GAINESVILLE
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT FOR THE

YEAR ENDED AUGUST 31, 2023

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2023

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CERTIFICATE OF BOARD

Gainesville Independent School District	Cooke	049901
Name of School District	County	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, 2023, at a meeting of the Board of Trustees of such school district on the 24th day of January 2024.

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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Members:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

HANKINS, EASTUP, DEATON, TONN, SEAY & SCARBOROUGH
A Limited Liability Company
CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977

TEL. (940) 387-8563
FAX (940) 383-4746

Independent Auditor's Report

Gainesville Independent School District
Gainesville, Texas

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Gainesville Independent School District as of and for the year ended August 31, 2023 and the related notes to the financial statements, which collectively comprise Gainesville Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Gainesville Independent School District as of August 31, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financials section of our report. We are required to be independent of Gainesville Independent School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Gainesville Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Gainesville Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gainesville Independent School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters we identified in the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 13 and the Teacher Retirement System schedules on page 52 through 60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gainesville Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements, the required TEA schedules listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual nonmajor fund financial statements, the required TEA schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 24, 2024 on our consideration of Gainesville Independent School District's internal control over financial reporting and on our tests of the 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 Gainesville Independent School 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 Gainesville Independent School District's internal control over financial reporting and compliance.

Hankins Eastup Deaton Tonn Seay & Scarborough, LLC

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

January 24, 2024

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023
(UNAUDITED)

As management of Gainesville Independent School District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2023. Please read this narrative in conjunction with the independent auditors' report on page 5, and the District's Basic Financial Statements that begin on page 17.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of Gainesville Independent School District exceeded its liabilities and deferred inflows at the close of the most recent fiscal period by $42,572,186 (net position).

- The District's total net position increased by $5,456,754 during the fiscal year from the results of current year operations.

- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of $27,191,842. Over 93% of this total amount ($25,376,649) is unassigned and available for use within the District's commitments and policies.

- At the end of the current fiscal period, the unassigned fund balance of the general fund of $25,376,649 is 98.6% of non-capital general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 17 and 18). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 19) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District. The District has no component units for which it is financially accountable.

The notes to the financial statements (starting on page 27) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. The section labeled Federal Awards Section contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 17. Its primary purpose is to show whether the financial position of the District is improving or deteriorating as a result of the year's activities. The Statement of Net Position includes all the District's assets and deferred inflows and liabilities at the end of the year while the Statement of Activities includes all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting (the basis used by private sector companies).

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

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

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

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

· Business-type activities–Activities in which the District charges a fee to "customers" to help it cover all or most of the cost of services it provides are reported here. During the year ended August 31, 2023 the District had no business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The fund financial statements begin on page 19 and provide detailed information about the most significant funds–not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities).

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- ***Governmental funds.*** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District maintains twenty-two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the other twenty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 19 through 22 of this report.

- ***Proprietary funds.*** The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. Enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The District currently has no enterprise funds The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities–such as a workers compensation self-insurance program. The District currently has no internal service funds or enterprise funds.

- ***Fiduciary funds.*** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the custodian, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Fund Net Position that can be found on pages 24 and 25. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis presents both current and prior year data and discuss significant changes in the accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

Net position of the District's governmental activities increased by $5,456,754 during the fiscal year from the results of current year operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was a $6,626,452 at August 31, 2023. The increase in net position from current operations was the result of several factors. First, the District's revenues exceeded expenditures by $8,212,461 (as adjusted for the effects of capital outlay and debt service principal payments.) However, the District recorded depreciation expense, which is a non-cash expense that reduces the value of District assets, in the amount of $3,032,703. Also, various adjustments totaling $276,996 were posted to revenues and expenses to account for prepaid expenses, interest accruals and tax revenues earned during the period under the full accrual method of accounting.

Table I
NET POSITION

	Governmental Activities		
	2023	2022	Change
Current and other assets	$ 31,292,291	$ 27,227,004	$ 4,065,287
Capital assets	55,876,798	55,458,957	417,841
Total assets	87,169,089	82,685,961	4,483,128
Deferred outflows of resources	16,023,047	6,676,473	9,346,574
Long-term liabilities	39,829,602	35,895,204	3,934,398
Other liabilities	5,360,942	4,387,620	973,322
Total liabilities	45,190,544	40,282,824	4,907,720
Deferred inflows of resources	15,429,406	11,964,178	3,465,228
Net Position:			
Net investments in capital assets	34,187,756	31,870,006	2,317,750
Restricted	1,757,978	1,549,131	208,847
Unrestricted	6,626,452	3,696,295	2,930,157
Total Net Position	$ 42,572,186	$ 37,115,432	$ 5,456,754

Table II
CHANGES IN NET POSITION

	Governmental Activities		
	2023	2022	Change
Revenues:			
Program Revenues:			
Charges for services	$ 314,314	$ 336,186	$ (21,872)
Operating grants and contributions	11,175,874	12,357,099	(1,181,225)
General Revenues:			
Maintenance and operations taxes	16,486,550	14,635,280	1,851,270
Debt service taxes	1,369,649	1,193,292	176,357
State aid - formula grants	14,118,376	15,775,750	(1,657,374)
Interest earnings	1,046,727	144,750	901,977
Miscellaneous	49,760	-	49,760
Total Revenue	44,561,250	44,442,357	118,893
Expenses:			
Instruction, curriculum and media services	22,373,984	20,648,214	1,725,770
Instructional and school leadership	2,559,720	2,501,348	58,372
Student support services	3,142,226	2,972,442	169,784
Food services	2,597,216	2,175,420	421,796
Extracurricular activities	1,695,721	2,078,661	(382,940)
General administration	1,329,023	1,169,394	159,629
Plant maintenance, security & data processing	4,453,279	3,770,157	683,122
Debt services	637,110	827,992	(190,882)
Intergovernmental charges	316,217	275,817	40,400
Total Expenses	39,104,496	36,419,445	2,685,051
Increase (Decrease) in Net Position	5,456,754	8,022,912	(2,566,158)
Net Position - beginning of year	37,115,432	29,090,638	8,024,794
Prior period adjustment	-	1,882	(1,882)
Net Position - end of year	$ 42,572,186	$ 37,115,432	$ 5,456,754

The cost of all governmental activities for the current fiscal period was $39,104,496. As shown in the Statement of Activities on page 18, the amount that our taxpayers ultimately financed for these activities through District taxes was only $17,856,199 because some of the costs were paid by those who directly benefited from the programs ($314,314) or by other governments and organizations that subsidized certain programs with grants and contributions ($11,157,690) or by State equalization funding ($14,118,376).

THE DISTRICT'S FUNDS

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $27,191,842 an increase of $2,904,001 from the prior year. Approximately 94% of this total amount ($25,533,019) constitutes *assigned and unassigned fund balance.* The remainder of fund balance is *nonspendable, restricted or committed* to indicate that it is not available for new spending because it is already restricted or committed for debt service ($426,132) or food service ($1,157,556), or state instructional materials ($17,920), or already spent on inventories ($57,215).

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $25,376,649, while the total fund balance was $25,433,864. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 86.96% of total general fund expenditures, while the total fund balance represents 87.16% of that same amount.

The fund balance of the District's general fund increased by $2,890,777 during the current fiscal year compared to a $4,903,068 increase in the prior year. Key factors related to this change are as follows:

- State per capita and Foundation revenue was $1,657,374 or 10.51% lower than state funding revenue of the prior year, while property tax revenue was $1,702,283 or 11.62% higher. Expenditures were $2,489,254 or 9.33% higher, however, primarily due to significantly more capital outlay and transportation costs.

The debt service fund has a total fund balance of $426,132, all of which is restricted for the payment of debt service. The net decrease in fund balance during the period was $3,503 compared to a $40,035 increase in the prior year. Property tax revenue was $163,485 higher, and State EDA revenue was $96,273 higher, allowing $289,645 less to be transferred from the general fund to cover expenditures.

Over the course of the year, the Board of Trustees revised the District's budget as needed. Budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August, 2022). The second category includes changes that the Board made during the year to reflect new information regarding revenue sources and expenditure needs. The principal amendment in this case was an increase in the anticipated amount of State funding to be received. The third category involves amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of $25,433,864 reported on page 19 differs from the General Fund's budgetary fund balance of $23,542,836 reported in the budgetary comparison schedule on page 23. Actual expenditures were comparable to $2,943,773 or 9.16% below the revised final budget but actual revenues were $262,745 or 0.79% above the revised final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2023, the District had $55,876,798 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of $417,841, or 0.75%, above last year.

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Debt Administration

At year-end, the District had $22,699,740 in bonds, notes, capital leases and right-to-use leases outstanding (including accreted interest on bonds) versus $24,686,754 last year–a decrease of 9.08%. No new debt was incurred during the fiscal period. The District's underlying rating A+ according to S & P Global Ratings but is considered AAA as a result of guarantees of the Texas Permanent School Fund.

More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials consider many factors when setting annual operating budgets and tax rates including population growth, projected student enrollments, labor markets, and the state of the overall economy.

On August 21, 2023, the Board of Trustees voted to approve the 2023-24 operating budget for its general fund; budgeted revenues are $32,104,605 and budgeted expenses are $32,104,605.

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 funds the District receives. If you have questions about this report or need additional financial information, contact the District's business office, at Gainesville Independent School District, 800 S. Morris, Gainesville, Texas 76240.

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BASIC FINANCIAL STATEMENTS

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GAINESVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2023

Data Control Codes		Primary Government: Governmental Activities
ASSETS		
1110	Cash and Cash Equivalents	$ 27,424,746
1220	Property Taxes - Delinquent	604,461
1230	Allowance for Uncollectible Taxes	(30,223)
1240	Due from Other Governments	3,188,343
1290	Other Receivables, Net	47,749
1300	Inventories	57,215
	Capital Assets:	
1510	Land	2,003,821
1520	Buildings, Net	49,397,314
1530	Furniture and Equipment, Net	2,044,274
1550	Right-to-Use Leased Assets, Net	134,651
1580	Construction in Progress	2,296,738
1000	Total Assets	87,169,089
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred Charge for Refunding	1,010,698
1705	Deferred Outflow Related to TRS Pension	10,120,145
1706	Deferred Outflow Related to TRS OPEB	4,892,204
1700	Total Deferred Outflows of Resources	16,023,047
LIABILITIES		
2110	Accounts Payable	1,466,273
2140	Interest Payable	91,997
2150	Payroll Deductions and Withholdings	(4,214)
2160	Accrued Wages Payable	1,917,079
2180	Due to Other Governments	1,448
2200	Accrued Expenses	84,635
	Noncurrent Liabilities:	
2501	Due Within One Year: Loans, Note, Leases, etc.	1,803,724
	Due in More than One Year:	
2502	Bonds, Notes, Loans, Leases, etc.	20,896,016
2540	Net Pension Liability (District's Share)	12,463,574
2545	Net OPEB Liability (District's Share)	6,470,012
2000	Total Liabilities	45,190,544
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflow Related to TRS Pension	4,730,951
2606	Deferred Inflow Related to TRS OPEB	10,698,455
2600	Total Deferred Inflows of Resources	15,429,406
NET POSITION		
3200	Net Investment in Capital Assets and Right-to-Use Lease Assets	34,187,756
	Restricted:	
3820	Restricted for Federal and State Programs	1,175,476
3850	Restricted for Debt Service	426,132
3870	Restricted for Campus Activities	156,370
3900	Unrestricted	6,626,452
3000	Total Net Position	$ 42,572,186

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

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		1	Program Revenues 3	4	Net (Expense) Revenue and Changes in Net Position 6
		Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:					
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	$ 20,577,804	$ 58,005	$ 5,601,892	$ (14,917,907)
12	Instructional Resources and Media Services	756,883	35,263	358,886	(362,734)
13	Curriculum and Instructional Staff Development	1,039,297	-	558,910	(480,387)
21	Instructional Leadership	757,462	60,043	472,272	(225,147)
23	School Leadership	1,802,258	-	472,571	(1,329,687)
31	Guidance, Counseling, and Evaluation Services	1,078,908	-	289,477	(789,431)
32	Social Work Services	296,788	-	-	(296,788)
33	Health Services	429,828	-	156,201	(273,627)
34	Student (Pupil) Transportation	1,296,702	-	124,478	(1,172,224)
35	Food Services	2,597,216	105,531	2,559,008	67,323
36	Extracurricular Activities	1,695,721	49,760	90,649	(1,555,312)
41	General Administration	1,329,023	-	169,919	(1,159,104)
51	Facilities Maintenance and Operations	4,115,801	5,712	226,020	(3,884,069)
52	Security and Monitoring Services	36,092	-	-	(36,092)
53	Data Processing Services	291,143	-	95,591	(195,552)
61	Community Services	10,243	-	-	(10,243)
72	Debt Service - Interest on Long-Term Debt	661,223	-	-	(661,223)
73	Debt Service - Bond Issuance Cost and Fees	15,887	-	-	(15,887)
99	Other Intergovernmental Charges	316,217	-	-	(316,217)
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 39,104,496	$ 314,314	$ 11,175,874	(27,614,308)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	16,486,550
DT	Property Taxes, Levied for Debt Service	1,369,649
GC	Grants and Contributions not Restricted	14,118,376
IE	Investment Earnings	1,046,727
MI	Miscellaneous Local and Intermediate Revenue	49,760
TR	Total General Revenues	33,071,062
CN	Change in Net Position	5,456,754
NB	Net Position - Beginning	37,115,432
NE	Net Position - Ending	$ 42,572,186

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

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes		10 General Fund	Other Funds	Total Governmental Funds
	ASSETS			
1110	Cash and Cash Equivalents	$ 25,300,890	$ 2,123,856	$ 27,424,746
1220	Property Taxes - Delinquent	549,279	55,182	604,461
1230	Allowance for Uncollectible Taxes	(27,464)	(2,759)	(30,223)
1240	Due from Other Governments	1,265,434	1,922,909	3,188,343
1260	Due from Other Funds	1,350,838	-	1,350,838
1290	Other Receivables	14,865	32,884	47,749
1300	Inventories	57,215	-	57,215
1000	Total Assets	$ 28,511,057	$ 4,132,072	$ 32,643,129
	LIABILITIES			
2110	Accounts Payable	$ 1,125,004	$ 341,269	$ 1,466,273
2140	Interest Payable - Current	-	60,992	60,992
2150	Payroll Deductions and Withholdings Payable	(4,214)	-	(4,214)
2160	Accrued Wages Payable	1,405,829	511,250	1,917,079
2170	Due to Other Funds	-	1,350,838	1,350,838
2180	Due to Other Governments	-	1,448	1,448
2200	Accrued Expenditures	28,760	55,875	84,635
2000	Total Liabilities	2,555,379	2,321,672	4,877,051
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	521,814	52,422	574,236
2600	Total Deferred Inflows of Resources	521,814	52,422	574,236
	FUND BALANCES			
	Nonspendable Fund Balance:			
3410	Inventories	57,215	-	57,215
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	1,175,476	1,175,476
3480	Retirement of Long-Term Debt	-	426,132	426,132
	Assigned Fund Balance:			
3590	Other Assigned Fund Balance	-	156,370	156,370
3600	Unassigned Fund Balance	25,376,649	-	25,376,649
3000	Total Fund Balances	25,433,864	1,757,978	27,191,842
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 28,511,057	$ 4,132,072	$ 32,643,129

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

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AUGUST 31, 2023

EXHIBIT C-2

	Total Fund Balances - Governmental Funds	$	27,191,842
1	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		103,054,095
2	Accumulated depreciation is not reported in the fund financial statements.		(47,177,297)
3	The District participates in the TRS-Care plan for retirees through TRS. The District's share of the TRS plan resulted in a net OPEB liability of $6,470,012, a deferred outflow of $4,892,204 and a deferred inflow of $10,698,455. This resulted in a difference between the ending fund balance and the ending net position of $12,276,263.		(12,276,263)
4	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB68. The net position related to TRS included a deferred resource outflow in the amount of $10,120,145, a deferred resource inflow in the amount of $4,730,951 and a net pension liability in the amount of $12,463,574. This resulted in a difference between the ending fund balance and the ending net position of $7,074,380.		(7,074,380)
5	Accumulated accretion on capital appreciation bonds is not reported in the fund financial statements.		(122,709)
6	Interest is accrued on the outstanding debt in the government-wide financial statements, whereas in the fund financial statement interest expense is reported when due.		(31,005)
7	Property tax revenue reported as unavailable in the fund financial statements was recognized as revenue in the government-wide financial statements.		574,236
8	Bonds payable, notes payable, capital leases payable and right-to-use leases are not reported in the fund financial statements.		(21,350,349)
9	Bond premium and discount is not recognized in the fund financial statements.		(1,226,682)
10	Deferred loss on bond refunding is not recognized in the fund financial statements.		1,010,698
19	**Net Position of Governmental Activities**	$	42,572,186

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

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		10 General Fund	Other Funds	Total Governmental Funds
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 17,122,888	$ 1,613,319	$ 18,736,207
5800	State Program Revenues	15,149,963	245,827	15,395,790
5900	Federal Program Revenues	588,784	10,917,298	11,506,082
5020	Total Revenues	32,861,635	12,776,444	45,638,079
	EXPENDITURES:			
	Current:			
0011	Instruction	12,910,225	5,256,688	18,166,913
0012	Instructional Resources and Media Services	667,882	140,340	808,222
0013	Curriculum and Instructional Staff Development	271,995	763,480	1,035,475
0021	Instructional Leadership	536,973	257,499	794,472
0023	School Leadership	1,497,710	404,219	1,901,929
0031	Guidance, Counseling, and Evaluation Services	859,564	286,337	1,145,901
0032	Social Work Services	319,086	-	319,086
0033	Health Services	146,492	296,458	442,950
0034	Student (Pupil) Transportation	769,953	603,956	1,373,909
0035	Food Services	549	2,502,708	2,503,257
0036	Extracurricular Activities	1,707,487	54,369	1,761,856
0041	General Administration	1,151,186	226,945	1,378,131
0051	Facilities Maintenance and Operations	3,918,234	379,879	4,298,113
0052	Security and Monitoring Services	43,423	-	43,423
0053	Data Processing Services	231,942	81,981	313,923
	Debt Service:			
0071	Principal on Long-Term Liabilities	349,732	1,490,000	1,839,732
0072	Interest on Long-Term Liabilities	32,304	792,474	824,778
0073	Bond Issuance Cost and Fees	-	15,887	15,887
	Capital Outlay:			
0081	Facilities Acquisition and Construction	3,449,904	-	3,449,904
	Intergovernmental:			
0099	Other Intergovernmental Charges	316,217	-	316,217
6030	Total Expenditures	29,180,858	13,553,220	42,734,078
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	3,680,777	(776,776)	2,904,001
	OTHER FINANCING SOURCES (USES):			
7915	Transfers In	-	790,000	790,000
8911	Transfers Out (Use)	(790,000)	-	(790,000)
7080	Total Other Financing Sources (Uses)	(790,000)	790,000	-
1200	Net Change in Fund Balances	2,890,777	13,224	2,904,001
0100	Fund Balance - September 1 (Beginning)	22,543,087	1,744,754	24,287,841
3000	Fund Balance - August 31 (Ending)	$ 25,433,864	$ 1,757,978	$ 27,191,842

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

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	$	2,904,001
Current year capital asset additions are expenditures in the fund financial statement but shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year capital asset additions is to increase net postition.		3,450,544
Current year principal payments on debt are expenditures in the fund financial statements, but they are shown as reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 debt principal payments is to increase net position.		1,839,732
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(3,032,703)
Current year amortization of the premium/discount on bonds payable is not recorded in the fund financial statements, but is shown as a reduction in interest expense in the government-wide financial statements.		142,563
Current year amortization of the deferred loss on bond refunding is not recorded in the fund financial statements, but is shown as an increase in interest expense in the government-wide financial statements.		(87,106)
Current year accretion on capital appreciation bonds is not recorded in the fund financial statements, but is shown as an increase in interest expense in the government-wide financial statements.		4,719
Revenues from property taxes are shown as unavailable in the fund financial statements until they are considered available to finance current expenditures. Such revenue is recognized when assessed, net of an allowance for uncollectible amounts in the government-wide financial statements.		151,938
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resources outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by $1,148,631. The proportionate share of the TRS pension expense on the plan as a whole had to be recorded, which decreased the net position by $1,808,272. The net result is a decrease in net position.		(659,641)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resources outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by $280,896. The proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded, which decreased net position by $1,023,603. The net result is an increase in net position.		742,707
Change in Net Position of Governmental Activities	$	5,456,754

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

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 15,511,424	$ 17,085,000	$ 17,122,888	$ 37,888
5800	State Program Revenues	15,096,047	16,039,380	15,149,963	(889,417)
5900	Federal Program Revenues	1	-	588,784	588,784
5020	Total Revenues	30,607,472	33,124,380	32,861,635	(262,745)
	EXPENDITURES:				
	Current:				
0011	Instruction	13,487,943	13,385,518	12,910,225	475,293
0012	Instructional Resources and Media Services	692,438	692,688	667,882	24,806
0013	Curriculum and Instructional Staff Development	334,562	279,562	271,995	7,567
0021	Instructional Leadership	367,373	570,373	536,973	33,400
0023	School Leadership	1,408,801	1,541,801	1,497,710	44,091
0031	Guidance, Counseling, and Evaluation Services	970,610	925,610	859,564	66,046
0032	Social Work Services	373,625	373,625	319,086	54,539
0033	Health Services	122,124	172,124	146,492	25,632
0034	Student (Pupil) Transportation	651,978	951,978	769,953	182,025
0035	Food Services	-	-	549	(549)
0036	Extracurricular Activities	1,837,808	1,846,808	1,707,487	139,321
0041	General Administration	1,256,008	1,256,008	1,151,186	104,822
0051	Facilities Maintenance and Operations	3,532,917	4,282,917	3,918,234	364,683
0052	Security and Monitoring Services	51,250	101,250	43,423	57,827
0053	Data Processing Services	188,544	243,544	231,942	11,602
	Debt Service:				
0071	Principal on Long-Term Liabilities	212,663	594,068	349,732	244,336
0072	Interest on Long-Term Liabilities	-	18,566	32,304	(13,738)
	Capital Outlay:				
0081	Facilities Acquisition and Construction	3,783,858	4,503,191	3,449,904	1,053,287
	Intergovernmental:				
0099	Other Intergovernmental Charges	335,000	385,000	316,217	68,783
6030	Total Expenditures	29,607,502	32,124,631	29,180,858	2,943,773
1100	Excess of Revenues Over Expenditures	999,970	999,749	3,680,777	2,681,028
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	1,000,000	1,000,000	-	(1,000,000)
8911	Transfers Out (Use)	(1,000,000)	(1,000,000)	(790,000)	210,000
7080	Total Other Financing Sources (Uses)	-	-	(790,000)	(790,000)
1200	Net Change in Fund Balances	999,970	999,749	2,890,777	1,891,028
0100	Fund Balance - September 1 (Beginning)	22,543,087	22,543,087	22,543,087	-
3000	Fund Balance - August 31 (Ending)	$ 23,543,057	$ 23,542,836	$ 25,433,864	$ 1,891,028

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

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2023

	Total Custodial Funds
ASSETS	
Cash and Cash Equivalents	$ 80,874
Total Assets	80,874
NET POSITION	
Unrestricted Net Position	80,874
Total Net Position	$ 80,874

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

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

	Total Custodial Funds
ADDITIONS:	
Miscellaneous Revenue - Student	$ 88,327
Total Additions	88,327
DEDUCTIONS:	
Supplies and Materials	91,149
Total Deductions	91,149
Change in Fiduciary Net Position	(2,822)
Total Net Position - September 1 (Beginning)	83,696
Total Net Position - August 31 (Ending)	$ 80,874

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

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gainesville Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. A seven-member Board of Trustees (the Board), elected by registered voters of the District, is the governing body of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Boards (GASB) and other authoritative sources identified in **GASB** Statement No. 76, and the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA) *Financial Accountability System Resource Guide* ("Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board is elected by the public, and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the GASB in its Statement No. 14, *The Reporting Entity.* There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all the District's nonfiduciary activities with most of the interfund activities removed.
Governmental activities include programs supported primarily by tax revenues, State foundation funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The District has no *business-type activities.*

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

Interfund activities between governmental funds and between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds and between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

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

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar

items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Texas are recognized under the *susceptible-to-accrual* concept, when they are both measurable and available. The District considers these revenues "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned, since they are both measurable and available.

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

Fiduciary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognized revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

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

FUND ACCOUNTING

The District reports the following major governmental funds:

- The **General Fund** is the District's primary operating fund. It accounts for all financial resources, except those that are required to be accounted for in another fund.

Additionally, the District reports the following fund types:

Governmental Funds:

- **Special Revenue Funds** account for resources restricted to, or designated for, specific purposes by the District or a granter. Most Federal and some State financial assistance are accounted for in Special Revenue Funds. Sometimes, unused balances must be returned to the granter at the close of specified project periods.
- **Debt Service Fund** accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Fiduciary Funds:

- **Custodial Funds** account for resources held for others in a custodial capacity in custodial funds which include accounting for activities for student groups and other organizational activities. Custodial Funds report fiduciary activities for which there is no trust or equivalent arrangement. If any unused resources are declared surplus by the student groups, they are transferred to the General Fund with a recommendation to the Board for appropriation utilization through a budgeted program.

D. OTHER ACCOUNTING POLICIES

1. **Cash and cash equivalents** - The District's cash and cash equivalents are cash on hand, demand deposits, and highly liquid investments, which are investments with original maturities of three months or less from date of acquisition.

2. **Inventories** - The District reports inventories of supplies such as consumable maintenance, instruction, office, athletic, and transportation items valued at original cost.

3. **Long-term debt** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which is not significantly different from the effective interest method. Bonds payables are reported net of the applicable bond premium or discount. Bond issuance costs are expenses at time of bond issuance.

   In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

4. **Compensated absences** - It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government. At August 31, 2023, the District had no material liability for accrued personal leave.

5. **Capital assets** - Capital assets, which include land, buildings, building improvements, and furniture and equipment, are reported in the applicable governmental activities' columns in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

   The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

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

Buildings & Building Improvements	39 Years
Infrastructure	50 Years

Vehicles	5-7 Years
Office Equipment	3-10 Years
Computer Equipment	3.5 Years

6. **Right of Use Assets and Liabilities** - GASB Statement 87, Leases created new financial statement accounts "Right of Use" assets and similar offsetting liabilities. A "right of use" asset accounts for the net present value of future payments attached to a leased asset. Common examples of"Right of Use" assets are copiers and vehicles that the District does not take ownership of but uses under the lease agreement. The assets value will be amortized using the straight-line method. The liability offsetting the "Right of Use" is presented as lease payable.

   The District has no restrictions on capital assets.

7. **Fund balances** - According to the District's fund balance policy, fund balance is comprised of the following components:

   - **Nonspendable** - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District had a nonspendable fund balance for inventory ($57,215).
   - **Restricted** - Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws of regulations of other governments. The District had restricted fund balances for federal and state programs ($1,193,660) and retirement of long-term debt ($426,132).
   - **Committed** - Amounts that can be used only for specific purposes determined by a formal action by Board of Trustees policy or resolution. This includes the budget reserve account. At August 31, 2023, the District had no committed fund balances.
   - **Assigned** - Amounts that are designated by the District for a specific purpose but are not spendable until a budget ordinance is passed by the Board of Trustees. At August 31, 2023, the District had assigned fund balance in the amount of $156,370 related to the campus activity funds and education foundation.
   - **Unassigned** - All amounts not included in other spendable classifications.

   As discussed below, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Board of Trustees or the assignment has been changed by the District. Decreases to fund balance first reduce Unassigned Fund Balance; if Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order. The details of fund balances are included in the Governmental Funds Balance Sheet, Exhibit C-1.

8. **Net position** - When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first, unless unrestricted assets will have to be returned because they were not used.

9. **Deferred Outflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources,* represents a consumption of net position that applies to a future period and so **will** not be recognized as an outflow of resources until then.

10. **Deferred Inflows of Resources** - In addition to liabilities, the Statement of Financial Position will sometimes report a separate section deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applied to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property truces which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide Statement of Net Position.

11. **Data control codes** - The data control codes refer to the account code structure prescribed by TEA in the FASRG. TEA requires school districts to display these codes in the financial statements filed with the Agency to ensure accuracy in building a statewide database for policy development and funding plans.

12. **Risk Management** - The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, error and omissions, injuries to employees, and natural disasters. During fiscal year 2023, 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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board adopts an "appropriated budget" on a basis consistent for GAAP for the General Fund, Debt Service Fund, and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted original and final amended budgeted revenues and expenditures compared to actual revenues and expenditures for each of these funds. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-2 and J-3.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20th, the District prepares a budget for the next succeeding fiscal year beginning September 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is called for the purpose of adopting the proposed budget. At least ten days, but not more than 30 days, public notice of the meeting is required.
3. Prior to September 1st, the Board legally enacts the budget through passage of a resolution. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end. Because the District has a policy of careful budgetary control, there were no significant budget amendment.
4. Each budget 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.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The Texas Education Agency requires the budgets for the Governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in two functional categories for the year ended August 31, 2023.

C. DEFICIT FUND EQUITY

There are no deficit fund balances in the current year.

III. DETAILED NOTES ON ALL FUNDS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

District Policies and Legal and Contractual Provisions Concerning Deposits

- *Custodial Credit Risk for Deposits* - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. As of August 31, 2023, the District's bank balances totaled $27,424,746. This entire amount was either collateralized with securities held by the District's financial institution's agent in the District's name or covered by FDIC insurance. Thus, the District's deposits are not exposed to custodial credit risk.

- *Foreign Currency Risk* - The District does not make investments that have foreign currency risk.

Cash Deposits

At August 31, 2023, the following are the District's cash and cash equivalents (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1 Year	Maturity in 1-10 Years	Maturity in Over 10 Years	Credit Rating
Cash	$27,424,746	100%	$ 27,424,746	$ -	$ -	n/a

Investments

District Policies and Legal and Contractual Provisions Concerning Investments

Compliance with the Public Funds Investment Act

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

Statutes authorize the District to invest in (I) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or insured certificates of deposit issued by state and national banks domiciled in the State of Texas; (3) obligations of state, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and its fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. 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.

In compliance with the Public Funds Investments Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

- *Credit Risk* - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in obligations of the U.S. Treasury or its agencies and instrumentalities; direct obligations of the state of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the state of Texas, the United states or their respective agencies and instrumentalities; including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or by the explicit full faith and credit of the United States; obligations of states agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating not less than A or its equivalent; and bonds issued, assumed , or guaranteed by the state of Israel as per Texas Statute Government Code 2256.009. Additionally, the District authorized investments in; certificates of deposit; fully collateralized repurchase agreements; certain securities lending programs; certain bankers' acceptances; certain commercial paper; certain no-load market mutual funds; certain no-load mutual funds; guaranteed investment contracts; and public funds investment pools. As of August 31, 2023, the District had no investments. and therefore, was not exposed to credit risk.

- *Custodial Credit Risk (or Investments* - To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. As of August 31, 2023, the District had no investments. and therefore, was not exposed to custodial credit risk.
- *Concentration of Credit Risk* - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District shall diversify in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuers. As of August 31, 2023, the District had no investments, and therefore was not exposed to the concentration of custodial credit risk.
- *Interest Rate Risk* - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District shall use final and weighted-average maturity limits and diversification. The District shall monitor interest rate risk using weighted-average maturity and specific identification. At August 31, 2023, the District had no investments and therefore was not exposed to interest rate risk.
- *Foreign Currency Risk* - The District does not make investments that have foreign currency and therefore is not exposed to foreign currency risk.

The District has no investments measured at Net Asset Value (NA V) per Share (or its equivalent).

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which it was imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on 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.

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at August 31, 2023, consisted of the following individual fund balances:

Due To General Fund From:	Amount	Purpose
Nonmajor Funds:		
Head Start	$ 174,783	Grant funds expended, not received at year-end
IDEA Part B, Formula	111,317	Grant funds expended, not received at year-end
Career and Technical Basic Grant	18,577	Grant funds expended, not received at year-end
ESEA II, A Training and Recruiting	64,955	Grant funds expended, not received at year-end
ESEA I A, Improving Basic Programs	361,891	Grant funds expended, not received at year-end
ARP ESSER III	43,751	Grant funds expended, not received at year-end
ESEA Title IV, P&A	44,323	Grant funds expended, not received at year-end
Math Academies	12	Grant funds expended, not received at year-end
GISD Education Foundation	31,526	Grant funds expended, not received at year-end
Title III, A English Lang Acquisition	12,610	Grant funds expended, not received at year-end
IDEA B Formula ARP	142,896	Grant funds expended, not received at year-end
IDEA B Preschool ARP	9,519	Grant funds expended, not received at year-end
Other Federal Special Revenues	334,678	Grant funds expended, not received at year-end
Total Due To General Fund	$ 1,350,838	

The interfund transfers for the year ended August 31, 2023 as follows:

Transfer from General Fund To:	Amount	Reason
Nonmajor Funds:		
Debt Service Fund	$ 790,000	To supplement debt service payments

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2023, were as follows:

Governmental Funds	General Fund	Nonmajor Funds	Total Receivables
Property Taxes	$ 549,279	$ 55,182	$ 604,461
Less Allowance for Uncollectible	(27,464)	(2,759)	(30,223)
Other Government	1,265,434	1,922,909	3,188,343
Other Funds	1,350,838		1,350,838
Other	14,865	32,884	47,749
	$ 3,152,952	$ 2,008,216	$ 5,161,168

Payables at August 31, 2023, were as follows:

Governmental Funds	Custodial Fund	Fiduciary Fund	Statement of Net Position	Nonmajor	Total Payables
Interest Payable	$ -	$ 60,992	$ -	$ -	$ 60,992
Accounts Payable	1,125,004	341,269	-	-	1,466,273
Salaries and Benefits	1,401,075	511,250	-	-	1,912,325
Due to Other Governments	-	1,448	-	-	1,448
Other Funds	-	1,350,838	-	-	1,350,838
	$ 2,526,079	$ 2,265,797	$ -	$ -	$ 4,791,876

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2023, was as follows:

	Balance September 1	Additions/ Completions	Retirement/ Adjustments	Balance August 31
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 2,003,821	$ -	$ -	$ 2,003,821
Construction in Progress	864,639	2,296,738	(864,639)	2,296,738
Total capital assets, not being depreciated	2,868,460	2,296,738	(864,639)	4,300,559
Capital assets, being depreciated:				
Building and Improvements	88,101,972	1,436,604	-	89,538,576
Furniture and Equipment	8,265,380	581,841	-	8,847,221
Right of Use Leases	367,539	-	-	367,539
Total capital assets, being depreciated	96,734,891	2,018,445	-	98,753,336
Less accumulated depreciation for:				
Building and Improvements	(37,812,735)	(2,328,527)	-	(40,141,262)
Right of Use Leases	(6,170,926)	(632,221)	-	(6,803,147)
Furniture and Equipment	(160,933)	(71,955)	-	(232,888)
Total accumulated depreciaton	(44,144,594)	(3,032,703)	-	(47,177,297)
Total capital assets being depreciated, net	52,590,297	(1,014,258)	-	51,576,039
Governmental activities capital assets, net	$ 55,458,757	$ 1,282,480	$ (864,639)	$ 55,876,598

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
Instruction	$1,488,676
Instructional Resources & Media Services	15,466
School Leadership	15,698
Guidance, Counseling and Evaluation Services	10,965
Health Services	10,579
Student (Pupil) Transportation	334,802
Food Services	120,262
Extracurricular Activities	738,649
General Administration	5,044
Plant Maintenance and Operations	251,602
Security and Monitoring Services	17,308
Data Processing Services	23,652
Total depreciation expense-Governmental activities	$3,032,703

G. BONDS AND LONG-TERM DEBT

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Capital leases are also reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the General Fund.

A summary of changes in general long-term debt for the year ended August 31, 2023, is as follows:

Issue	Interest Rates	Original Issue Amount	Interest Current Year	Amounts Outstanding 9/1/2022	Issued	Retired/ Refunded	Amounts Outstanding 8/31/2023	Due Within One Year
Bonds:								
Series 2013, Refunding	3%-3.5%	$7,135,000	$349,088	$ 6,920,000	$ -	$ (5,000)	$ 6,915,000	$ 5,000
Series 2014, Refunding	3%-4%	9,050,000	296,125	8,410,000	-	(145,000)	8,265,000	145,000
Series 2014A, Refunding	3%	3,795,000	84,750	2,590,000	-	(490,000)	2,100,000	490,000
Series 2015, Refunding	2.25-3%	8,695,000	108,200	3,915,000	-	(850,000)	3,065,000	850,000
Total Bonds Payable			838,163	21,835,000	-	(1,490,000)	20,345,000	1,490,000
Notes Payable:								
Maintenance Tax Notes 2013	42%-3.2%	1,770,000	18,524	595,979	-	(99,000)	496,979	99,000
Total Notes Payable		1,486,979	18,524	595,979	-	(99,000)	496,979	99,000
Capital Leases Payable:								
FSB Bus Lease	3.39%	448,768	5,846	96,622	-	(96,622)	-	96,622
Energy Conservation Project	1.07%	523,214	4,073	476,040	-	(63,480)	412,560	63,485
Total Capital Leases			9,919	572,662	-	(160,102)	412,560	160,107
Right of Use Leases				186,440	-	(90,239)	96,201	90,635
Total Bonds, Notes, Cap Leases and Riehl to Use Leases			$866,606	$23,190,081	$ -	$ (1,839,341)	$21,350,740	$ 1,839,742
Unamortized Premium on Bonds				1,369,245	-	(142,563)	1,226,682	-
Accreted Interest Payable				127,428	-	(4,719)	122,709	-
Total Long Term Debt A-1				24,686,754	-	(1,986,623)	22,700,131	$ 1,839,742
Net Pension Liability				$ 4,416,400	$9,026,814	$ (979,640)	$12,463,574	
Net OPEB Liability				$ 8,631,799	$2,055,847	$ (4,217,634)	$ 6,470,012	

Accreted Interest Payable

A portion of the 2013 refunding bonds consisted of capital appreciation bonds (CABS). These bonds are zero- coupon bonds with deep discounts. The difference between the initial price of the bonds plus the premium on the CABS and the maturity value represents interest. This interest is accreted over the tenure of the bonds and is recorded as a liability in the District's financial statements. The schedule above summarizes the changes in accreted interest payable during the year ended August 31, 2023.

H. DEBT SERVICE REQUIREMENTS - BONDS

Debt service requirements for bonds, tax notes and capital leases are as follows:

Year Ended August 31,	Principal	Interest	Total
2024	$ 1,804,715	$ 644,038	$ 2,448,753
2025	1,473,867	601,636	2,075,503
2026	1,514,565	560,306	2,074,871
2027	1,550,269	517,417	2,067,686
2028	1,592,960	473,863	2,066,823
2029-2033	7,978,973	1,589,086	9,568,059
2034-2036	5,435,000	263,106	5,698,106
Total	$ 21,350,349	$ 4,649,452	$ 25,999,801

There are several limitations and restrictions contained in the general obligation bond indenture and the tax note indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2023.

I. DUE FROM STATE AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to finance certain activities partially or fully. 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, 2023, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies.

	General Fund	Non-Major Funds	Total
State Entitlements	$ 1,265,434	$ 41,202	$ 1,306,636
Federal Grants	-	1,881,707	1,881,707
Total	$ 1,265,434	$ 1,922,909	$ 3,188,343

J. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	Governmental Funds		
	General Fund	Nonmajor Funds	Totals
Property Taxes	$ 16,217,569	$ 1,343,847	$ 17,561,416
Penalties and Interest On Property Taxes	126,782	16,063	142,845
Investment Income	622,959	-	622,959
Rent	500	-	500
Food Sales	-	126,424	126,424
Co-curricular Student Activities	49,760	-	49,760
Miscellaneous	105,318	126,985	232,303
	$ 17,122,888	$ 1,613,319	$ 18,736,207

K. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

A State minimum personal leave program consisting of five days per year of personal leave, with no limit on accumulation and no restrictions on transfer among districts, is provided for District employees. All employees who are eligible for State personal leave also earn an additional five workdays of local sick leave per year. Local sick leave is cumulative subject to continuous employment with the District. Full-term employees (employees with 12-month appointments) are not eligible for paid vacation leave.

The District has not recorded a liability for accumulated sick leave since the amount is not considered material.

L. PENSION PLAN

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

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

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

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

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. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

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

	2022	2023
Member	8.0%	8.0%
Non-Employer Contributing Entity (State)	7.75%	8.0%
Employers	7.75%	8.0%

Gainesville ISD FY2023 Employer Contributions	$1,148,631
Gainesville ISD FY2023 Member Contributions	$1,636,595
Gainesville ISD FY2023 NECE On-Behalf Contributions	$ 855,535

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

- During a new member's first 90 days of employment.

- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source, from non-educational and general, or local funds.

- All public schools must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.

In addition to the employer contributions listed above, there are 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.

Actuarial Assumptions. The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91%
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. 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 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent 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 7.00%.

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, 2022 are summarized below:

Asset Class	Target Allocation[1]	Long-Term Expected Arithmetic Real Rate of Return[2]	Expected Contribution To Long-Term Portfolio Returns
Global Equity			
U.S.	18%	4.6%	1.12%
Non-U.S. Developed	13%	4.9%	0.90%
Emerging Markets	9%	5.4%	0.75%
Private Equity	14%	7.7%	1.55%
Stable Value			
Government Bonds	16%	1.0%	0.22%
Absolute Return[4]	0%	3.7%	0.00%
Stable Value Hedge Funds	5%	3.4%	0.18%
Real Return			
Real Estate	15%	4.1%	0.94%
Energy, Natural Resources	6%	5.1%	0.37%
Commodities	0%	3.6%	0.00%
Risk Parity			
Risk Parity	8%	4.6%	0.43%
Leverage			
Cash	2%	3.0%	0.01%
Asset Allocation Leverage	-6%	3.6%	-0.05%
Inflation Expectation	-		2.70%
Volatility Drag[3]	-		-0.93%
Total	100%		8.19%

Discount Rate Sensitivity Analysis. The following table presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Gainesville ISD's proportionate share of the net pension liability:	$19,388,674	$12,463,574	$6,850,525

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2023, Gainesville Independent School District reported a liability of $6,874,199 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Gainesville Independent School District. The amount recognized by Gainesville Independent School 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 Gainesville Independent School District were as follows:

District's Proportionate share of the collective net pension liability	$12,463,574
State's proportionate share that is associated with the District	10,884,634
Total	$23,348,208

[1] Target allocations are based on the FY22 policy model.
[2] Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022).
[3] The volatility drag results from the conversion between arithmetic and geometric mean returns.
[4] Absolute Return includes credit sensitive investments.

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.000209939602%, an increase of 21.05% from its proportionate share of 0.000173420266% at August 31, 2021.

Changes Since the Prior Actuarial Valuation – The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

For the year ended August 31, 2023, Gainesville Independent School District recognized pension expense of $1,040,448 and revenue of $1,040,448 for support provided by the State.

At August 31, 2023, Gainesville Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (The amounts shown below will be the cumulative layers from the current and prior years combined.):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 180,721	$ 271,730
Changes in actuarial assumptions	2,322,370	578,799
Difference between projected and actual investment earnings	4,842,599	3,611,238
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,625,824	269,184
Contributions paid to TRS subsequent to the measurement date	1,148,631	-
Total	$10,120,145	$4,730,951

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

Year ended August 31:	Pension Expense Amount
2024	$ 1,148,428
2025	700,941
2026	379,414
2027	1,644,990
2028	366,790
Thereafter	-

M. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS- Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. 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. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

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

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible 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. 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 for Retirees		
	Medicare	**Non-Medicare**
Retiree*	$ 135	$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

* *or surviving spouse*

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public school. 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

	2022	2023
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%**

Gainesville ISD FY23 Employer Contributions	**$280,896**
Gainesville ISD FY23 Member Contributions	**$132,975**
Gainesville ISD FY23 NECE On-behalf Contributions	**$270,729**

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of $83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. 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 based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Rates of Disability

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the mortality projection scale MP-2018.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91%
Aging Factors	Based on specific plan experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 3.91% was used to measure the total OPEB liability. There was an increase of 1.96 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2021 using the fixed-income market data/yield curve/data municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used 3.91%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District's proportionate share of the Net OPEB Liability:	$7,628,657	$6,470,012	$5,531,360

Healthcare Cost Trend Rates Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is one-percentage less than or one-percentage point greater than the health trend rates is assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability:	$5,331,319	$6,470,012	$7,946,180

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2023, the District reported a liability of $6,470,012 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	$ 6,470,012
State's proportionate share that is associated with the District	$ 7,892,398
Total	$14,362,410

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2022 the employer's proportion of the collective Net OPEB Liability was 0.0270214256%, an increase of 7.31% compared to the August 31, 2021 proportionate share of 0.0223769755%.

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

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the Total OPEB Liability.

Changes of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

The amount of OPEB expense recognized by the District in the reporting period was $3,661,992.

At August 31, 2023, 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	$ 359,710	$ 5,390,100
Changes in actuarial assumptions	985,511	4,494,979
Difference between projected and actual investment earnings	19,342	70
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,266,745	813,306
Contributions paid to TRS subsequent to the measurement date	260,896	-
Total	$4,892,204	$10,698,455

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

Year ended August 31:	OPEB Expense Amount
2024	$ (1,216,240)
2025	(1,216,170)
2026	(941,800)
2027	(570,348)
2028	(786,864)
Thereafter	(1,335,725)

N. MEDICARE PART D

The Medicare Prescription Drug, Improvement and Modernization ACT of 2003, 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 fiscal years ended August 31, 2023, 2022, and 2021, the subsidy payments received by TRS-Care on behalf of the District were $63,623, $87,866, and $86,087, respectively. The information for the year ended August 31, 2023 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental fund's financial statements of the District.

O. HEALTH CARE COVERAGE-RETIREES AND ACTIVE EMPLOYEES

Retiree Health Care Coverage

Plan Description. The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long- term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. Payments are made monthly for all covered employees.

During the year ended August 31, 2023, the District paid premiums of $291.66 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.

P. UNAVAILABLE/UNEARNED REVENUE

Unavailable revenue at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Net Tax Revenue	$521,814	$52,422	$574,236

Q. RELATED ORGANIZATIONS

The District has no related organizations as defined by *Governmental Accounting Standards Board Statement Number 14.*

R. SUBSEQUENT EVENT

The District's management has evaluated subsequent events though January 24, 2024, the date which the financial statements were available for issue and has determined that the following subsequent event requires disclosure in the financial statements.

S. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

In May 2020, GASB issued Statement No. 96 – Subscription-Based Information Technology Arrangements ("SBITA"). This statement increases the usefulness of governments' financial statements by requiring recognition of certain right-to-use subscription assets and corresponding subscription liabilities for SBITAs that were previously recognized as outflows of resources based on the payment provisions of the contract. The statement is effective for fiscal years beginning after June 15, 2022.

Per review of the information technology arrangements identified by the District as potential SBITAs, the arrangements were determined to either not meet the definition of a SBITA, or were immaterial to the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

GAINESVILLE 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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.02099396%	0.017342027%	0.018181799%
District's Proportionate Share of Net Pension Liability (Asset)	$ 12,463,574	$ 4,416,400	$ 9,737,801
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	10,884,634	6,084,380	13,503,119
Total	$ 23,348,208	$ 10,500,780	$ 23,240,920
District's Covered Payroll	$ 20,256,900	$ 20,197,974	$ 20,609,007
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	61.71%	21.87%	47.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.017628821%	0.016801707%	0.016810589%	0.014958613%	158,252,000.00	0.015639%
$ 9,164,013	$ 9,248,067	$ 5,375,121	$ 5,652,637	$ 5,593,998	$ 2,821,763
12,458,564	13,265,551	8,104,995	9,342,952	8,887,949	7,691,057
$ 21,622,577	$ 22,513,618	$ 13,480,116	$ 14,995,589	$ 172,733,947	$ 10,512,820
$ 18,888,284	$ 17,407,205	$ 17,091,699	$ 15,390,975	$ 14,922,328	$ 14,520,179
48.52%	53.13%	31.45%	36.73%	37.49%	19.43%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	$ 1,148,631	$ 969,003	$ 741,165
Contribution in Relation to the Contractually Required Contribution	(1,148,631)	(969,003)	(741,165)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 20,457,438	$ 20,256,900	$ 20,197,974
Contributions as a Percentage of Covered Payroll	5.61%	4.78%	3.67%

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

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

2020	2019	2018	2017	2016	2015
$ 750,105	$ 618,386	$ 567,591	$ 548,132	$ 475,273	$ 468,591
(750,105)	(618,386)	(567,591)	(548,132)	(475,273)	(468,591)
$ -	$ -	$ -	$ -	$ -	$ -
$ 20,609,007	$ 18,888,284	$ 17,407,205	$ 17,091,699	$ 15,390,975	$ 14,922,328
3.64%	3.27%	3.26%	3.21%	3.09%	3.14%

GAINESVILLE 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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.027021426%	0.022376976%	0.024068314%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 6,470,012	$ 8,631,799	$ 9,149,453
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	7,892,398	11,564,688	12,294,671
Total	$ 14,362,410	$ 20,196,487	$ 21,444,124
District's Covered Payroll	$ 20,256,900	$ 20,197,974	$ 20,609,007
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	32.03%	42.74%	44.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.024064875%	0.022969686%	0.02142619%
$ 11,380,573	$ 11,468,974	$ 9,317,446
15,122,238	13,926,127	12,769,718
$ 26,502,811	$ 25,395,101	$ 22,087,164
$ 18,888,284	$ 17,407,205	$ 17,091,699
60.25%	65.89%	54.51%
2.66%	1.57%	0.91%

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	$ 260,896	$ 219,301	$ 175,009
Contribution in Relation to the Contractually Required Contribution	(260,896)	(219,301)	(175,009)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 20,457,438	$ 20,256,900	$ 20,197,974
Contributions as a Percentage of Covered Payroll	1.28%	0.62%	0.09%

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

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

2020	2019	2018
$ 182,916	$ 171,868	$ 159,745
(182,916)	(171,868)	(159,745)
$ -	$ -	$ -
$ 20,609,007	$ 18,888,284	$ 17,407,205
0.01%	0.01%	(0.01%)

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023

PENSION LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

- The discount rate changed from 7.25 percent as of August 31, 2021 to 7.00 percent as of August 31, 2022. This change increased the total pension liability.

OPEB LIABILITY:

Changes of benefit terms:

There were no changes in benefit terms since the prior measurement date.

Changes of assumptions:

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

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the Total OPEB Liability.

COMBINING SCHEDULES

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes		205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ -	$ 2,233
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	225,356	507,297	181,028	419
1290	Other Receivables	-	-	-	-
1000	Total Assets	$ 225,356	$ 507,297	$ 181,028	$ 2,652
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ 2,400	$ -
2140	Interest Payable - Current	-	-	-	-
2160	Accrued Wages Payable	45,310	130,578	61,061	2,377
2170	Due to Other Funds	174,783	361,891	111,317	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	5,263	14,828	6,250	275
2000	Total Liabilities	225,356	507,297	181,028	2,652
	DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	-	-	-	-
	FUND BALANCES				
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
	Assigned Fund Balance:				
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 225,356	$ 507,297	$ 181,028	$ 2,652

240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA V, B,2 Rural & Low Income	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act
$ 1,287,531	$ 215,227	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	18,577	64,955	24,194	-	-	323,187
-	-	-	-	-	-	-	-
$ 1,287,531	$ 215,227	$ 18,577	$ 64,955	$ 24,194	$ -	$ -	$ 323,187
$ 338,801	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
6,267	-	-	-	10,371	-	-	251,911
-	-	18,577	64,955	12,610	-	-	43,751
-	-	-	-	-	-	-	-
134	-	-	-	1,213	-	-	27,525
345,202	-	18,577	64,955	24,194	-	-	323,187
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
942,329	215,227	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
942,329	215,227	-	-	-	-	-	-
$ 1,287,531	$ 215,227	$ 18,577	$ 64,955	$ 24,194	$ -	$ -	$ 323,187

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes		284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	287 Title IV Part A Subpart 1	289 Other Federal Special Revenue Funds
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ -	$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	142,896	9,519	44,323	339,956
1290	Other Receivables	-	-	-	-
1000	Total Assets	$ 142,896	$ 9,519	$ 44,323	$ 339,956
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ -	$ 68
2140	Interest Payable - Current	-	-	-	-
2160	Accrued Wages Payable	-	-	-	3,375
2170	Due to Other Funds	142,896	9,519	44,323	334,678
2180	Due to Other Governments	-	-	-	1,448
2200	Accrued Expenditures	-	-	-	387
2000	Total Liabilities	142,896	9,519	44,323	339,956
	DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	-	-	-	-
	FUND BALANCES				
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
	Assigned Fund Balance:				
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 142,896	$ 9,519	$ 44,323	$ 339,956

410 State Instructional Materials	429 Math Academies	461 Campus Activity Funds	498 GISD Education Foundation	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
$ -	$ 12	$ 156,217	$ -	$ 1,661,220	$ 462,636	$ 2,123,856
-	-	-	-	-	55,182	55,182
-	-	-	-	-	(2,759)	(2,759)
17,920	-	-	-	1,899,627	23,282	1,922,909
-	-	-	31,679	31,679	1,205	32,884
$ 17,920	$ 12	$ 156,217	$ 31,679	$ 3,592,526	$ 539,546	$ 4,132,072
$ -	$ -	$ -	$ -	$ 341,269	$ -	$ 341,269
-	-	-	-	-	60,992	60,992
-	-	-	-	511,250	-	511,250
-	12	-	31,526	1,350,838	-	1,350,838
-	-	-	-	1,448	-	1,448
-	-	-	-	55,875	-	55,875
-	12	-	31,526	2,260,680	60,992	2,321,672
-	-	-	-	-	52,422	52,422
-	-	-	-	-	52,422	52,422
17,920	-	-	-	1,175,476	-	1,175,476
-	-	-	-	-	426,132	426,132
-	-	156,217	153	156,370	-	156,370
17,920	-	156,217	153	1,331,846	426,132	1,757,978
$ 17,920	$ 12	$ 156,217	$ 31,679	$ 3,592,526	$ 539,546	$ 4,132,072

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	427,147	1,228,214	512,867	13,987
5020	Total Revenues	427,147	1,228,214	512,867	13,987
	EXPENDITURES:				
	Current:				
0011	Instruction	344,483	686,932	465,300	13,987
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	541,282	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	16,198	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	-	47,567	-
0033	Health Services	66,466	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0053	Data Processing Services	-	-	-	-
	Debt Service:				
0071	Principal on Long-Term Liabilities	-	-	-	-
0072	Interest on Long-Term Liabilities	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	427,147	1,228,214	512,867	13,987
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	$ -	$ -	$ -	$ -

240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA V, B,2 Rural & Low Income	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act
$ 126,424	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13,911	52,640	-	-	-	-	-	-
2,334,093	5,074	38,652	141,073	65,618	61,624	1,761,551	3,629,130
2,474,428	57,714	38,652	141,073	65,618	61,624	1,761,551	3,629,130
-	-	-	-	65,618	61,624	-	3,053,379
-	-	-	-	-	-	-	117,352
-	-	-	141,073	-	-	-	-
-	-	-	-	-	-	127,914	112,975
-	-	-	-	-	-	374,667	-
-	-	38,652	-	-	-	-	83,977
-	-	-	-	-	-	166,649	62,803
-	-	-	-	-	-	603,956	-
2,464,763	37,945	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	26,517	198,644
-	-	-	-	-	-	379,867	-
-	-	-	-	-	-	81,981	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,464,763	37,945	38,652	141,073	65,618	61,624	1,761,551	3,629,130
9,665	19,769	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,665	19,769	-	-	-	-	-	-
932,664	195,458	-	-	-	-	-	-
$ 942,329	$ 215,227	$ -	$ -	$ -	$ -	$ -	$ -

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	287 Title IV Part A Subpart 1	289 Other Federal Special Revenue Funds
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	142,896	9,519	87,907	457,946
5020	Total Revenues	142,896	9,519	87,907	457,946
	EXPENDITURES:				
	Current:				
0011	Instruction	114,662	9,519	-	360,211
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-	81,125
0021	Instructional Leadership	-	-	-	16,610
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	28,234	-	87,907	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0053	Data Processing Services	-	-	-	-
	Debt Service:				
0071	Principal on Long-Term Liabilities	-	-	-	-
0072	Interest on Long-Term Liabilities	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	142,896	9,519	87,907	457,946
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	$ -	$ -	$ -	$ -

410 State Instructional Materials	429 Math Academies	461 Campus Activity Funds	498 GISD Education Foundation	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ 95,306	$ 31,679	$ 253,409	$ 1,359,910	$ 1,613,319
34,328	-	-	-	100,879	144,948	245,827
-	-	-	-	10,917,298	-	10,917,298
34,328	-	95,306	31,679	11,271,586	1,504,858	12,776,444
34,328	-	14,966	31,679	5,256,688	-	5,256,688
-	-	22,988	-	140,340	-	140,340
-	-	-	-	763,480	-	763,480
-	-	-	-	257,499	-	257,499
-	-	13,354	-	404,219	-	404,219
-	-	-	-	286,337	-	286,337
-	-	540	-	296,458	-	296,458
-	-	-	-	603,956	-	603,956
-	-	-	-	2,502,708	-	2,502,708
-	-	54,369	-	54,369	-	54,369
-	-	1,784	-	226,945	-	226,945
-	12	-	-	379,879	-	379,879
-	-	-	-	81,981	-	81,981
-	-	-	-	-	1,490,000	1,490,000
-	-	-	-	-	792,474	792,474
-	-	-	-	-	15,887	15,887
34,328	12	108,001	31,679	11,254,859	2,298,361	13,553,220
-	(12)	(12,695)	-	16,727	(793,503)	(776,776)
-	-	-	-	-	790,000	790,000
-	(12)	(12,695)	-	16,727	(3,503)	13,224
17,920	12	168,912	153	1,315,119	429,635	1,744,754
$ 17,920	$ -	$ 156,217	$ 153	$ 1,331,846	$ 426,132	$ 1,757,978

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REQUIRED T.E.A. SCHEDULES

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2023

Last 10 Years Ended August 31		(1) Tax Rates Maintenance	(2) Tax Rates Debt Service	(3) Assessed/Appraised Value for School Tax Purposes
2014	and prior years	Various	Various	$ Various
2015		1.040000	0.240000	1,004,544,625
2016		1.040000	0.240000	985,624,273
2017		1.170000	0.110000	991,599,501
2018		1.170000	0.110000	1,022,240,526
2019		1.170000	0.100000	1,135,855,814
2020		1.068400	0.080000	1,267,191,850
2021		1.021600	0.080000	1,372,558,510
2022		0.982000	0.080000	1,476,370,608
2023	(School year under audit)	0.942900	0.080000	1,657,694,808
1000	TOTALS			
8000	Total Taxes Refunded Under Section 26.115, Tax Code			

(10) Beginning Balance 9/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
$ 80,354	$ -	$ 3,102	$ 718	$ (24,807)	$ 51,727
11,695	-	959	221	(529)	9,986
15,300	-	1,446	334	(138)	13,382
15,816	-	2,124	200	(236)	13,256
20,549	-	2,307	217	(434)	17,591
24,732	-	2,705	231	(234)	21,562
30,838	-	5,328	399	(2,017)	23,094
74,307	-	34,150	2,674	(2,294)	35,189
195,629	-	110,249	8,982	(12,226)	64,172
-	17,514,426	15,692,842	1,331,453	(135,629)	354,502
$ 469,220	$ 17,514,426	$ 15,855,212	$ 1,345,429	$ (178,544)	$ 604,461
		$ 7,402			

EXHIBIT J-2

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 85,000	$ 170,000	$ 126,424	$ (43,576)
5800	State Program Revenues	5,000	10,000	13,911	3,911
5900	Federal Program Revenues	2,195,891	4,446,214	2,334,093	(2,112,121)
5020	Total Revenues	2,285,891	4,626,214	2,474,428	(2,151,786)
	EXPENDITURES:				
	Current:				
0035	Food Services	2,285,891	5,265,351	2,464,763	2,800,588
6030	Total Expenditures	2,285,891	5,265,351	2,464,763	2,800,588
1200	Net Change in Fund Balances	-	(639,137)	9,665	648,802
0100	Fund Balance - September 1 (Beginning)	932,664	932,664	932,664	-
3000	Fund Balance - August 31 (Ending)	$ 932,664	$ 293,527	$ 942,329	$ 648,802

EXHIBIT J-3

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 1,284,975	$ 1,284,975	$ 1,359,910	$ 74,935
5800	State Program Revenues	-	-	144,948	144,948
5020	Total Revenues	1,284,975	1,284,975	1,504,858	219,883
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Liabilities	1,542,365	1,615,000	1,490,000	125,000
0072	Interest on Long-Term Liabilities	742,610	667,475	792,474	(124,999)
0073	Bond Issuance Cost and Fees	-	2,500	15,887	(13,387)
6030	Total Expenditures	2,284,975	2,284,975	2,298,361	(13,386)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000,000)	(1,000,000)	(793,503)	206,497
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	1,000,000	1,000,000	790,000	(210,000)
1200	Net Change in Fund Balances	-	-	(3,503)	(3,503)
0100	Fund Balance - September 1 (Beginning)	429,635	429,635	429,635	-
3000	Fund Balance - August 31 (Ending)	$ 429,635	$ 429,635	$ 426,132	$ (3,503)

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2023

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	$3,186,849
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	$6,299,844

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$560,088
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	$419,125

FEDERAL AWARDS SECTION

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Members:
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INDEPENDENT AUDITORS' 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*

To the Board of Trustees
Gainesville Independent School District
Gainesville, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gainesville Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Gainesville Independent School District's basic financial statements, and have issued our report dated January 24, 2024.

Report on Internal Control Over Financial Reporting

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

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hankins Eastup Deaton Tonn Seay & Scarborough, LLC

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

January 24, 2024

Members:
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Gainesville Independent School District
Gainesville, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Gainesville Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Gainesville Independent School District's major federal programs for the year ended August 31, 2023. Gainesville 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.

In our opinion, Gainesville 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, 2023.

Basis for Opinion on Each Major Federal Program

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) Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Gainesville Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Gainesville Independent School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Gainesville Independent School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Gainesville Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Gainesville Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Gainesville Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Gainesville Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Gainesville Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency. 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards require the audit to perform limited procedures on the District's response to noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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.

Hankins Eastup Deaton Tonn Seay & Scarborough, LLC

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

January 24, 2024

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified.

2. Internal control over financial reporting:
   Material weakness(es) identified: None
   Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported

3. Noncompliance which is material to the financial statements: None

4. Internal controls over major federal programs:
   Material weakness(es) identified: None
   Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported

5. Type of auditor's report on compliance for major federal programs: Unmodified.

6. Did the audit disclose findings which are required to be reported in accordance with 2 CFR 200.516(a)?: No

7. Major programs include:

   ALN 84.425D ESSER Relief Fund II - School Emergency Relief
   ALN 84.425D ESSER Relief Fund III - School Emergency Relief

   Child Nutrition Cluster:
   ALN 10.553 School Breakfast Program
   ALN 10.555 National School Lunch Program - Cash Assistance
   ALN 10.555 National School Lunch Program - Non-Cash Assistance
   ALN 10.559 Summer Feeding Program - Cash Assistance

   Special Education Cluster:
   ALN 84.027 IDEA-Part B, Formula
   ALN 84.173 IDEA-Part B, Preschool
   ALN 84.027X IDEA-Part B, Formula ARP
   ALN 84.173X IDEA-Part B, Preschool ARP

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

9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

None

III. Other Findings

None

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023

None

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through Insight Education Group			
E3 Teacher Incentive	84.374A	U374A170085-19	$ 457,946
Total Passed Through Insight Education Group			457,946
Passed Through Texas Education Agency			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101049901	1,193,760
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610141049901	34,454
Total Assistance Listing Number 84.010			1,228,214
*IDEA - Part B, Formula	84.027A	236600010499016000	508,473
*IDEA - Part B, Formula	84.027A	226600010499016000	4,394
*COVID 19 - IDEA, Part B, Formula - (ARP)	84.027X	225350020499015000	142,896
Total Assistance Listing Number 84.027			655,763
*IDEA - Part B, Preschool	84.173	236610010499016000	13,987
*COVID 19 - IDEA, Part B, Preschool- (ARP)	84.173X	225360020499015000	9,519
Total Assistance Listing Number 84.173			23,506
Total Special Education Cluster (IDEA)			679,269
Career and Technical - Basic Grant	84.048A	23420006049901	38,652
ESEA, Title V, Part B,2 - Rural & Low Income Prog.	84.358A	23696001049901	61,624
Title III, Part A - English Language Acquisition	84.365A	23671001049901	65,618
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23694501049901	141,073
Title IV, Part A, Subpart 1	84.424A	23680101049901	87,907
COVID 19 - ESSER II - School Emergency Relief	84.425D	21521001049901	1,761,551
COVID 19 - ESSER III - School Emergency Relief	84.425D	21528001049901	3,629,130
Total Assistance Listing Number 84.425			5,390,681
Total Passed Through Texas Education Agency			7,693,038
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Education Agency			
Head Start	93.600	06CH011086	78,017
Head Start	93.600	06CH011086	349,130
Total Assistance Listing Number 93.600			427,147
Total Passed Through Texas Education Agency			427,147
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Texas Department of Agriculture			
*School Breakfast Program	10.553	236TX332N1099	607,839
*National School Lunch Program - Cash Assistance	10.555	236TX332N1099	1,555,808
*National School Lunch Prog. - Non-Cash Assistance	10.555	236TX332N1099	170,446
Total Assistance Listing Number 10.555			1,726,254
*Summer Feeding Program - Cash Assistance	10.559	236TX332N1099	5,074
Total Child Nutrition Cluster			2,339,167
Total Passed Through the Texas Department of Agriculture			2,339,167
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 10,917,298

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2023

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's ***Financial Accountability System Resource Guide***.

- **General Fund** - is used to account for among other things, resources related to the United States Department of Defense ROTC program, the United States Department of Education's Impact Aid, and the SHARS program.

- **Special Revenue Funds** - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

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

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

- The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343 (b).

- Assistance listing numbers for commodity assistance are the Assistance listing numbers of the programs under which USDA donated the commodities.

- Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of $0.

- Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards	$10,917,298
SHARS Revenue reported in the General Fund	588,784
Tax Credit Revenue reported in the Debt Service Fund	-
Plus Revenue Received for COVID funds for prior year Expenditures	-
Total Federal Program Revenue	$11,506,082