GAINESVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
AUGUST 31, 2022

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GAINESVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2022

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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, 2022, at a meeting of the Board of Trustees of such school district on the 26th day of January 2023.

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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SCHALK & SMITH PC
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

Thomas E. Schalk, CPA
Judy Smith, CPA
Cynthia Muñoz, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 (the District), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the 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 the Gainesville Independent School District, as of August 31, 2022, 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 Financial Statements section of our report. We are required to be independent of the 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 the 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 Responsibilities 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 the 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 the 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 that we identified during the audit.

701 E. California St. • P.O. Box 1194 • Gainesville, TX 76241-1194 • 940-665-3702 • Fax 940-668-8458

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 9), budgetary comparison information (page 42), and Teacher Retirement System schedules (pages 43 through 51) 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 the Gainesville Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the Texas Education Agency schedules, 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 Texas Education Agency 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2023, on our consideration of the Gainesville Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Schalk & Smith, P.C.
Gainesville, Texas
January 18, 2023

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Gainesville Independent School District (the "District"), discuss and analyze the District's financial performance for the fiscal year ending August 31, 2022. Please read it in conjunction with the independent auditor's report on pages 2 and 3 and the District's Basic Financial Statements that begin on page 10.

FINANCIAL HIGHLIGHTS

- The District's combined net position increased by $8,022,912 during the fiscal year from the result of current year operations.
- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal period by $37,115,432 (net position).
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of $24,287,841. $22,485,871 of this total amount, or 92.6%, is unassigned and available for use within the District's commitments and policies.
- At the end of the current fiscal period, unassigned fund balance for the general fund was $22,485,871 or 90.9% of non-capital general fund expenditures and transfers.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 and 11). 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 like the financial reports of a business enterprise.

Fund financial statements (starting on page 12) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 19) 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. TEA does not require these. The sections labeled TEA Required Schedules and Federal Awards Section contain 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 10. The primary purpose is to show whether the District's financial situation has improved as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the

U.S. Department of Education to assist children with disabilities 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 them. The District's net position (the difference between assets and liabilities) provides one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District discloses the following kind of activities:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 12 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). The District's two kinds of funds–governmental and proprietary–use different accounting approaches.

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in the Statement of Fiduciary Net Position on page 17. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and changes in Net Position (Table II) of the District's governmental-type activities. As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $37,115,432, which represented an increase of $8,022,912 from current 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 $3,696,295 at August 31, 2022.

Investment in capital assets (e.g., land, buildings, furniture, and equipment) less any related debt used to acquire those assets that are still outstanding is $31,870,066. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's total net position in the amount of $1,549,131, (approximately 4.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position in the amount of $3,696,525. This total net position is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having *long-term commitments* that are more than currently available resources.

Table I
NET POSITION

	Governmental Activities 2022	Governmental Activities 2021
Current and other assets	$ 27,227,004	$ 23,098,461
Capital assets	55,458,957	54,839,651
Total assets	82,685,961	77,938,112
Deferred outflows of resources	6,676,473	7,654,602
Long-term liabilities	35,895,204	43,049,335
Other liabilities	4,387,620	5,501,579
Total liabilities	40,282,824	48,550,914
Deferred inflows of resources	11,964,178	7,951,162
Net position		
Invested in capital assets net of related debt	31,870,006	29,971,995
Restricted	1,549,131	1,354,136
Unrestricted	3,696,295	(2,235,493)
Total net position	$ 37,115,432	$ 29,090,638

Table II
Changes in Net Position

	Governmental Activities 2022	Governmental Activities 2021
Revenues:		
Program Revenues:		
Charges for Services	$ 336,186	$ 346,656
Operating grants and contributions	12,357,099	8,731,439
General Revenues		
Maintenance and operations taxes	14,635,280	14,139,337
Debt Service taxes	1,193,292	1,105,442
Grants and Contributions not restricted to specific functions	15,775,750	15,426,332
Investment Earnings	144,750	72,743
Miscellaneous	-	164,718
Total Revenue	44,442,357	39,986,667
Expenses:		
Instruction, curriculum and media services	20,648,214	21,162,898
Instructional and school leadership	2,501,348	2,451,048
Student support services	2,972,442	3,093,435
Child nutrition	2,175,420	1,875,801
Co-curricular activities	2,078,661	2,008,400
General Administration	1,169,394	1,367,689
Plant maintenance, security & data processing	3,770,157	3,488,175
Debt services	827,992	882,283
Other Intergovernmental Charges	275,817	266,614
Total Expenses	36,419,445	36,596,343
Increase in net assets	8,022,912	3,390,324
Net position at 9/1	29,090,638	25,700,314
Prior Period Adjustment	1,882	-
Net position at 8/31	$ 37,115,432	$ 29,090,638

Governmental activities. The District's total net position increased by $8,022,912 as a result of current year's operations. The total cost of all governmental activities was $36,419,445, which was $176,898 (.48%) lower than the previous year.

The District's property tax rate was 1.062 per $100 of valuation for the current year. The property tax revenue increased by $583,793 primarily due to an increase in assessed valuation. As shown in the Statement of Activities on page 11, the amount that our taxpayers ultimately financed for these activities through District taxes was $7,805,660. Some of the costs were paid by those who directly benefited from the programs ($336,186) or by other governments and organizations that subsidized certain programs with

grants and contributions ($12,357,099) or by other miscellaneous sources and investment earnings ($144,750) or by State equalization funding ($15,775,750).

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 12), reported a combined fund balance of $24,287,841, which is higher than last year's total of $18,994,155. Unassigned fund balance represents a large portion of total fund balances ($22,485,871) or 92.6% is available for future spending or unanticipated events such as state funding uncertainties, increased student enrollment, wide swings in total property tax values, future salary increases or unexpected lawsuits. The remainder of fund balance ($1,801,970 or 7.4%) is not available for new spending because it has already been restricted or committed for debt retirement, food service and unspent grants.

The General Fund is the primary operating fund of the District. At August 31, 2022, the General Fund had unassigned fund balances of $22,485,871 and total fund balances of $22,543,087. As a measure of the General Fund's liquidity, it is useful to compare both fund balance amounts to total fund expenditures plus transfers out ($27,655,098). Unassigned fund balance and total fund balance represent 80.9% and 81.1% of total General Fund expenditures plus transfers out, respectively. The unassigned fund balance represents almost ten months of annual General Fund expenditures plus transfers out.

General Fund Budgetary Highlights

Over the course of the year, the Board of Trustees revised the District's budget several times. These 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 2021). The second category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs. The third category is amendments for unexpected events.

The District made no significant amendments to budgeted expenditures during the current fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the District had $55,458,957 (net of depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. The District's major capital asset purchases for the year were vehicles purchases and improvements ($421,636), roof replacement ($437,857), gym improvements ($102,107), warehouse and distribution construction ($791,339), 900 N Grand ($397,827), parking lot improvements ($108,669), and HVAC replacement ($256,460). More detailed information about the District's capital assets is presented in Note III-F to the financial statements. The District had the following capital assets at August 31, 2022 and 2021:

	2022	2021
Land	$ 2,003,821	$ 2,003,821
Buildings and improvements, net	50,289,237	50,966,271
Furniture and equipment, net	2,094,654	1,869,559
Right to Use Leases, net	206,606	-
Construction in Progress	864,639	-
Total	$ 55,458,957	$ 54,839,651

Debt

At year-end, the District had $24,686,754 in bonds and capital leases outstanding versus $26,642,539 last year–a decrease of 7.3%. More detailed information about the District's long-term liabilities is presented in Note III-G to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The district's elected officials considered many factors when setting the fiscal year 2023 budget and tax rates. The primary consideration was setting a tax rate within the limits allowed by the Texas State Legislature. The maintenance and operations rate was reduced to $0.9429 per $100 of valuation (due to a mandatory tax compression under House Bill 3) and the interest and sinking rate remained at $0.08 per $100 of valuation. With this rate, the District expects to collect approximately $15,390,423 for maintenance and operations taxes.
- State funding is expected to decrease in correlation with the COVID-19 pandemic and the projected loss of ADA and enrollment due from it, but the district is receiving ESSER Grant funds to help with the loss. Local funding is projected to slightly increase in the local property tax base.
- The District has discussed and budgeted the following capital activity for the fiscal year 2023: Construction of a Maintenance Facility, remodel of 901 N Grand for a new administration building, multiple new HVAC units, secure vestibules at campus entrances, and an increase in pay.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Gainesville Independent School District, 800 S. Morris, Gainesville, Texas 76240.

BASIC FINANCIAL STATEMENTS

EXHIBIT A-1

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2022

Data Control Codes		Primary Government Governmental Activities
ASSETS		
1110	Cash and Cash Equivalents	$ 18,582,206
1220	Property Taxes - Delinquent	469,220
1230	Allowance for Uncollectible Taxes	(46,922)
1240	Due from Other Governments	8,145,615
1290	Other Receivables, Net	19,669
1300	Inventories	57,216
	Capital Assets:	
1510	Land	2,003,821
1520	Buildings, Net	50,289,237
1530	Furniture and Equipment, Net	2,094,654
1550	Right-to-Use Leased Assets, Net	206,606
1580	Construction in Progress	864,639
1000	Total Assets	82,685,961
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred Charge for Refunding	1,097,804
1705	Deferred Outflow Related to TRS Pension	3,035,195
1706	Deferred Outflow Related to TRS OPEB	2,543,474
1700	Total Deferred Outflows of Resources	6,676,473
LIABILITIES		
2110	Accounts Payable	791,036
2140	Interest Payable	91,997
2160	Accrued Wages Payable	1,585,039
2180	Due to Other Governments	1,449
2200	Accrued Expenses	78,349
	Noncurrent Liabilities:	
2501	Due Within One Year: Loans, Note, Leases, etc.	1,839,750
	Due in More than One Year:	
2502	Bonds, Notes, Loans, Leases, etc.	22,847,005
2540	Net Pension Liability (District's Share)	4,416,400
2545	Net OPEB Liability (District's Share)	8,631,799
2000	Total Liabilities	40,282,824
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflow Related to TRS Pension	5,033,534
2606	Deferred Inflow Related to TRS OPEB	6,930,644
2600	Total Deferred Inflows of Resources	11,964,178
NET POSITION		
3200	Net Investment in Capital Assets and Right-to-Use Lease Assets	31,870,006
	Restricted:	
3820	Restricted for Federal and State Programs	950,584
3850	Restricted for Debt Service	429,635
3870	Restricted for Campus Activities	168,912
3900	Unrestricted	3,696,295
3000	Total Net Position	$ 37,115,432

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

EXHIBIT B-1

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

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	$ 19,169,371	$ 71,400	$ 6,475,166	$ (12,622,805)
12	Instructional Resources and Media Services	728,352	21,746	400,384	(306,222)
13	Curriculum and Instructional Staff Development	750,491	-	623,535	(126,956)
21	Instructional Leadership	731,025	36,244	526,878	(167,903)
23	School Leadership	1,770,323	-	527,214	(1,243,109)
31	Guidance, Counseling, and Evaluation Services	1,147,990	-	322,947	(825,043)
32	Social Work Services	255,617	-	(4,515)	(260,132)
33	Health Services	376,753	-	174,261	(202,492)
34	Student (Pupil) Transportation	1,192,082	-	138,876	(1,053,206)
35	Food Services	2,175,420	90,956	2,522,857	438,393
36	Extracurricular Activities	2,078,661	33,687	101,132	(1,943,842)
41	General Administration	1,169,394	1,036	189,568	(978,790)
51	Facilities Maintenance and Operations	3,434,681	81,117	252,147	(3,101,417)
52	Security and Monitoring Services	32,022	-	-	(32,022)
53	Data Processing Services	303,454	-	106,649	(196,805)
72	Debt Service - Interest on Long-Term Debt	825,992	-	-	(825,992)
73	Debt Service - Bond Issuance Cost and Fees	2,000	-	-	(2,000)
99	Other Intergovernmental Charges	275,817	-	-	(275,817)
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 36,419,445	$ 336,186	$ 12,357,099	(23,726,160)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	14,635,280
DT	Property Taxes, Levied for Debt Service	1,193,292
GC	Grants and Contributions not Restricted	15,775,750
IE	Investment Earnings	144,750
TR	Total General Revenues	31,749,072
CN	Change in Net Position	8,022,912
NB	Net Position - Beginning	29,090,638
PA	Prior Period Adjustment	1,882
NE	Net Position - Ending	$ 37,115,432

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

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2022

Data Control Codes		10 General Fund	Other Funds	Total Governmental Funds
	ASSETS			
1110	Cash and Cash Equivalents	$ 16,822,758	$ 1,759,448	$ 18,582,206
1220	Property Taxes - Delinquent	421,794	47,426	469,220
1230	Allowance for Uncollectible Taxes	(42,179)	(4,743)	(46,922)
1240	Due from Other Governments	1,265,434	6,880,181	8,145,615
1260	Due from Other Funds	6,155,663	-	6,155,663
1290	Other Receivables	18,464	1,205	19,669
1300	Inventories	57,216	-	57,216
1000	Total Assets	$ 24,699,150	$ 8,683,517	$ 33,382,667
	LIABILITIES			
2110	Accounts Payable	$ 668,089	$ 122,947	$ 791,036
2140	Interest Payable - Current	-	60,992	60,992
2160	Accrued Wages Payable	1,085,346	499,693	1,585,039
2170	Due to Other Funds	-	6,155,663	6,155,663
2180	Due to Other Governments	1	1,448	1,449
2200	Accrued Expenditures	23,012	55,337	78,349
2000	Total Liabilities	1,776,448	6,896,080	8,672,528
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	379,615	42,683	422,298
2600	Total Deferred Inflows of Resources	379,615	42,683	422,298
	FUND BALANCES			
	Nonspendable Fund Balance:			
3410	Inventories	57,216	-	57,216
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	1,146,042	1,146,042
3480	Retirement of Long-Term Debt	-	429,635	429,635
	Assigned Fund Balance:			
3590	Other Assigned Fund Balance	-	169,077	169,077
3600	Unassigned Fund Balance	22,485,871	-	22,485,871
3000	Total Fund Balances	22,543,087	1,744,754	24,287,841
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 24,699,150	$ 8,683,517	$ 33,382,667

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, 2022

EXHIBIT C-2

	Total Fund Balances - Governmental Funds	$	24,287,841
1	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		99,603,551
2	Accumulated depreciation is not reported in the fund financial statements.		(44,144,594)
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 $8,631,799, a deferred outflow of $2,543,474 and a deferred inflow of $6,930,644. This resulted in a difference between the ending fund balance and the ending net position of $13,018,969.		(13,018,969)
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 $3,035,195, a deferred resource inflow in the amount of $5,033,534 and a net pension liability in the amount of $4,416,400. This resulted in a decrease in net position.		(6,414,739)
5	Accumulated accretion on capital appreciation bonds is not reported in the fund financial statements.		(127,428)
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.		422,298
8	Bonds, notes and capital leases payable are not reported in the fund financial statements.		(23,190,081)
9	Bond premium and discount is not recognized in the fund financial statements.		(1,369,246)
10	Deferred loss on bond refunding is not recognized in the fund financial statements.		1,097,804
19	**Net Position of Governmental Activities**	$	37,115,432

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, 2022

Data Control Codes		10 General Fund	Other Funds	Total Governmental Funds
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 14,924,678	$ 1,425,190	$ 16,349,868
5800	State Program Revenues	16,858,057	59,317	16,917,374
5900	Federal Program Revenues	775,431	12,060,541	12,835,972
5020	Total Revenues	32,558,166	13,545,048	46,103,214
	EXPENDITURES:			
	Current:			
0011	Instruction	13,013,179	6,351,752	19,364,931
0012	Instructional Resources and Media Services	346,984	424,822	771,806
0013	Curriculum and Instructional Staff Development	172,416	623,537	795,953
0021	Instructional Leadership	267,932	530,354	798,286
0023	School Leadership	1,395,566	555,397	1,950,963
0031	Guidance, Counseling, and Evaluation Services	926,348	335,000	1,261,348
0032	Social Work Services	288,572	-	288,572
0033	Health Services	229,852	177,744	407,596
0034	Student (Pupil) Transportation	1,220,891	147,123	1,368,014
0035	Food Services	-	2,072,400	2,072,400
0036	Extracurricular Activities	1,289,083	157,111	1,446,194
0041	General Administration	1,074,791	199,541	1,274,332
0051	Facilities Maintenance and Operations	3,288,255	267,482	3,555,737
0052	Security and Monitoring Services	15,483	-	15,483
0053	Data Processing Services	182,505	106,649	289,154
	Debt Service:			
0071	Principal on Long-Term Liabilities	489,671	1,445,001	1,934,672
0072	Interest on Long-Term Liabilities	39,760	838,162	877,922
0073	Bond Issuance Cost and Fees	-	2,000	2,000
	Capital Outlay:			
0081	Facilities Acquisition and Construction	2,174,499	-	2,174,499
	Intergovernmental:			
0099	Other Intergovernmental Charges	275,817	-	275,817
6030	Total Expenditures	26,691,604	14,234,075	40,925,679
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	5,866,562	(689,027)	5,177,535
	OTHER FINANCING SOURCES (USES):			
7913	Right-to-Use Leases	116,151	-	116,151
7915	Transfers In	-	1,079,645	1,079,645
8911	Transfers Out (Use)	(1,079,645)	-	(1,079,645)
7080	Total Other Financing Sources (Uses)	(963,494)	1,079,645	116,151
1200	Net Change in Fund Balances	4,903,068	390,618	5,293,686
0100	Fund Balance - September 1 (Beginning)	17,640,019	1,354,136	18,994,155
3000	Fund Balance - August 31 (Ending)	$ 22,543,087	$ 1,744,754	$ 24,287,841

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, 2022

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	$	5,293,686
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.		2,831,683
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 2022 debt principal payments is to increase net position.		1,934,093
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.		(2,898,003)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		1,772
Proceeds from Right to Use leases do not provide revenue in the Statement of Net Assets, but are reported as Other Financing Sources in the Governmental Funds statement.		(116,152)
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.		142,562
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.		(9,920)
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 $969,003. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling $741,165. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension (increased) the change in net position by ($266,327). The net result is an increase in the change in net position.		494,165
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 $219,301. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling $175,009. Finally, the		440,851

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

proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense decreased the change in net position by $396,559. The net result is an increase in the change in net position.

Change in Net Position of Governmental Activities	$ 8,022,912

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

EXHIBIT E-1

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2022

	Total Custodial Funds
ASSETS	
Cash and Cash Equivalents	$ 83,696
Total Assets	83,696
NET POSITION	
Restricted for Campus Activities	83,696
Total Net Position	$ 83,696

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

EXHIBIT E-2

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

	Total Custodial Funds
ADDITIONS:	
Contributions to Student Groups	$ 1,498
Total Additions	1,498
DEDUCTIONS:	
Supplies and Materials	4,226
Total Deductions	4,226
Change in Fiduciary Net Position	(2,728)
Total Net Position - September 1 (Beginning)	86,424
Total Net Position - August 31 (Ending)	$ 83,696

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

I. 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, grantors 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.

D. 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 grantor. Most Federal and some State financial assistance are accounted for in Special Revenue Funds. Sometimes, unused balances must be returned to the grantor 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.

E. 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, 2022, 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:

Assets	Years
Buildings	39
Building Improvements	39
Infrastructure	50
Vehicles	5-7
Office Equipment	3-10
Computer Equipment	3.5

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 ($57,216).
   - **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 ($1,146,042) and retirement of long-term debt ($429,635).
   - **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, 2022, 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, 2022, the District had assigned fund balance in the amount of $169,077 related to the campus activity funds.
   - **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. The District reported the following Deferred Outflows of Resources on the government wide Statement of Net Position:

Deferred Charge for Refunding	$ 1,097,804
Deferred Outflow Related to TRS	3,035,195
Deferred Outflow Related to TRS OPEB	2,543,474
Total Deferred Outflows of Resources	$ 6,676,473

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 reports the following as Deferred Inflows of Resources on the government wide Statement of Net Position:

Deferred Inflow Related to TRS	$ 5,033,534
Deferred Inflow Related to TRS OPEB	6,930,644
Total Deferred Inflows of Resources	$ 11,964,178

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 taxes 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 2022, 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 amendments.

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

	Fund Balance
Appropriated Budget Funds	
National Breakfast and Lunch Program	$ 932,664
Nonappropriated Budget Funds	
Summer Feeding Program	195,458
State Instructional Materials	17,920
Math Academies	12
Campus Activity Funds	168,912
GISD Education Foundation	153

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The District was overbudget ($98,441) in the General Fund Debt Service function due to reclassification entries associated with the implementation of GASB 87.

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, 2022, the District's bank balances totaled $19,947,785. 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, 2022, 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	$ 18,665,902	100%	$ 18,665,902	$ -	$ -	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 (1) 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 of 270 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 firm 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, 2022, the District had no investments. and therefore, was not exposed to credit risk.

- *Custodial Credit Risk for 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, 2022, 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, 2022, 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, 2022, 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 (NAV) 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, 2022, consisted of the following individual fund balances:

Due To General Fund From:	Amount	Purpose
Nonmajor Funds:		
Head Start	$ 126,698	Grant funds expended, not received at year-end
IDEA Part B	42,669	Grant funds expended, not received at year-end
Career and Technical Basic Grant	5,629	Grant funds expended, not received at year-end
ESEA II, A Training and Recruiting	42,584	Grant funds expended, not received at year-end
CRRSSA ESSER II	1,980,016	Grant funds expended, not received at year-end
ARP ESSER III	3,323,793	Grant funds expended, not received at year-end
ESEA Title VI, Pt B Rural & Low Income	10,928	Grant funds expended, not received at year-end
Summer School LEP	8,755	Grant funds expended, not received at year-end
E3 Grants	584,460	Grant funds expended, not received at year-end
GISD Education Foundation	30,131	Grant funds expended, not received at year-end
Total Due To General Fund	$ 6,155,663	

The interfund transfers for the year ended August 31, 2022, are as follows:

Transfers From General Fund To:	Amount	Reason
Nonmajor Funds:		
Debt Service Fund	$ 1,079,645	To supplement debt service payments

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2022, were as follows:

	Governmental Funds		
	General Fund	Nonmajor Funds	Total Receivables
Property Taxes	$ 421,794	$ 47,426	$ 469,220
Less Allowance for Uncollectible	(42,179)	(4,743)	(46,922)
Other Governments	1,265,434	6,880,181	8,145,615
Other Funds	6,155,663	-	6,155,663
Other	18,464	1,205	19,669
	$7,819,176	$ 6,924,069	$ 14,743,245
Amounts Not Expected to be Collected During Subsequent Year (Included Above):			
Property Taxes	$ 401,794	$ 67,426	$ 469,220

Payables at August 31, 2022, were as follows:

	Governmental Funds		Fiduciary Fund	Statement	
	General Fund	Nonmajor Funds	Custodial Fund	of Net Position	Total Payables
Interest Payable	$ -	$ 60,992	$ -	$ 31,005	$ 91,997
Accounts Payable	668,089	122,947	-	-	791,036
Salaries and Benefits	1,108,358	555,030	-	-	1,663,388
Due to Other Governments	1	1,448	-		1,449
Other Funds	-	6,155,663	-	-	6,155,663
	$ 1,776,448	$6,896,080	$ -	$ 31,005	$8,703,533

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2022, was as follows:

Governmental Activities	Balance 9/1/2021	Increases	Reclassifications/ Reductions	Balance 8/31/2022
Capital Assets Not Being Depreciated:				
Land	$ 2,003,821	$ -	$ -	$ 2,003,821
Construction in Progress	-	864,639		864,639
Capital Assets Being Depreciated:				
Buildings & Improvements	87,017,112	1,084,860	-	88,101,972
Furniture & Equipment	7,499,547	766,033	-	8,265,580
Right of Use Leases	251,388	116,151		367,539
	94,768,047	1,967,044	-	96,735,091
Less Accumulated Depreciation				
Buildings & Improvements	35,527,626	2,285,109	-	37,812,735
Furniture & Equipment	5,629,987	540,939	-	6,170,926
Right of Use Leases	88,978	71,955		160,933
	41,246,591	2,898,003	-	44,144,594
Net Capital Assets				
Being Depreciated	53,521,456	(930,959)	-	52,590,497
Net Capital Assets	$ 55,525,277	$ (66,320)	$ -	$ 55,458,957

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 1,422,557
Instructional Resources and Media Services	14,779
School Leadership	15,001
Guidance, Counseling and Evaluation Services	10,478
Health Services	10,109
Student Transportation	319,931
Food Services	114,920
Cocurricular/Extracurricular Activities	705,841
General Administration	4,820
Plant Maintenance	240,427
Security and Monitoring Services	16,539
Data Processing	22,601
Total Depreciation Expense	$ 2,898,003

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, 2022, is as follows:

Issue	Interest Rates	Original Issue Amount	Interest Current Year	Amounts Outstanding 9/1/2021	Issued	Retired/ Refunded	Amounts Outstanding 8/31/2022	Due Within One Year
Bonds:								
Series 2013, Refunding	3%-3.5%	$ 7,135,000	$ 349,088	$ 6,925,000	$ -	$ (5,000)	$ 6,920,000	$ 5,00
Series 2014, Refunding	3%-4%	9,050,000	296,125	8,550,000	-	(140,000)	8,410,000	145,00
Series 2014A, Refunding	3%	3,795,000	84,750	3,060,000	-	(470,000)	2,590,000	490,00
Series 2015, Refunding	2.25-3%	8,695,000	108,200	4,745,000	-	(830,000)	3,915,000	850,00
Total Bonds Payable			838,163	23,280,000	-	(1,445,000)	21,835,000	1,490,00
Notes Payable:								
Maintenance Tax Notes 2007	4.5%		3,500	160,000	-	(160,000)	-	-
Maintenance Tax Notes 2013	.42%-3.2%	1,770,000	18,524	694,979	-	(99,000)	595,979	99,00
Total Notes Payable		1,486,979	22,024	854,979	-	(259,000)	595,979	99,00
Capital Leases Payable:								
FSB Bus Lease	3.39%	448,768	5,846	189,302	-	(92,680)	96,622	96,62
Energy Conservation Project	1.07%	523,214	4,073	523,214		(47,174)	476,040	63,48
Total Capital Leases			9,919	712,516	-	(139,854)	572,662	160,11
Right of Use Leases				160,527	116,152	(90,239)	186,440	90,63
Total Bonds, Notes, Cap Leases and Right to Use Leases			$ 870,106	$ 25,008,022	$ 116,152	$ (1,934,093)	$ 23,190,081	$ 1,839,75
Unamortized Premium on Bonds			-	1,511,808	-	(142,563)	1,369,245	-
Accreted Interest Payable			-	122,709	-	4,719	127,428	-
Total Long Term Debt A-1			870,106	26,642,539	116,152	(2,071,937)	24,686,754	$ 1,839,75
Net Pension Liability				$ 9,737,801	$ (4,581,334)	$ 740,067	$ 4,416,400	
Net OPEB Liability				$ 9,149,453	$ (342,839)	$ 174,815	$ 8,631,799	

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 term 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, 2022.

	Balance 9/1/2021	Additions	Retired	Balance 8/31/2022
Accreted Interest Payable	$ 122,709	$ 4,719	$ -	$ 127,428

Defeased Debt

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On August 31, 2022, the following bonds considered defeased are still outstanding:

	Amount Outstanding 8/31/2022
Series 1995	$ 1,225,000
Series 1997	1,700,000
Series 2004	2,885,000
Series 2006	2,130,000

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
2023	1,749,111	842,131	2,591,242
2024	1,708,171	682,724	2,390,895
2025	1,473,860	646,119	2,119,979
2026	1,514,557	606,139	2,120,696
2027	1,550,262	564,674	2,114,936
2028-2032	7,877,680	1,935,601	9,813,281
2033-2036	7,130,000	463,514	7,593,514
Total	$ 23,003,641	$ 5,740,902	$ 28,744,543

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, 2022.

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, 2022, 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	Nonmajor Funds	Totals
Local Governments	$ -	$ 30,284	$ 30,284
State Entitlements	1,265,434	41,203	1,306,637
Federal Grants	-	6,808,694	6,808,694
Totals	$ 1,265,434	$ 6,880,181	$ 8,145,615

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	$ 14,573,513	$ 1,188,487	$ 15,762,000
Penalties and Interest On Property Taxes	68,555	7,938	76,493
Investment Income	141,341	3,409	144,750
Rent	500	-	500
Food Sales	-	90,956	90,956
Co-curricular Student Activities	33,687	-	33,687
Miscellaneous	107,082	134,400	241,482
	$ 14,924,678	$ 1,425,190	$ 16,349,868

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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

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

Texas Government Code section 821.006 prohibits benefit improvements, if because 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 the 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 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

	2021	2022
Member	7.7%	8.0%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%

Current fiscal year employer contributions	$ 969,003
Current fiscal year member contributions	$ 1,621,364
2021 measurement year NECE on-behalf contributions	$ 1,019,574

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, medial schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (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 an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. The contribution rate called the Public Education Employer Contribution replaced the Non-OASDI surcharge that was in effect in fiscal year 2019.

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

- All public schools must contribute 1.6% of the member's salary beginning in fiscal year 2021, gradually increasing to 2% in fiscal year 2025.
- 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, 2021, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2020 Rolled forward to August 31, 2021
Actuarial cost method	Individual entry age normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term Expected Rate	7.25%
Municipal Bond Rate as of August, 2019	1.95%-Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity index's "20-Year Municipal GO AA Index"
Last Year ending August 31 in Projection Period (100 years)	2120
Inflation	2.30%
Salary increases	3.05%-9.05%, including inflation
Ad-hoc post employment benefit changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020. For a full description of these assumptions, please see the TRS actuarial valuation report dated November 9, 2020.

Discount Rate. The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing entity are made at the rate set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.5% of payroll in fiscal year 2020 gradually increasing 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payment of current plan member. 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 expected rate of return on pension plan investments is 7.25%. The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2021 are summarized below:

Asset Class*	Target Allocation**	Long-term Expected Geometric Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18%	3.6%	0.94%
Non-US Developed	13%	4.4%	0.83%
Emerging Markets	9%	4.6%	0.74%
Private Equity	14%	6.3%	1.36%
Stable Value			
Government Bonds	16%	-0.2%	1.00%
Absolute Return (including Credit Sensitive Investments)	0%	1.1%	0.00%
Stable Value Hedge Funds	5%	2.2%	0.12%
Real Return			
Real Estate	15%	4.5%	1.00%
Energy, Natural Resources and Infrastructure	6%	4.7%	0.35%
Commodities	0%	1.7%	0.00%
Risk Parity			
Risk Parity	8%	2.8%	0.28%
Asset Allocation Leverage			
Cash	2%	-0.7%	-0.10%
Asset Allocation Leverage Cash	-6%	-0.5%	0.30%
Inflation Expectation			2.20%
Volatility Drag ****			-0.95%
Expected Return			6.90%

* *Absolute Return includes Credit Sensitive Investments*

** *Target allocations are based on the FY2021 policy model*

*** *Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021)*

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

Discount Rate Sensitivity Analysis. The following table presents the Net Pension Liability of the plan using the discount rate of 7.25%, and what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of net pension liability	$ 9,650,536	$ 4,416,400	$ 169,928

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2022, the District reported a liability of $4,416,400 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	$ 4,416,400
State's proportionate share that is associated with the District	6,084,380
Total	$ 10,500,780

The net pension liability was measured as of August 31, 2021, 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, 2020 thru August 31, 2021.

At August 31, 2021, the employer's proportion of the collective net pension liability was .0173420266% which was a decrease of .0008397726% from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation –

There were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2022, the District recognized pension expense of ($2,329,734) and revenue of $24,325 for support provided by the State.

At August 31, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experiences	$ 7,391	$ 310,918
Changes in actuarial assumptions	1,561,111	680,511
Differences between projected and actual investment earnings	-	3,703,094
Changes in proportion and differences between the employer's contribution and the proportionate share of contributions	497,690	339,011
Total as of August 31, 2021 measurement date	$ 2,066,192	$ 5,033,534
Contributions paid to TRS subsequent to the measurement date	969,003	-
Total as of fiscal year-end	$ 3,035,195	$ 5,033,534

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

Year Ended August 31,	Pension Expense Amount
2023	$ (428,881)
2024	(465,082)
2025	(847,151)
2026	(1,118,106)
2027	(80,464)
Thereafter	(27,658)

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 that has 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 the 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. Detailed 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/about_publications.aspz; ; 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 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 health 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 present in the following table:

TRS-Care Monthly Premium Rates

	Medicare	Non-Medicare
Retiree or Surviving Spouse	$ 135	$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse & Children	468	408
Retiree and Family	1,020	999

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates

	2021	2022
Member	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%

Current fiscal year employer contributions	$ 219,301
Current fiscal year member contributions	131,736
2021 measurement year NECE on-behalf contributions	234,213

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay to TRS-Care, a monthly surcharge of $535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributions in the amount of $5.5 million in fiscal year 2021 for consumer protection against medical and health care billing by certain out-of-pocket network providers.

Actual Assumptions. The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB liability to August 31, 2021.

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

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern or practice and are identical to the assumptions used in the August 31, 2019. TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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

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 form the mortality projection scale MP-2018.

Additional actuarial methods and assumptions:

Valuation date	August 31, 2020 Rolled forward to August 31, 2021
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single Discount Rate	1.95% as of Aubust 31, 2021
Aging factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Projected salary increases	3.05%-9.05%, including inflation
Ad-hoc post employment bnefit changes	None

Discount Rate. A single discount rate of 1.95% was used to measure the total OPEB liability. There was a decrease of .38% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

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 municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Sensitivity of the Net OPEB Liability:
Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.95%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount -2.95%
District's proportionate share of the net OPEB liability	$ 10,411,939	$ 8,631,799	$ 7,230,772

Healthcare Cost Trend Rates Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 6,991,471	$ 8,631,799	$ 10,832,712

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2022, the District reported a liability of $8,631,799 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for the 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 as follows:

District's proportionate share of the collective net OPEB liability	$ 8,631,799
State's proportionate share that is associated with the District	11,564,688
Total	$ 20,196,487

The Net OPEB Liability was measured as of August 31, 2021, 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, 2020 thru August 31, 2021.

At August 31, 2021, the employer's proportion of the collective Net OPEB Liability was 0.0223769755% which was a decrease of .0016913381% from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation. There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2022, the District recognized OPEB expense of $3,661,992 and revenue of $426,825 for support provided by the State.

At August 31, 2022, 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 Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experiences	$ 371,640	$ 4,178,395
Changes in actuarial assumptions	956,073	1,825,466
Differences between projected and actual investment earnings	9,371	-
Changes in proportion and differences between the employer's contribution and the proportionate share of contributions	987,089	926,783
Total as of August 31, 2021 measurement date	$ 2,324,173	$ 6,930,644
Contributions paid to TRS subsequent to the measurement date	219,301	-
Total as of fiscal year-end	$ 2,543,474	$ 6,930,644

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

Year Ended August 31,	Pension Expense Amount
2023	$ (842,994)
2024	(843,205)
2025	(843,148)
2026	(615,937)
2027	(308,331)
Thereafter	(1,152,856)

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 form the federal government to offset certain prescription drug, expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2022, 2021 and 2020, 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, 2022 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.

N. 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, 2022, 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.

O. UNAVAILABLE/UNEARNED REVENUE

Unavailable revenue at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Net Tax Revenue	$ 379,615	$ 42,683	$ 422,298

P. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The District had the following outstanding construction commitments at August 31, 2022:

	Total Committed	Expended as of 8/31/2022	Balance
Chalmers HVAC Replacement	$ 87,586	-	$ 60,211
GISD Maintenance Warehouse & Distribution Center	1,274,122	547,686	726,436

Q. RELATED ORGANIZATIONS

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

R. CHANGE IN ACCOUNTING PRINCIPAL

The Governmental Accounting Standards Board (GASB) issued Statement 87, *Leases* in June 2017 with an effective date of fiscal year beginning after June 15, 2021 (as postponed). This required the District to implement the provisions of the Statement during the year. The Statement replaced operating leases with recognition of 'Right of Use" assets and liabilities. As such, there are new financial statement captions on the government wide financial statements. For the fund financial statements, the net present value of the lease payments is recognized as an expenditure in the initial year of the agreement with subsequent payments represented as debt retirement payments. The Statement requires retroactive restatement of assets and liabilities with the difference modifying the beginning net position.

S. PRIOR PERIOD ADJUSTMENT

The District entered into an agreement on 5/18/2021 with Ideal Impact Inc. for the purpose of acquiring certain personal property and related services for an energy conservation project. This transaction was not recorded in

the fiscal year ended August 31, 2021. The correction of this error affects only the government-wide financial statements as an increase to capital assets and leases payable in the amount of $523,214.

During the year, the District implemented GASB 87, *Leases*, required the reclassification and establishment of new asset and liability accounts. The change requires an adjustment to the beginning net position. The implementation affects only the government-wide financial statement. Beginning net position has increased by $1,882.

The 9/1/21 numbers in the capital asset table and the bonds, notes and capital leases table have been revised to include the above transactions.

T. SUBSEQUENT EVENT

The District's management has evaluated subsequent events though January 18, 2023, the date which the financial statements were available for issue and has determined that the following subsequent event requires disclosure in the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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EXHIBIT G-1

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2022

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	$ 14,139,174	$ 14,139,174	$ 14,924,678	$ 785,504
5800	State Program Revenues	16,053,813	16,053,813	16,858,057	804,244
5900	Federal Program Revenues	95,000	95,000	775,431	680,431
5020	Total Revenues	30,287,987	30,287,987	32,558,166	2,270,179
	EXPENDITURES:				
	Current:				
0011	Instruction	14,179,642	13,423,142	13,013,179	409,963
0012	Instructional Resources and Media Services	291,039	361,039	346,984	14,055
0013	Curriculum and Instructional Staff Development	365,465	263,965	172,416	91,549
0021	Instructional Leadership	291,453	291,453	267,932	23,521
0023	School Leadership	1,469,075	1,425,575	1,395,566	30,009
0031	Guidance, Counseling, and Evaluation Services	953,572	932,572	926,348	6,224
0032	Social Work Services	247,376	312,376	288,572	23,804
0033	Health Services	296,697	266,697	229,852	36,845
0034	Student (Pupil) Transportation	900,349	1,300,349	1,220,891	79,458
0036	Extracurricular Activities	1,513,451	1,513,601	1,289,083	224,518
0041	General Administration	1,322,261	1,198,261	1,074,791	123,470
0051	Facilities Maintenance and Operations	3,418,015	3,761,125	3,288,255	472,870
0052	Security and Monitoring Services	51,250	26,250	15,483	10,767
0053	Data Processing Services	167,535	207,535	182,505	25,030
	Debt Service:				
0071	Principal on Long-Term Liabilities	353,218	401,718	489,671	(87,953)
0072	Interest on Long-Term Liabilities	27,772	27,772	39,760	(11,988)
0073	Bond Issuance Cost and Fees	-	1,500	-	1,500
	Capital Outlay:				
0081	Facilities Acquisition and Construction	3,027,277	2,906,167	2,174,499	731,668
	Intergovernmental:				
0099	Other Intergovernmental Charges	294,500	374,500	275,817	98,683
6030	Total Expenditures	29,169,947	28,995,597	26,691,604	2,303,993
1100	Excess of Revenues Over Expenditures	1,118,040	1,292,390	5,866,562	4,574,172
	OTHER FINANCING SOURCES (USES):				
7913	Right-to-Use Leases	-	-	116,151	116,151
8911	Transfers Out (Use)	(1,118,040)	(1,118,040)	(1,079,645)	38,395
7080	Total Other Financing Sources (Uses)	(1,118,040)	(1,118,040)	(963,494)	154,546
1200	Net Change in Fund Balances	-	174,350	4,903,068	4,728,718
0100	Fund Balance - September 1 (Beginning)	17,640,919	17,640,019	17,640,019	-
3000	Fund Balance - August 31 (Ending)	$ 17,640,919	$ 17,814,369	$ 22,543,087	$ 4,728,718

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, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Pension Liability (Asset)	0.017342027%	0.018181799%	0.017628821%
District's Proportionate Share of Net Pension Liability (Asset)	$ 4,416,400	$ 9,737,801	$ 9,164,013
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	6,084,380	13,503,119	12,458,564
Total	$ 10,500,780	$ 23,240,920	$ 21,622,577
District's Covered Payroll	$ 20,197,974	$ 20,609,007	$ 18,888,284
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	21.87%	47.25%	48.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.79%	75.54%	75.24%

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, 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 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.016801707%	0.016810589%	0.014958613%	158,252,000.00	0.015639%
$ 9,248,067	$ 5,375,121	$ 5,652,637	$ 5,593,998	2,821,763
13,265,551	8,104,995	9,342,952	8,887,949	7,691,057
$ 22,513,618	$ 13,480,116	$ 14,995,589	$ 172,733,947	$ 10,512,820
$ 17,407,205	$ 17,091,699	$ 15,390,975	$ 14,922,328	14,520,179
53.13%	31.45%	36.73%	37.49%	19.43%
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 2022

	2022	2021	2020
Contractually Required Contribution	$ 969,003	$ 741,165	$ 750,105
Contribution in Relation to the Contractually Required Contribution	(969,003)	(741,165)	(750,105)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 20,256,900	$ 20,197,974	$ 20,609,007
Contributions as a Percentage of Covered Payroll	4.78%	3.67%	3.64%

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.

2019	2018	2017	2016	2015
$ 618,386	$ 567,591	$ 548,132	$ 475,273	$ 468,591
(618,386)	(567,591)	(548,132)	(475,273)	(468,591)
$ -	$ -	$ -	$ -	$ -
$ 18,888,284	$ 17,407,205	$ 17,091,699	$ 15,390,975	$ 14,922,328
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, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.022376976%	0.024068314%	0.024064875%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 8,631,799	$ 9,149,453	$ 11,380,573
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	11,564,688	12,294,671	15,122,238
Total	$ 20,196,487	$ 21,444,124	$ 26,502,811
District's Covered Payroll	$ 20,197,974	$ 20,609,007	$ 18,888,284
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	42.74%	44.40%	60.25%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.18%	4.99%	2.66%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. 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 2019 Plan Year 2018	FY 2018 Plan Year 2017
	0.022969686%	0.02142619%
$	11,468,974	$ 9,317,446
	13,926,127	12,769,718
$	25,395,101	$ 22,087,164
$	17,407,205	$ 17,091,699
	65.89%	54.51%
	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 2022

	2022	2021	2020
Contractually Required Contribution	$ 219,301	$ 175,009	$ 182,916
Contribution in Relation to the Contractually Required Contribution	(219,301)	(175,009)	(182,916)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 20,256,900	$ 20,197,974	$ 20,609,007
Contributions as a Percentage of Covered Payroll	0.62%	0.09%	0.01%

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.

2019	2018
$ 171,868	$ 159,745
(171,868)	(159,745)
$ -	$ -
$ 18,888,284	$ 17,407,205
0.01%	(0.01%)

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2022

A. Notes to Schedules for the TRS Pension

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

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

B. Notes to Schedules for the TRS OPEB Plan

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

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

- The discount rate changed from 2.33% as of August 31, 2020, to 1.95%, as of August 31, 2021. This change increased the TOL.

COMBINING STATEMENTS

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2022

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	$ -	$ 14,243	$ -	$ 1,048
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	173,870	139,307	87,257	1,235
1290	Other Receivables	-	-	-	-
1000	Total Assets	$ 173,870	$ 153,550	$ 87,257	$ 2,283
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ -	$ -
2140	Interest Payable - Current	-	-	-	-
2160	Accrued Wages Payable	42,348	138,169	40,050	2,048
2170	Due to Other Funds	126,698	-	42,669	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	4,824	15,381	4,538	235
2000	Total Liabilities	173,870	153,550	87,257	2,283
	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	$ 173,870	$ 153,550	$ 87,257	$ 2,283

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
$ 905,983	$ 195,458	$ -	$ -	$ 7,653	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
152,749	-	5,629	42,584	2,940	-	2,028,200	3,566,042
-	-	-	-	-	-	-	-
$ 1,058,732	$ 195,458	$ 5,629	$ 42,584	$ 10,593	$ -	$ 2,028,200	$ 3,566,042
$ 122,879	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
3,123	-	-	-	9,517	-	43,386	218,161
-	-	5,629	42,584	-	-	1,980,016	3,323,793
-	-	-	-	-	-	-	-
66	-	-	-	1,076	-	4,798	24,088
126,068	-	5,629	42,584	10,593	-	2,028,200	3,566,042
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
932,664	195,458	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
932,664	195,458	-	-	-	-	-	-
$ 1,058,732	$ 195,458	$ 5,629	$ 42,584	$ 10,593	$ -	$ 2,028,200	$ 3,566,042

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2022

Data Control Codes		287 Title IV, Part A Subpart I	288 Summer School LEP	289 E3 Teacher Incentive	397 Advanced Placement Incentives
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ -	$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	10,928	8,755	589,198	-
1290	Other Receivables	-	-	-	-
1000	Total Assets	$ 10,928	$ 8,755	$ 589,198	$ -
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ 68	$ -
2140	Interest Payable - Current	-	-	-	-
2160	Accrued Wages Payable	-	-	2,891	-
2170	Due to Other Funds	10,928	8,755	584,460	-
2180	Due to Other Governments	-	-	1,448	-
2200	Accrued Expenditures	-	-	331	-
2000	Total Liabilities	10,928	8,755	589,198	-
	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	$ 10,928	$ 8,755	$ 589,198	$ -

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	$ 168,912	$ -	$ 1,293,309	$ 466,139	$ 1,759,448
-	-	-	-	-	47,426	47,426
-	-	-	-	-	(4,743)	(4,743)
17,920	-	-	30,284	6,856,898	23,283	6,880,181
-	-	-	-	-	1,205	1,205
$ 17,920	$ 12	$ 168,912	$ 30,284	$ 8,150,207	$ 533,310	$ 8,683,517
$ -	$ -	$ -	$ -	$ 122,947	$ -	$ 122,947
-	-	-	-	-	60,992	60,992
-	-	-	-	499,693	-	499,693
-	-	-	30,131	6,155,663	-	6,155,663
-	-	-	-	1,448	-	1,448
-	-	-	-	55,337	-	55,337
-	-	-	30,131	6,835,088	60,992	6,896,080
-	-	-	-	-	42,683	42,683
-	-	-	-	-	42,683	42,683
17,920	-	-	-	1,146,042	-	1,146,042
-	-	-	-	-	429,635	429,635
-	12	168,912	153	169,077	-	169,077
17,920	12	168,912	153	1,315,119	429,635	1,744,754
$ 17,920	$ 12	$ 168,912	$ 30,284	$ 8,150,207	$ 533,310	$ 8,683,517

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

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	398,198	1,126,785	798,578	16,059
5020	Total Revenues	398,198	1,126,785	798,578	16,059
	EXPENDITURES:				
	Current:				
0011	Instruction	334,062	685,973	724,737	16,059
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	440,812	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	25,520	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	-	73,841	-
0033	Health Services	38,616	-	-	-
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	398,198	1,126,785	798,578	16,059
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
$ 93,895	$ 426	$ -	$ -	$ -	$ -	$ -	$ -
9,416	-	-	-	-	-	-	-
2,468,142	45,299	48,068	155,995	99,316	67,987	2,028,200	3,566,042
2,571,453	45,725	48,068	155,995	99,316	67,987	2,028,200	3,566,042
-	-	14,253	-	99,316	67,987	-	3,074,395
-	-	-	-	-	-	285,953	118,540
-	-	-	155,995	-	-	-	-
-	-	-	-	-	-	397,869	122,015
-	-	-	-	-	-	519,833	-
-	-	33,815	-	-	-	-	143,698
-	-	-	-	-	-	81,298	57,830
-	-	-	-	-	-	147,123	-
2,038,076	34,324	-	-	-	-	-	-
-	-	-	-	-	-	108,521	-
-	-	-	-	-	-	113,472	49,564
-	-	-	-	-	-	267,482	-
-	-	-	-	-	-	106,649	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,038,076	34,324	48,068	155,995	99,316	67,987	2,028,200	3,566,042
533,377	11,401	-	-	-	-	-	-
-	-	-	-	-	-	-	-
533,377	11,401	-	-	-	-	-	-
399,287	184,057	-	-	-	-	-	-
$ 932,664	$ 195,458	$ -	$ -	$ -	$ -	$ -	$ -

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		287 Title IV, Part A Subpart 1	288 Summer School LEP	289 E3 Teacher Incentive	397 Advanced Placement Incentives
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800	State Program Revenues	-	-	-	176
5900	Federal Program Revenues	83,646	8,755	1,149,471	-
5020	Total Revenues	83,646	8,755	1,149,471	176
	EXPENDITURES:				
	Current:				
0011	Instruction	-	8,755	1,075,868	176
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	26,730	-
0021	Instructional Leadership	-	-	10,470	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	83,646	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	36,403	-
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	83,646	8,755	1,149,471	176
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
$ -	$ -	$ 103,554	$ 30,437	$ 228,312	$ 1,196,878	$ 1,425,190
-	1,050	-	-	10,642	48,675	59,317
-	-	-	-	12,060,541	-	12,060,541
-	1,050	103,554	30,437	12,299,495	1,245,553	13,545,048
198,398	1,038	20,451	30,284	6,351,752	-	6,351,752
-	-	20,329	-	424,822	-	424,822
-	-	-	-	623,537	-	623,537
-	-	-	-	530,354	-	530,354
-	-	10,044	-	555,397	-	555,397
-	-	-	-	335,000	-	335,000
-	-	-	-	177,744	-	177,744
-	-	-	-	147,123	-	147,123
-	-	-	-	2,072,400	-	2,072,400
-	-	48,590	-	157,111	-	157,111
-	-	102	-	199,541	-	199,541
-	-	-	-	267,482	-	267,482
-	-	-	-	106,649	-	106,649
-	-	-	-	-	1,445,001	1,445,001
-	-	-	-	-	838,162	838,162
-	-	-	-	-	2,000	2,000
198,398	1,038	99,516	30,284	11,948,912	2,285,163	14,234,075
(198,398)	12	4,038	153	350,583	(1,039,610)	(689,027)
-	-	-	-	-	1,079,645	1,079,645
(198,398)	12	4,038	153	350,583	40,035	390,618
216,318	-	164,874	-	964,536	389,600	1,354,136
$ 17,920	$ 12	$ 168,912	$ 153	$ 1,315,119	$ 429,635	$ 1,744,754

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REQUIRED TEA SCHEDULES

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2022

Last 10 Years Ended August 31		(1) Tax Rates	(2)	(3) Assessed/Appraised Value for School Tax Purposes
		Maintenance	Debt Service	
2013	and prior years	Various	Various	$ 13,826,932,746
2014		1.040000	0.250000	987,309,121
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	(School year under audit)	0.982000	0.080000	1,476,370,608
1000	TOTALS			

(10) Beginning Balance 9/1/2021	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2022
$ 85,683	$ -	$ 10,270	$ 2,365	$ (6,248)	$ 66,800
15,667	-	1,534	369	(210)	13,554
16,275	-	3,553	820	(207)	11,695
19,749	-	3,446	795	(208)	15,300
22,472	-	5,851	550	(255)	15,816
27,144	-	5,738	539	(318)	20,549
40,180	-	13,891	1,187	(370)	24,732
71,660	-	37,591	2,815	(416)	30,838
181,415	-	92,470	7,241	(7,397)	74,307
-	15,679,056	14,399,169	1,171,806	87,548	195,629
$ 480,245	$ 15,679,056	$ 14,573,513	$ 1,188,487	$ 71,919	$ 469,220

EXHIBIT J-2

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 200,000	$ 200,000	$ 93,895	$ (106,105)
5800	State Program Revenues	20,000	20,000	9,416	(10,584)
5900	Federal Program Revenues	1,865,891	1,932,561	2,468,142	535,581
5020	Total Revenues	2,085,891	2,152,561	2,571,453	418,892
	EXPENDITURES:				
	Current:				
0035	Food Services	2,085,891	2,152,561	2,038,076	114,485
6030	Total Expenditures	2,085,891	2,152,561	2,038,076	114,485
1200	Net Change in Fund Balances	-	-	533,377	533,377
0100	Fund Balance - September 1 (Beginning)	399,287	399,287	399,287	-
3000	Fund Balance - August 31 (Ending)	$ 399,287	$ 399,287	$ 932,664	$ 533,377

EXHIBIT J-3

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2022

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	$ 1,167,123	$ 2,285,163	$ 1,196,878	$ (1,088,285)
5800	State Program Revenues	-	-	48,675	48,675
5020	Total Revenues	1,167,123	2,285,163	1,245,553	(1,039,610)
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Liabilities	1,445,001	1,445,000	1,445,001	(1)
0072	Interest on Long-Term Liabilities	840,162	838,163	838,162	1
0073	Bond Issuance Cost and Fees	-	2,000	2,000	-
6030	Total Expenditures	2,285,163	2,285,163	2,285,163	-
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,118,040)	-	(1,039,610)	(1,039,610)
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	1,118,040	1,118,040	1,079,645	(38,395)
1200	Net Change in Fund Balances	-	1,118,040	40,035	(1,078,005)
0100	Fund Balance - September 1 (Beginning)	389,600	389,600	389,600	-
3000	Fund Balance - August 31 (Ending)	$ 389,600	$ 1,507,640	$ 429,635	$ (1,078,005)

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2022

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.	3108599
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	5675071

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.	531776
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	301032

FEDERAL AWARDS SECTION

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SCHALK & SMITH PC
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

Thomas E. Schalk, CPA
Judy Smith, CPA
Cynthia Muñoz, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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 the Gainesville Independent School District, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the Gainesville Independent School District's basic financial statements, and have issued our report thereon dated January 18, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Gainesville Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Gainesville Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Gainesville Independent School District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gainesville Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

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Purpose of This Report

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

Schalk & Smith, P.C.
Gainesville, Texas
January 18, 2023

SCHALK & SMITH PC
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

Thomas E. Schalk, CPA
Judy Smith, CPA
Cynthia Muñoz, CPA

INDEPENDENT AUDITOR'S 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, 2022. 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, 2022.

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

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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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Schalk & Smith, P.C.
Gainesville, Texas
January 18, 2023

GAINESVILLE INDEPENDENT SCHOOL DISTIRCT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2022

Section I Summary of the Auditor's Results

- The type of report issued on the financial statements of the Gainesville Independent School District was an unmodified opinion.
- With respect to internal control over financial reporting we identified no material weaknesses and we reported no significant deficiencies.
- We noted no noncompliance material to the financial statements.
- With respect to internal control over major federal programs we identified no material weaknesses and we reported no significant deficiencies.
- The type of report we issued on compliance for major programs was an unmodified opinion.
- We disclosed no audit findings which the auditor is required to report in accordance with 2 CFR 200.516(a).
- We identified the following major programs:
  Education Stabilization Fund CFDA #84.425D
  Teacher & School Leader Incentive Grants CFDA #84.374A
  Special Education Cluster CFDA #84.027 & #84.173
- The dollar threshold used to distinguish between Type A and Type B programs was $750,000.
- The auditee does qualify as a low-risk auditee.

Section II Financial Statement Findings- NONE

Section III Federal Award Findings & Questioned Costs NONE

Section IV Other Findings Which are Required to be Reported in Accordance with *Government Auditing Standards* NONE

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2022

N/A

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2022

(Prepared by the District's Administration)

N/A

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

(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	$ 1,149,471
Total Passed Through Insight Education Group			1,149,471
Passed Through Texas Education Agency			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101049901	50,006
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101049901	1,076,779
Total Assistance Listing Number 84.010			1,126,785
*IDEA - Part B, Formula	84.027	226600010499016600	798,578
*IDEA - Part B, Preschool	84.173	226610010499016610	16,059
Total Special Education Cluster (IDEA)			814,637
Career and Technical - Basic Grant	84.048	22420006049901	48,068
ESEA, Title V, Part B,2 - Rural & Low Income Prog.	84.358A	22696001049901	67,987
Title III, Part A - English Language Acquisition	84.365A	23671001049901	7,080
Title III, Part A - English Language Acquisition	84.365A	22671001049901	92,236
Total Assistance Listing Number 84.365			99,316
ESEA, Title II, Part A, Teacher Principal Training	84.367A	22694501049901	155,995
Elementary Secondary School Emergency Relief II	84.425D	21521001049901	2,028,200
ESSER III - ARP School Emergengy Relief	84.425D	21528001049901	3,566,042
Total Assistance Listing Number 84.425			5,594,242
Title IV, Part A, Subpart 1	84.424A	22680101049901	83,646
LEP Summer School	84.369A	21680101049901	8,755
Total Passed Through Texas Education Agency			7,999,431
TOTAL U.S. DEPARTMENT OF EDUCATION			9,148,902
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Education Agency			
Head Start	93.600	06CH011086	931
Head Start	93.600	06CH011086	397,267
Total Assistance Listing Number 93.600			398,198
Total Passed Through Texas Education Agency			398,198
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			398,198
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Texas Department of Agriculture			
*School Breakfast Program	10.553	202222N109946	596,208
*National School Lunch Program - Cash Assistance	10.555	202222N109946	1,693,741
*National School Lunch Prog. - Non-Cash Assistance	10.555	20222N109946	111,523
Total Assistance Listing Number 10.555			1,805,264
*Summer Feeding Program - Cash Assistance	10.559	226TX332N1099	45,299
*Child and Adult Food Care Program	10.555	226TX400N8903	66,670
Total Child Nutrition Cluster			2,513,441
Total Passed Through the Texas Department of Agriculture			2,513,441

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,513,441
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 12,060,541

*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, 2022

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

- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All federal grant funds were accounted for in a Special Revenue Funds, a component of the Governmental Fund types. Medicaid reimbursements (School Health and Related Services (SHARS) program for special education students) are recorded in the General Fund as federal revenue but do not meet the definition of federal awards for purposes of preparing the schedule of federal awards.

  With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these fund present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which they 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 grants 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 revenue until earned.

  The District has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

- The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Compliance Supplement, Part 3, Section H, Period of Availability of Federal Funds.

- Reconciliation of Federal Revenues in Exhibit C-3 to the Schedule of Expenditures of Federal Awards:

Federal Awards per Schedule of Expenditures of Federal Awards	$	12,060,541
Medicaid Reimbursements (SHARS)		775,431
Total Federal Program Revenues-Exhibit C-3	$	12,835,972

SCHOOLS FIRST QUESTIONNAIRE

Gainesville Independent School District

Fiscal Year 2022

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Govenment Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	127428