund	2,459	--	--	2,459
Other Governmental Funds	35,531	1,088,189	--	1,123,720
Total Governmental Funds	\$ 1,388,033	-- 1,088,206	-- 14,101	-- 2,490,340
Enterprise Fund	--	66,670	--	66,670
Total	\$ 1,388,033	-- 1,154,876	-- 14,101	-- 2,557,010

**N. Fund Balances**

The following is a summary of Governmental Fund fund balances of the District at the year ended August 31, 2020:

**General Fund**

Nonspendable:	
Inventories	\$ 8,762
Prepaid Items	16,534
	<u>25,296</u>

Assigned:	
Litigation and Tax Settlements	4,000,000
Insurance deductible	4,000,000
Claims and judgments	500,000
Encumbrances	54,465
Construction	31,339,963
Disaster Recovery	15,000,000
	<u>54,894,428</u>

Unassigned:	<u>10,811,030</u>
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Total General Fund fund balance	<u>65,730,754</u>
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**Debt Service Fund**

Restricted	
Retirement of Long-term debt	<u>3,156,481</u>

**Capital Projects Fund**

Restricted	
Construction	<u>42,100,946</u>

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Other Governmental Funds

Restricted:	
State Textbook Fund	9,209
SPED Fiscal Support	50,781
Spectra Energy Foundation	955
OxyChem Corp	355
Lowe's	11
Cheniere LNG	13,857
Exxon/DeI Mar	2
G-P Education Foundation	4,595
Construction	303,160
	<u>382,925</u>
Assigned:	
Campus Activity	<u>177,664</u>
Total Other Governmental Fund fund balance	<u>560,589</u>
Total Governmental fund balance	<u>\$ 111,548,770</u>

O. Tax Abatement Agreements

The Gregory-Portland ISD Board of Trustees has approved agreements with various companies for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended.

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) under the Chapter 313 agreement must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 313 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the projects. The applications, the agreements and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>.

After approval, the applicant company must maintain a viable presence in the district for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that a company terminates this Agreement without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Sec 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Sec. 33.01(c), or its successor statute. The agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Below is the abatement information that is required by GASB Statement No. 77 for M&O purposes. It includes the net benefit to the District but does not include any I&S impact.

Project	< A > Project Value 2019	< B > Project's Value Limitation Amount 2019	< C > Amount of Applicant's M&O Taxes Paid 2019	< D > Amount of Applicant's M&O Taxes Reduced 2019	< E > Company Revenue Loss Payment to School District 2019	< F > Company Supplemental Payment to School District 2019	< G > Net Benefit (Loss) to the School District 2019 (C+E+F)
1.	\$67,730,250	\$20,000,000	\$234,000	\$558,444	\$26,650	\$247,797	\$508,447
2.	\$764,410,010	\$30,000,000	\$351,000	\$8,592,597	\$8,249	\$2,188,651	\$2,547,900
3.	\$70,614,530	\$30,000,000	\$351,000	\$475,190	--	\$433,905	\$784,905
4.	\$3,942,522,200	\$30,000,000	\$351,000	\$45,776,510	\$10,101,533	--	\$10,452,533
5.	\$1,306,506,000	\$30,000,000	\$351,000	\$14,935,120	\$3,485,538	--	\$3,836,538
6.	--	\$30,000,000	--	--	--	--	--
7.	--	\$30,000,000	--	--	--	--	--
8.	--	\$30,000,000	--	--	--	--	--
9.	--	\$30,000,000	--	--	--	--	--
10.	--	\$30,000,000	--	--	--	--	--
11.	--	\$30,000,000	--	--	--	--	--

**Project Description**

1. EC&R Papalote Creek Wind Farm II (Application #164), First Year Value Limitation: 2012
2. Voestalpine Texas, LLP (Application #299), First Year Value Limitation: 2016
3. Apex Midway Wind, LLC (Application #1,091), First Year Value Limitation: 2017
4. Corpus Christi Liquefaction Train 1 (Application #296), First Year Value Limitation: 2018
5. Corpus Christi Liquefaction Train 2 (Application #297), First Year Value Limitation: 2018
6. Corpus Christi Liquefaction Train 3 (Application #298), First Year Value Limitation: 2022
7. Corpus Christi Liquefaction Train 4 (Application #1179), First Year Value Limitation: 2023
8. Corpus Christi Liquefaction Train 5 (Application #1180), First Year Value Limitation: 2023
9. Sabc (Application #1154), First Year Value Limitation: 2024
10. GCGV (Application #1155), First Year Value Limitation: 2024
11. Exxon (Application #1156), First Year Value Limitation: 2024

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**P. Construction Commitments**

The District has several construction projects in various stages of development:

- \* Expansion for Academic Wing of Gregory-Portland High School
- \* Career and Technology Center at Gregory-Portland High School
- \* New Middle School which replaces and combines Gregory-Portland Junior High and Intermediate Schools

Each of these projects are part of voter approved Bond Issues that are being managed by the District's administrative staff with support from architects, construction managers, legal counsel, and other related service providers. The school board is providing the oversight required by law and board policy. Any additional information may be requested from the Office of the Chief Financial Officer at (361) 777-1091.

**Q. Restatement of Net Position**

During the year, management determined that a lease entered into in a prior year met the criteria to be accounted for as a capital lease. This resulted in an overstatement of net position. Government-wide Net Position has been restated as follows:

	Government- wide Net Position
Beginning equity, as originally stated	\$ 72,141,736
Restatement for capital lease liability	(173,389)
Beginning equity, as restated	\$ <u>71,968,347</u>

**R. Special Item - Tax Valuation Judgment**

During the fiscal year, San Patricio County Appraisal District lost lawsuits filed against them for high property tax valuations by various tax paying entities. Due to the losses of these lawsuits, During FY 2020, the District paid back overpayment of taxes in the amount of \$1,985,050.

**S. COVID - 19**

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The District is closely monitoring the situation, but the extent of financial impact to the District is unknown at this time.

**T. Subsequent Events**

Voters of Gregory-Portland ISD approved two bond proposals on November 3, 2020 totalling \$107,740,000. The bond proposals are a comprehensive plan that includes reimbursement of District funds spent on current projects; new construction, technology upgrades, equipment purchases and various other campus improvements.



### *Required Supplementary Information*

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

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT G-1

Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 43,819,599	\$ 43,820,399	\$ 44,886,094	\$ 1,065,695
5800	State Program Revenues	19,373,213	19,373,213	21,758,881	2,385,668
5900	Federal Program Revenues	200,000	571,882	450,356	(121,526)
5020	Total Revenues	<u>63,392,812</u>	<u>63,765,494</u>	<u>67,095,331</u>	<u>3,329,837</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	29,232,461	28,733,046	26,427,382	2,305,664
0012	Instructional Resources and Media Services	1,762,336	1,960,600	1,801,883	158,717
0013	Curriculum and Staff Development	508,774	324,834	238,102	86,732
	Total Instruction & Instr. Related Services	<u>31,503,571</u>	<u>31,018,479</u>	<u>28,467,367</u>	<u>2,551,112</u>
Instructional and School Leadership:					
0021	Instructional Leadership	853,734	984,818	914,276	70,542
0023	School Leadership	2,907,330	3,133,586	3,071,204	62,382
	Total Instructional & School Leadership	<u>3,761,064</u>	<u>4,118,404</u>	<u>3,985,480</u>	<u>132,924</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,619,030	1,461,975	1,437,392	24,583
0032	Social Work Services	79,002	172,598	146,846	25,752
0033	Health Services	736,028	611,228	504,319	106,909
0034	Student (Pupil) Transportation	1,008,965	1,028,670	935,886	92,784
0036	Cocurricular/Extracurricular Activities	1,376,523	1,476,519	1,363,549	112,970
	Total Support Services - Student (Pupil)	<u>4,819,548</u>	<u>4,750,989</u>	<u>4,387,992</u>	<u>362,997</u>
Administrative Support Services:					
0041	General Administration	2,526,413	2,581,404	2,416,877	164,527
	Total Administrative Support Services	<u>2,526,413</u>	<u>2,581,404</u>	<u>2,416,877</u>	<u>164,527</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	6,827,546	7,265,225	6,868,190	397,035
0052	Security and Monitoring Services	892,715	803,709	647,382	156,327
0053	Data Processing Services	125,000	125,000	95,390	29,610
	Total Support Services - Nonstudent Based	<u>7,845,261</u>	<u>8,193,934</u>	<u>7,610,962</u>	<u>582,972</u>
Ancillary Services:					
0061	Community Services	7,000	7,541	2,540	5,001
	Total Ancillary Services	<u>7,000</u>	<u>7,541</u>	<u>2,540</u>	<u>5,001</u>
Debt Service:					
0071	Principal on Long-Term Debt	400,615	414,175	413,902	273
0072	Interest on Long-Term Debt	26,127	34,944	32,725	2,219
	Total Debt Service	<u>426,742</u>	<u>449,119</u>	<u>446,627</u>	<u>2,492</u>
Capital Outlay:					
0081	Capital Outlay	--	23,174,392	2,144,480	21,029,912
	Total Capital Outlay	<u>--</u>	<u>23,174,392</u>	<u>2,144,480</u>	<u>21,029,912</u>
0099	Other Intergovernmental Charges	824,000	570,350	546,421	23,929
	Total Intergovernmental Charges	<u>824,000</u>	<u>570,350</u>	<u>546,421</u>	<u>23,929</u>

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT G-1

Page 2 of 2

Data Control Codes		Budgeted Amounts		3 Actual	Variance with Final Budget Positive (Negative)
		1 Original	2 Final		
6030	Total Expenditures	<u>51,713,599</u>	<u>74,864,613</u>	<u>50,008,746</u>	<u>24,855,867</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>11,679,213</u>	<u>(11,099,119)</u>	<u>17,086,585</u>	<u>28,185,704</u>
	Other Financing Sources (Uses):				
7949	Other Resources - Sale of Right of Way	--	480,872	480,872	--
8911	Transfers Out	--	(125,069)	(125,069)	--
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>355,803</u>	<u>355,803</u>	<u>--</u>
	SPECIAL ITEM:				
8912	Special Item (Use) - Tax Valuation Judgment (Note R)	--	(1,814,294)	(1,814,294)	--
	EXTRAORDINARY ITEM:				
7919	Extraordinary Item (Resource) - Hurricane Harvey Damage Proceeds	--	374,630	390,646	16,016
8913	Extraordinary Item (Use) - COVID-19 Remediation	--	(4,090,738)	(2,121,808)	1,968,930
1200	Net Change in Fund Balance	<u>11,679,213</u>	<u>(16,273,718)</u>	<u>13,896,932</u>	<u>30,170,650</u>
0100	Fund Balance - Beginning	<u>51,833,823</u>	<u>51,833,823</u>	<u>51,833,822</u>	<u>(1)</u>
3000	Fund Balance - Ending	<u>\$ 63,513,036</u>	<u>\$ 35,560,105</u>	<u>\$ 65,730,754</u>	<u>\$ 30,170,649</u>

GREGORY-PORTLAND 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, 2020

	Measurement Year Ended August 31,					
	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0278284417%	0.0245217880%	0.0204997752%	0.0193795699%	0.0190359000%	0.0105472000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 14,466,094	\$ 13,497,387	\$ 6,554,724	\$ 7,323,251	\$ 6,728,937	\$ 2,817,304
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	21,094,958	23,569,913	14,288,418	16,571,226	15,213,710	12,757,955
<b>Total</b>	<b>\$ 35,561,052</b>	<b>\$ 37,067,300</b>	<b>\$ 20,843,142</b>	<b>\$ 23,894,477</b>	<b>\$ 21,942,647</b>	<b>\$ 15,575,259</b>
District's Covered Payroll	\$ 30,488,027	\$ 28,546,267	\$ 26,388,900	\$ 23,894,477	\$ 21,942,647	\$ 15,575,259
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	47.45%	47.28%	24.84%	30.65%	30.67%	18.09%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only six years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2020

	Fiscal Year Ended August 31,					
	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 1,180,954	\$ 974,279	\$ 825,275	\$ 671,884	\$ 618,472	\$ 563,662
Contribution in Relation to the Contractually Required Contribution	(1,180,954)	(974,279)	(825,275)	(671,884)	(618,472)	(563,662)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 34,092,016	\$ 3,048,807	\$ 28,546,267	\$ 26,388,900	\$ 24,637,543	\$ 22,678,134
Contributions as a percentage of Covered Payroll	3.46%	31.96%	2.89%	2.55%	2.51%	2.49%

Note: Only six years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

GREGORY-PORTLAND 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, 2020

	Measurement Year Ended August 31,		
	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0358608826%	0.0343972702%	0.0307246887%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 16,959,050	\$ 17,174,872	\$ 13,361,015
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	22,534,785	24,234,307	20,737,100
Total	<u>\$ 39,493,835</u>	<u>\$ 41,409,179</u>	<u>\$ 34,098,115</u>
District's Covered Payroll	\$ 30,488,027	\$ 28,546,267	\$ 26,388,900
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	55.63%	60.17%	50.63%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	2.66%	1.57%	0.91%

Note: Only three years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2020

	Fiscal Year Ended August 31,		
	2020	2019	2018
Contractually Required Contribution	\$ 290,843	\$ 254,258	\$ 236,757
Contribution in Relation to the Contractually Required Contribution	<u>(290,843)</u>	<u>(254,258)</u>	<u>(236,757)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 34,092,016	\$ 30,488,027	\$ 28,546,267
Contributions as a percentage of Covered Payroll	0.85%	0.83%	0.83%

Note: Only three years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

# GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED AUGUST 31, 2020

### Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

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

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

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

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

### Defined Benefit Pension Plan

#### *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*

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.



**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT H-1**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
 ENTERPRISE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
<b>OPERATING REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 436,205	\$ 304,205	\$ 244,051	\$ (60,154)
5800	State Program Revenues	115,891	15,432	23,894	8,462
5020	Total Revenues	<u>552,096</u>	<u>319,637</u>	<u>267,945</u>	<u>(51,692)</u>
<b>OPERATING EXPENSES:</b>					
6100	Payroll Costs	1,530,369	1,534,727	1,203,236	331,491
6200	Professional and Contracted Services	153,500	200,570	154,608	45,962
6300	Supplies and Materials	1,371,574	1,301,504	846,161	455,343
6400	Other Operating Costs	14,200	7,200	84,186	(76,986)
6600	Capital Outlay - Land, Buildings & Equipment	--	151,336	--	151,336
6030	Total Expenses	<u>3,069,643</u>	<u>3,195,337</u>	<u>2,288,191</u>	<u>907,146</u>
	Operating Income (Loss)	<u>(2,517,547)</u>	<u>(2,875,700)</u>	<u>(2,020,246)</u>	<u>855,454</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
7952	National School Breakfast Program	447,054	347,054	323,807	(23,247)
7953	National School Lunch Program	1,909,315	1,434,315	1,273,374	(160,941)
7954	USDA Donated Commodities	200,000	200,000	196,904	(3,096)
7955	Earnings from Temp. Deposits and Investments	--	4,900	4,951	51
8030	Total Non-operating Revenues (Expenses)	<u>2,556,369</u>	<u>1,986,269</u>	<u>1,799,036</u>	<u>(187,233)</u>
	Income (Loss) before Contributions and Transfer	38,822	(889,431)	(221,210)	668,221
7915	Transfers In	--	125,069	125,069	--
8913	Extraordinary Item - Use - COVID-19 Remediation	--	(315,000)	(169,966)	145,034
1300	Change in Net Position	<u>38,822</u>	<u>(1,079,362)</u>	<u>(266,107)</u>	<u>813,255</u>
0100	Total Net Position - Beginning	1,009,022	1,009,022	1,009,022	--
3300	Total Net Position - Ending	<u>\$ 1,047,844</u>	<u>\$ (70,340)</u>	<u>\$ 742,915</u>	<u>\$ 813,255</u>

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### *Other Supplementary Information*

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

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2020*

Year Ended August 31	1		2		3
	Tax Rates				Assessed/Appraised Value For School Tax Purposes
	Maintenance	Debt Service			
2011 and Prior Years	\$ Various	\$ Various	\$	Various	\$ Various
2012	1.17	.20			1,034,995,666
2013	1.17	.18			1,072,620,402
2014	1.17	.18			1,244,177,778
2015	1.17	.18			1,347,522,592
2016	1.12	.18			1,589,550,923
2017	1.17	.18			1,755,413,629
2018	1.17	.18			2,772,662,667
2019	1.17	.18			2,413,554,148
2020 (School Year Under Audit)	1.0684	.20			3,406,957,700

1000 Totals

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

10 Beginning Balance 9/1/19	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/20
\$ 200,679	\$ --	\$ 7,560	\$ 1,228	\$ (24,075)	\$ 167,816
24,824	--	92	16	(1,571)	23,145
24,412	--	182	31	(377)	23,822
28,829	--	109	17	(267)	28,436
43,002	--	9,603	1,477	4,202	36,124
64,305	--	22,002	3,385	5,096	44,014
99,168	--	(647,401)	(99,600)	(781,829)	64,340
124,840	--	(378,155)	(58,177)	(478,889)	82,283
284,584	--	111,315	17,125	(32,604)	123,540
--	43,212,148	25,724,728	17,168,439	--	318,981
<u>\$ 894,643</u>	<u>\$ 43,212,148</u>	<u>\$ 24,850,035</u>	<u>\$ 17,033,941</u>	<u>\$ (1,310,314)</u>	<u>\$ 912,501</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

Levies and Collections

Fiscal Year End	Levy Year	Adjusted Tax Levy	Current Collection	Percent of Levy
08/31/11	2010	15,131,139	14,828,259	98.00%
08/31/12	2011	15,463,629	15,238,841	98.55%
08/31/13	2012	14,652,131	14,446,021	98.59%
08/31/14	2013	16,846,506	16,635,832	98.75%
08/31/15	2014	18,191,554	17,900,567	98.40%
08/31/16	2015	20,664,162	20,344,593	98.45%
08/31/17	2016	23,698,084	23,398,586	98.74%
08/31/18	2017	37,430,946	37,170,071	99.30%
08/31/19	2018	32,582,981	32,298,397	99.13%
08/31/20	2019	43,212,148	42,893,167	99.26%

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)**  
**GENERAL FUND**  
**AS OF AUGUST 31, 2020**

EXHIBIT J-2

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2020 (Exhibit C-1 object 3000 for the General Fund only)	\$ 65,730,754
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	25,296
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	--
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	54,894,428
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	--
7	Estimate of two months' average cash disbursements during the fiscal year	8,334,791
8	Estimate of delayed payments from state sources (58XX)	1,388,033
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
10	Estimate of delayed payments from federal sources (59XX)	1,088,206
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	65,730,754
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ --

If Item 13 is a Positive Number

Explanation of need for and/or projected use of net positive  
 Unassigned General Fund Fund Balance:

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-3**

FUND 511

BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2020

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)	
	Budgeted Amounts			Actual		
	Original	Final				
<b>REVENUES:</b>						
5700	Local and Intermediate Sources		\$ 16,951,079	\$ 17,211,079	\$ 17,542,045	\$ 330,966
5800	State Program Revenues		55,740	55,740	23,445	(32,295)
5020	Total Revenues		<u>17,006,819</u>	<u>17,266,819</u>	<u>17,565,490</u>	<u>298,671</u>
<b>EXPENDITURES:</b>						
Debt Service:						
0071	Principal on Long-Term Debt		9,990,000	3,145,000	3,145,000	--
0072	Interest on Long-Term Debt		7,010,863	6,131,339	6,112,933	18,406
0073	Bond Issuance Costs and Fees		2,800	262,800	6,696	256,104
	Total Debt Service		<u>17,003,663</u>	<u>9,539,139</u>	<u>9,264,629</u>	<u>274,510</u>
6030	Total Expenditures		<u>17,003,663</u>	<u>9,539,139</u>	<u>9,264,629</u>	<u>274,510</u>
1100	Excess (Deficiency) of Revenues Over (Under)					
1100	Expenditures		<u>3,156</u>	<u>7,727,680</u>	<u>8,300,861</u>	<u>573,181</u>
Other Financing Sources (Uses):						
8949	Payment to Escrow Agent		--	(7,725,000)	(7,723,152)	1,848
7080	Total Other Financing Sources and (Uses)		<u>--</u>	<u>(7,725,000)</u>	<u>(7,723,152)</u>	<u>1,848</u>
SPECIAL ITEM:						
8912	Special Item (Use) - Tax Valuation Judgment (Note R)		--	--	(170,756)	(170,756)
1200	Net Change in Fund Balance		<u>3,156</u>	<u>2,680</u>	<u>406,953</u>	<u>404,273</u>
0100	Fund Balance - Beginning		2,749,528	2,749,528	2,749,528	--
3000	Fund Balance - Ending		<u>\$ 2,752,684</u>	<u>\$ 2,752,208</u>	<u>\$ 3,156,481</u>	<u>\$ 404,273</u>

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**Lovvorn & Kieschnick, LLP**  
418 Peoples Street, Ste. 308  
Corpus Christi, TX 78401

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

Board of Trustees  
Gregory-Portland Independent School District  
608 College Street  
Portland, Texas 78374

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gregory-Portland Independent School District, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise Gregory-Portland Independent School District's basic financial statements, and have issued our report thereon dated December 11, 2020.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

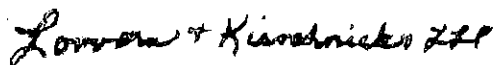
As part of obtaining reasonable assurance about whether the Gregory-Portland Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which 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,



Lovvorn & Kieschnick, LLP

Corpus Christi, TX  
December 11, 2020

**Lovvorn & Kieschnick, LLP**  
418 Peoples Street, Ste. 308  
Corpus Christi, TX 78401

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

Board of Trustees  
Gregory-Portland Independent School District  
608 College Street  
Portland, Texas 78374

Members of the Board of Trustees:

**Report on Compliance for Each Major Federal Program**

We have audited the Gregory-Portland Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Gregory-Portland Independent School District's major federal programs for the year ended August 31, 2020. Gregory-Portland Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the Gregory-Portland Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

## Report on Internal Control Over Compliance

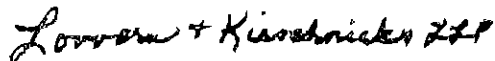
Management of the Gregory-Portland Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Gregory-Portland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

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

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

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

Respectfully submitted,



Lovvorn & Kieschnick, LLP

Corpus Christi, TX  
December 11, 2020

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**A. Summary of Auditor's Results**

**1. Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?      Yes   X   No

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

Noncompliance material to financial statements noted?      Yes   X   No

**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?      Yes   X   No

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

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

Version of compliance supplement used in audit: August 2020

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10553	Child Nutrition Cluster:
10.555	School Breakfast Program
10.559	National School Lunch Program
	Summer Feeding Program

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

Auditee qualified as low-risk auditee?   X   Yes      No

**B. Financial Statement Findings**

NONE

**C. Federal Award Findings and Questioned Costs**

NONE

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2020*

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
N/A No prior findings		

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
*CORRECTIVE ACTION PLAN*  
*FOR THE YEAR ENDED AUGUST 31, 2020*

Program

Corrective Action Required

N/A

No corrective action required

**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

**EXHIBIT K-1**

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients
			Federal Expenditures
<u>U. S. Department of Health and Human Services</u>			
Passed Through Texas Health & Human Services Commission			
Medicaid Administration Claiming Program	93.778	529-07-0157 -00176	\$ --
Total U. S. Department of Health and Human Services			\$ 16,760
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010A	20610101205902	--
IDEA-B Cluster:			
IDEA-B Formula	84.027A	206600012059026600	--
IDEA-B Preschool	84.173A	206610012059026610	--
IDEA-B High Cost	84.027A	66002006	--
Total IDEA-B Cluster			919,870
Career and Technical - Basic Grant	84.048A	20420006205902	--
2019-2020 Perkins Reserve	84.048A	20420006205902	--
Total CFDA Number 84.048A			71,280
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	20694501205902	--
Title III Part A English Language Acquisition and Language Enhancement	84.365A	20671001205902	--
ESSER Grant	84.425D	20521001205902	--
Federally Funded Special Revenue Funds	84.424A	20680101205902	--
Total Passed Through State Department of Education			2,382,048
Total U. S. Department of Education			2,382,048
<u>U. S. Department of Agriculture</u>			
Passed Through Texas Department of Agriculture:			
Child Nutrition Cluster			
School Breakfast Program	10.553	045339462	--
National School Lunch Program	10.555	045339462	--
Summer Feeding Program *	10.559	045339462	--
Total Child Nutrition Cluster			2,039,889
Commodity Supplemental Food Program	10.565	045339462	--
Total Passed Through Texas Department of Agriculture			2,236,793
Total U. S. Department of Agriculture			2,236,793
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 4,635,601</b>

The accompanying notes are an integral part of this schedule.



**GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2020**

Federal Assistance Reconciliation

Federal Grants and Contracts Revenues per Exhibit C-2	3,275,113
Add: Child Nutrition Program Revenues reported in Enterprise Fund Exhibit D-2	1,794,084
Less: School Health & Related Services (SHARS) Revenues reported in General Fund	<u>(433,596)</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>4,635,601</u>

Basis of Presentation

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

Summary of Significant Accounting Policies

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

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