GAINESVILLE
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT FOR THE

YEAR ENDED AUGUST 31, 2025

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2025

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CERTIFICATE OF BOARD

Gainesville Independent School District	Cooke	049-901
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, 2025, at a meeting of the Board of Trustees of such school district on the __15__ day of __December__, 20__25__.

Signature of Board Secretary

Signature of Board President

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

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

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

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

Independent Auditor's Report

Board of Trustees
Gainesville Independent School District
Gainesville, Texas

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Gainesville Independent School District as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Gainesville Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Gainesville Independent School District as of August 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financials section of our report. We are required to be independent of Gainesville Independent School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gainesville Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gainesville Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

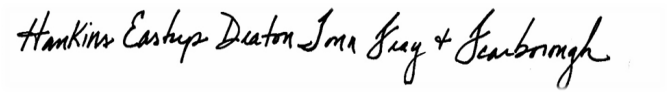
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 and the Teacher Retirement System schedules on page 49 through 57 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gainesville Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements, the required TEA schedules listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the required TEA schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 15, 2025, on our consideration of Gainesville Independent School District's internal control over financial reporting and on our tests of the compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gainesville Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gainesville Independent School District's internal control over financial reporting and compliance.



Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
December 15, 2025

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025
(UNAUDITED)

As management of Gainesville Independent School District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2025. Please read this narrative in conjunction with the independent auditor's report and the District's basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of Gainesville Independent School District exceeded its liabilities and deferred inflows at the close of the most recent fiscal period by $40,718,899 (positive net position).

- The District's total net position decreased by $1,777,840 during the fiscal year from the results of current year operations.

- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of $57,579,109. 23.8% of this total amount ($13,673,132) is unassigned and available for use within the District's commitments and policies.

- At the end of the current fiscal period, the unassigned fund balance of the general fund of $13,673,132 is 34.2% of non-capital general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

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

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, grants provided by the U.S. Department of Education and other funding agencies, and revenues provided by the taxpayers or the state in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are included regardless of whether they must be paid in the current or future years.

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

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

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

· Business-type activities–Activities in which the District charges a fee to “customers” to help it cover all or most of the cost of services it provides are reported here. During the year ended August 31, 2025, the District had no business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

The fund financial statements begin 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 funds for grants received from the U.S. Department of Education, to facilitate compliance with grant provisions. The District's administration establishes many other funds to help it control and manage money for particular purposes (e.g., campus activities).

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis presents both current and prior year data and significant changes in the accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities. The District had no business-type activities during the fiscal year.

Net position of the District's governmental activities decreased from $42,800,682 at August 31, 2024, to $40,718,899 at August 31, 2025. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was a deficit of $3,878,006 at August 31, 2025.

Table I

NET POSITION

	Governmental Activities		
	2025	2024	Change
Current and other assets	$ 61,075,103	$ 28,878,814	$ 32,196,289
Capital assets	60,458,953	58,841,145	1,617,808
Total assets	121,534,056	87,719,959	33,814,097
Deferred outflows of resources	9,387,045	15,939,116	(6,552,071)
Long-term liabilities	78,083,245	42,774,717	35,308,528
Other liabilities	2,893,312	4,499,885	(1,606,573)
Total liabilities	80,976,557	47,274,602	33,701,955
Deferred inflows of resources	10,510,741	13,583,791	(3,073,050)
Net Position:			
Net investments in capital assets	41,830,871	38,954,529	2,876,342
Restricted	2,766,034	2,182,775	583,259
Unrestricted	(3,878,006)	1,663,378	(5,541,384)
Total Net Position	$ 40,718,899	$ 42,800,682	$ (2,081,783)

Table II

CHANGES IN NET POSITION

	Governmental Activities		
	2025	2024	Change
Revenues:			
Program Revenues:			
Charges for services	$ 290,232	$ 335,349	$ (45,117)
Operating grants and contributions	8,095,740	7,395,783	699,957
General Revenues:			
Maintenance and operations taxes	14,544,952	13,389,108	1,155,844
Debt service taxes	1,969,299	1,946,580	22,719
State aid - formula grants	16,701,353	18,922,228	(2,220,875)
Interest earnings	1,020,270	1,533,309	(513,039)
Miscellaneous	(63,124)	1,598,804	(1,661,928)
Total Revenue	42,558,722	45,121,161	(2,562,439)
Expenses:			
Instruction, curriculum and media services	23,814,644	24,879,467	(1,064,823)
Instructional and school leadership	3,029,316	2,830,247	199,069
Student support services	3,873,358	4,137,441	(264,083)
Food services	2,332,909	2,511,036	(178,127)
Extracurricular activities	2,676,941	2,490,616	186,325
General administration	1,750,030	1,714,677	35,353
Plant maintenance, security & data processing	5,598,864	5,485,267	113,597
Debt service	942,691	527,376	415,315
Intergovernmental charges	317,809	316,538	1,271
Total Expenses	44,336,562	44,892,665	(556,103)
Increase (Decrease) in Net Position	(1,777,840)	228,496	(2,006,336)
Net Position - beginning of year	42,800,682	42,572,186	228,496
Restatement - GASB 101	(303,943)	-	(303,943)
Net Position - end of year	$ 40,718,899	$ 42,800,682	$ (2,081,783)

The cost of all governmental activities for the current fiscal period was $45,558,722. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was only $16,514,251 because some of the costs were paid by those who directly benefited from the programs ($290,232) or by other governments and organizations that subsidized certain programs with grants and contributions ($8,095,740) or by State equalization funding ($16,701,353).

THE DISTRICT'S FUNDS

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $57,579,109, an increase of $33,712,554 from the prior year. Approximately 95% of this total amount ($54,688,104) constitutes *assigned and unassigned fund balance.* The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it is already restricted for debt service ($829,576) or food service ($2,061,429).

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $13,673,132. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 34.2% of total general fund expenditures.

The fund balance of the District's general fund decreased by $5,691,219 during the current fiscal year. Key factors related to this change are as follows:

- State per capita and Foundation revenue was $2,220,875 or 11.7% lower than state funding revenue of the prior year, while property tax revenue was $1,155,844 or 8.6% higher due to increase in property valuations.
- Expenditures were $1,005,227 or 2.5% lower, however, primarily due to slightly lower capital outlay during the fiscal year and across-the-board decreases in all expenditure functions.

The debt service fund has a total fund balance of $829,576, all of which is restricted for the payment of debt service. The net increase in fund balance during the period was $461,155. Property tax revenue was $22,719 higher as compared to the previous year.

Over the course of the year, the Board of Trustees revised the District's budget as needed. Budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August 2024). The second category includes changes that the Board made during the year to reflect new information regarding revenue sources and expenditure needs. The principal amendment in this case was an increase in the anticipated amount of State funding to be received. The third category involves amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of $15,748,077 differs from the General Fund's budgetary fund balance of $13,235,823 reported in the budgetary comparison schedule. Actual expenditures were $2,576,691 below the revised final budget, and actual revenues were $215,149 below the revised final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2025, the District had $60,458,953 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of $1,617,808, or 2.7% above last year.

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

Debt Administration

At year-end, the District had $58,298,116 in bonds, notes, capital leases and right-to-use leases outstanding (including accreted interest on bonds) versus $20,969,642 last year. The District issued $37,620,000 in building bonds to fund capital improvements. The District's underlying rating is AA- according to S & P

Global Ratings, but is considered AAA as a result of guarantees of the Texas Permanent School Fund.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

On August 18, 2025, the Board of Trustees voted to approve 2025-26 operating budgets for its general fund, debt service fund, and food service fund as follows:

	Budgeted Revenues	Budgeted Expenditures
General Fund	$35,812,938	$37,856,535
Debt Service Fund	4,770,206	4,770,206
Food Service Fund	2,451,984	3,204,460

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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EXHIBIT A-1

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2025

Data Control Codes		Primary Government Governmental Activities
ASSETS		
1110	Cash and Cash Equivalents	$ 59,326,280
1220	Property Taxes - Delinquent	744,479
1230	Allowance for Uncollectible Taxes	(37,224)
1240	Due from Other Governments	1,041,568
	Capital Assets:	
1510	Land	2,003,821
1520	Buildings, Net	55,411,120
1530	Furniture and Equipment, Net	2,929,748
1550	Right-to-Use Leased Assets, Net	114,264
1000	Total Assets	121,534,056
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred Charge for Refunding	836,486
1705	Deferred Outflow Related to TRS Pension	3,494,009
1706	Deferred Outflow Related to TRS OPEB	6,341,646
1700	Total Deferred Outflows of Resources	10,672,141
LIABILITIES		
2110	Accounts Payable	560,814
2140	Interest Payable	104,573
2160	Accrued Wages Payable	2,205,211
2180	Due to Other Governments	9,453
2200	Accrued Expenses	13,261
	Noncurrent Liabilities:	
2501	Due Within One Year: Loans, Note, Leases, Comp Absence etc.	2,545,447
	Due in More than One Year:	
2502	Bonds, Notes, Loans, Leases, Comp Absences, etc.	56,055,075
2540	Net Pension Liability (District's Share)	11,367,832
2545	Net OPEB Liability (District's Share)	8,114,891
2000	Total Liabilities	80,976,557
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflow Related to TRS Pension	1,825,688
2606	Deferred Inflow Related to TRS OPEB	8,685,053
2600	Total Deferred Inflows of Resources	10,510,741
NET POSITION		
3200	Net Investment in Capital Assets and Right-to-Use Lease Assets	41,830,871
	Restricted:	
3820	Restricted for Federal and State Programs	2,061,429
3850	Restricted for Debt Service	704,605
3900	Unrestricted	(3,878,006)
3000	Total Net Position	$ 40,718,899

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

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		1	Program Revenues 3	Program Revenues 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	$ 22,337,681	$ 3,700	$ 3,852,427	$ (18,481,554)
12	Instructional Resources and Media Services	848,349	-	72,111	(776,238)
13	Curriculum and Instructional Staff Development	628,614	-	45,538	(583,076)
21	Instructional Leadership	1,000,479	-	93,292	(907,187)
23	School Leadership	2,028,837	-	185,669	(1,843,168)
31	Guidance, Counseling, and Evaluation Services	1,450,724	-	267,648	(1,183,076)
32	Social Work Services	173,939	-	2,836	(171,103)
33	Health Services	451,236	-	106,428	(344,808)
34	Student (Pupil) Transportation	1,797,459	-	329,699	(1,467,760)
35	Food Services	2,332,909	130,586	2,377,390	175,067
36	Extracurricular Activities	2,676,941	121,992	90,632	(2,464,317)
41	General Administration	1,750,030	-	130,489	(1,619,541)
51	Facilities Maintenance and Operations	4,720,814	33,954	169,062	(4,517,798)
52	Security and Monitoring Services	580,395	-	97,094	(483,301)
53	Data Processing Services	297,655	-	9,554	(288,101)
72	Debt Service - Interest on Long-Term Debt	496,753	-	265,871	(230,882)
73	Debt Service - Bond Issuance Cost and Fees	445,938	-	-	(445,938)
99	Other Intergovernmental Charges	317,809	-	-	(317,809)
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 44,336,562	$ 290,232	$ 8,095,740	(35,950,590)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	14,544,952
DT	Property Taxes, Levied for Debt Service	1,969,299
SF	State Aid - Formula Grants	16,701,353
IE	Investment Earnings	1,020,270
MI	Miscellaneous Local and Intermediate Revenue	(63,124)
TR	Total General Revenues	34,172,750
CN	Change in Net Position	(1,777,840)
NB	Net Position - Beginning	42,800,682
PA	Adjustments and Restatements	(303,943)
NE	Net Position - Ending	$ 40,718,899

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

EXHIBIT C-1

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2025

Data Control Codes		10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
	ASSETS				
1110	Cash and Cash Equivalents	$ 17,300,556	$ 38,833,548	$ 3,192,176	$ 59,326,280
1220	Property Taxes - Delinquent	663,114	-	81,365	744,479
1230	Allowance for Uncollectible Taxes	(33,156)	-	(4,068)	(37,224)
1240	Due from Other Governments	409,598	-	631,970	1,041,568
1260	Due from Other Funds	463,517	-	60,845	524,362
1000	Total Assets	$ 18,803,629	$ 38,833,548	$ 3,962,288	$ 61,599,465
	LIABILITIES				
2110	Accounts Payable	$ 227,683	$ -	$ 333,131	$ 560,814
2160	Accrued Wages Payable	2,174,895	-	30,316	2,205,211
2170	Due to Other Funds	12,012	-	512,350	524,362
2180	Due to Other Governments	-	-	9,453	9,453
2200	Accrued Expenditures	11,003	-	2,258	13,261
2000	Total Liabilities	2,425,593	-	887,508	3,313,101
	DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	629,959	-	77,296	707,255
2600	Total Deferred Inflows of Resources	629,959	-	77,296	707,255
	FUND BALANCES				
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	2,061,429	2,061,429
3480	Retirement of Long-Term Debt	-	-	829,576	829,576
	Assigned Fund Balance:				
3550	Construction	-	38,833,548	-	38,833,548
3580	Other Assigned Fund Balance	-	-	137,827	137,827
3590	Projected 2025-2026 Budget Deficit	2,043,597	-	-	2,043,597
3600	Unassigned Fund Balance	13,704,480	-	(31,348)	13,673,132
3000	Total Fund Balances	15,748,077	38,833,548	2,997,484	57,579,109
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 18,803,629	$ 38,833,548	$ 3,962,288	$ 61,599,465

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, 2025

EXHIBIT C-2

	Total Fund Balances - Governmental Funds	$	57,579,109
1	Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.		114,441,753
2	Accumulated depreciation is not reported in the fund financial statements.		(53,982,800)
3	Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of $11,367,832, Deferred Inflows of Resources related to TRS pension in the amount of $3,494,009, and Deferred Outflows of Resources related to TRS pension in the amount of $1,825,688. This results in a decrease in Net Position in the amount of $9,699,511.		(9,699,511)
4	Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net Other Post-Employment Benefit (OPEB) liability required by GASB 75 in the amount of $8,114,891, a Deferred Resource Inflow related to TRS OPEB in the amount of $6,341,646, and a Deferred Resource Outflow related to TRS OPEB in the amount of $8,685,053. This results in a net decrease in Net Position in the amount of $10,458,298.		(10,458,298)
5	Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		(104,573)
6	Property tax revenue reported as unavailable revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.		707,255
7	Bonds payable have not been included in the fund financial statements.		(55,110,000)
8	Bond premiums and discounts are not recognized in the fund financial statements.		(2,598,742)
9	Deferred charge on bond refundings is not recognized in the fund financial statements.		836,486
10	Notes payable are not reported in the fund financial statements.		(589,374)
11	Compensated Absences are not recognized in the fund financial statements.		(302,406)
29	**Net Position of Governmental Activities**	$	40,718,899

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, 2025

Data Control Codes		10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 15,438,208	$ -	$ 2,153,465	$ 17,591,673
5800	State Program Revenues	18,699,900	-	433,163	19,133,063
5900	Federal Program Revenues	58,256	-	4,567,928	4,626,184
5020	Total Revenues	34,196,364	-	7,154,556	41,350,920
	EXPENDITURES:				
	Current:				
0011	Instruction	17,831,410	-	2,178,052	20,009,462
0012	Instructional Resources and Media Services	810,820	-	10,563	821,383
0013	Curriculum and Instructional Staff Development	614,335	-	5,019	619,354
0021	Instructional Leadership	957,379	-	1,344	958,723
0023	School Leadership	1,977,116	-	8,683	1,985,799
0031	Guidance, Counseling, and Evaluation Services	1,254,320	-	121,873	1,376,193
0032	Social Work Services	246,361	-	-	246,361
0033	Health Services	357,492	-	67,802	425,294
0034	Student (Pupil) Transportation	1,548,136	-	-	1,548,136
0035	Food Services	-	-	2,180,822	2,180,822
0036	Extracurricular Activities	1,819,791	-	35,805	1,855,596
0041	General Administration	1,692,757	-	5,931	1,698,688
0051	Facilities Maintenance and Operations	4,418,972	-	-	4,418,972
0052	Security and Monitoring Services	518,447	-	58,498	576,945
0053	Data Processing Services	268,385	-	-	268,385
	Debt Service:				
0071	Principal on Long-Term Liabilities	496,149	-	1,310,000	1,806,149
0072	Interest on Long-Term Liabilities	25,634	-	446,927	472,561
0073	Bond Issuance Cost and Fees	-	443,638	2,300	445,938
	Capital Outlay:				
0081	Facilities Acquisition and Construction	4,882,982	-	-	4,882,982
	Intergovernmental:				
0099	Other Intergovernmental Charges	317,809	-	-	317,809
6030	Total Expenditures	40,038,295	443,638	6,433,619	46,915,552
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,841,931)	(443,638)	720,937	(5,564,632)
	OTHER FINANCING SOURCES (USES):				
7911	Capital Related Debt Issued	-	37,620,000	-	37,620,000
7915	Transfers In	150,712	-	-	150,712
7916	Premium or Discount on Issuance of Bonds	-	1,657,186	-	1,657,186
8911	Transfers Out (Use)	-	-	(150,712)	(150,712)
7080	Total Other Financing Sources (Uses)	150,712	39,277,186	(150,712)	39,277,186
1200	Net Change in Fund Balances	(5,691,219)	38,833,548	570,225	33,712,554
0100	Fund Balance - September 1 (Beginning)	21,439,296	-	2,427,259	23,866,555
3000	Fund Balance - August 31 (Ending)	$ 15,748,077	$ 38,833,548	$ 2,997,484	$ 57,579,109

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

Total Net Change in Fund Balances - Governmental Funds	$	33,712,554
Current year capital asset additions (net of capital asset disposals) are expenditures in the fund financial statements, but they are 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 position.		5,238,613
Current long-term debt year principal payments on bonds payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.		1,310,000
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 the change in net position.		(3,620,805)
Current year amortization of the premium/discount on bonds payable are not amortized in the fund financial statements, but are reported net of amortization in the government-wide financial statements.		142,563
Current year amortization of the deferred charge on bond refundings is not recognized in the fund financial statements, but is shown as a reduction of the deferred charge in the government-wide financial statements.		(87,106)
Revenues from property taxes are shown as unavailable in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectible accounts, in the government-wide financial statements.		169,957
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS contributions made after the measurement date of 8/31/24 caused the change in the ending net position to increase $1,051,525. These contributions were replaced with the District's pension expense for the year of $1,661,703, which caused a decrease in the change in net position. The net effect of both of these is to decrease the change in net position by $610,178.		(610,178)
The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions made after the measurement date of 8/31/24 but during the current fiscal year caused the ending net position to increase in the amount of $233,571. These contributions were replaced with the District's negative OPEB expense for the year, which was $592,140 which caused an increase in net position. The net effect of both of these is to increase the change in net position by $825,711.		825,711
Current year issuances of capital improvement bonds are shown as other financing sources in the fund financial statements, but are shown as increases in long-term debt in the government-wide financial statements.		(37,620,000)
The premiums on the current year issuances of capital improvement bonds are recorded as other financing sources in the fund financial statements, but are shown as an increase in long-term debt in the government-wide financial statements.		(1,657,186)
The reduction of lease liability is an other resource in the fund financials statements, but is shown as a decrease in long-term debt in the government-wide financials.		496,149
Interest expense on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due. The current year decrease in accrued interest payable increases net position in the government-wide financial statements.		(79,649)

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

The current year change in the liability recorded per GASB 101 for Compensated Absences.	1,537
Change in Net Position of Governmental Activities	$ (1,777,840)

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

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2025

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	$ 15,129,374	$ 15,129,974	$ 15,438,208	$ 308,234
5800	State Program Revenues	19,281,539	19,281,539	18,699,900	(581,639)
5900	Federal Program Revenues	-	-	58,256	58,256
5020	Total Revenues	34,410,913	34,411,513	34,196,364	(215,149)
	EXPENDITURES:				
	Current:				
0011	Instruction	17,410,336	17,330,888	17,831,410	(500,522)
0012	Instructional Resources and Media Services	811,129	811,129	810,820	309
0013	Curriculum and Instructional Staff Development	748,576	747,669	614,335	133,334
0021	Instructional Leadership	816,021	957,975	957,379	596
0023	School Leadership	2,084,491	2,084,891	1,977,116	107,775
0031	Guidance, Counseling, and Evaluation Services	1,232,844	1,232,821	1,254,320	(21,499)
0032	Social Work Services	449,683	246,679	246,361	318
0033	Health Services	389,329	388,729	357,492	31,237
0034	Student (Pupil) Transportation	1,457,589	1,537,589	1,548,136	(10,547)
0036	Extracurricular Activities	1,893,487	1,938,487	1,819,791	118,696
0041	General Administration	1,680,713	1,703,413	1,692,757	10,656
0051	Facilities Maintenance and Operations	4,396,467	4,606,467	4,418,972	187,495
0052	Security and Monitoring Services	51,250	490,003	518,447	(28,444)
0053	Data Processing Services	300,554	311,954	268,385	43,569
	Debt Service:				
0071	Principal on Long-Term Liabilities	180,000	549,000	496,149	52,851
0072	Interest on Long-Term Liabilities	-	11,000	25,634	(14,634)
	Capital Outlay:				
0081	Facilities Acquisition and Construction	158,444	7,316,292	4,882,982	2,433,310
	Intergovernmental:				
0099	Other Intergovernmental Charges	350,000	350,000	317,809	32,191
6030	Total Expenditures	34,410,913	42,614,986	40,038,295	2,576,691
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(8,203,473)	(5,841,931)	2,361,542
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	150,712	150,712
1200	Net Change in Fund Balances	-	(8,203,473)	(5,691,219)	2,512,254
0100	Fund Balance - September 1 (Beginning)	21,439,296	21,439,296	21,439,296	-
3000	Fund Balance - August 31 (Ending)	$ 21,439,296	$ 13,235,823	$ 15,748,077	$ 2,512,254

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, 2025

	Total Custodial Funds
ASSETS	
Cash and Cash Equivalents	$ 114,009
Total Assets	114,009
NET POSITION	
Fiduciary Net Position	114,009
Total Net Position	$ 114,009

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, 2025

	Total Custodial Funds
ADDITIONS:	
Received from Student Groups	$ 114,009
Total Additions	114,009
DEDUCTIONS:	
Supplies and Materials	82,334
Total Deductions	82,334
Change in Fiduciary Net Position	31,675
Total Net Position - September 1 (Beginning)	82,334
Total Net Position - August 31 (Ending)	$ 114,009

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all the District's nonfiduciary activities with most of the interfund activities removed.

Governmental activities include programs supported primarily by tax revenues, State foundation funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The District has no *business-type activities.*

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

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

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

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

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

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

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

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

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

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

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.

- **Capital Projects Fund** – This fund is established to account for proceeds, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as, furnishings and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

Additionally, the District reports the following fund types:

Governmental Funds:

- **Special Revenue Funds** account for resources restricted to, or designated for, specific purposes by the District or a granter. Most Federal and some State financial assistance are accounted for in Special Revenue Funds. Sometimes, unused balances must be returned to the granter at the close of specified project periods.

- **Debt Service Fund** accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Fiduciary Funds:

- **Custodial Funds** account for resources held for others in a custodial capacity in custodial funds which include accounting for activities for student groups and other organizational activities. Custodial Funds report fiduciary activities for which there is no trust or equivalent arrangement.

D. OTHER ACCOUNTING POLICIES

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

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

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

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

4. **Compensated absences -** It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

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

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

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

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

   The District has no restrictions on capital assets.

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

   - **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 ($2,061,429) and retirement of long-term debt ($829,576).
   - **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. As of August 31, 2025, the District had assigned fund balance in the amount of $137,827 related to the campus activity funds and education foundation and $38,833,548 in the capital projects fund.
   - **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 unassigned fund balance first reduce unassigned fund balance; if unassigned fund balance becomes zero, then assigned fund balance is used. 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 must be returned because they were not used.

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

10. **Deferred inflows of resources** - In addition to liabilities, the Statement of Financial Position will sometimes report a separate section deferred inflows of resources. This separate financial statement

element, *deferred inflows of resources,* represents an acquisition of net position that applied to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

12. **Risk management** - The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, error and omissions, injuries to employees, and natural disasters. During fiscal year 2025, 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 C-5 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.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The Texas Education Agency requires the budgets for the Governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in several functional categories for the year ended August 31, 2025:

General Fund	
Instruction	$ 500,522
Guidance, Counseling, and Evaluation Services	21,499
Student Transportation	10,547

Security and Monitoring Services	28,444
Interest on Long-Term Liabilities	14,634
Debt Service Fund	
Bond Issuance Cost and Fees	2,300

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, 2025, the District's bank balances totaled $59,440,289. 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

As of August 31, 2025, the District maintained the following cash balances in First State Bank:

Governmental Funds	$20,492,732
Custodial Fund	114,009
	$20,606,741

Bond proceeds of $38,833,548 were transferred to a U.S. Bank account on August 19, 2025. At August 31, 2025, those proceeds had not been transferred to investment accounts but remained at U.S. Bank. The credit quality rating for U.S. Bank at year-end was A/Stable (Standard & Poor's).

Investments

District Policies and Legal and Contractual Provisions Concerning Investments

Compliance with the Public Funds Investment Act

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

Statutes authorize the District to invest in (I) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or insured certificates of deposit issued by state and national banks domiciled in the State of Texas; (3) obligations of state, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity 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 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, 2025, the District had no investments, and therefore, was not exposed to credit risk.

- *Custodial Credit Risk (or Investments)* - To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. As of August 31, 2025, 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, 2025, 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, 2025, 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 (l) 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 as of August 31, 2025, consisted of the following:

Fund	Due from Other Funds	Due to Other Funds
Major Governmental Funds:		
General Fund:		
Special Revenue Funds	$ 463,517	$ 12,012
Total General Fund	463,517	12,012
Total Major Governmental Funds	463,517	12,012
Nonmajor Governmental Funds:		
Special Revenue Funds:		
General Fund	17,232	463,517
Special Revenue Funds	43,613	48,833
Total Nonmajor Governmental Funds	60,845	512,350
Total	$ 524,362	$ 524,362

Interfunds transfers as of August 31, 2025, consisted of the following individual amounts:

Fund	Transfers to Other Funds	Transfers from Other Funds
General Fund:		
Special Revenue Fund	$ -	$ 150,712
Capital Projects Fund		-
Special Revenue Fund:		
General Fund	150,712	-
Capital Projects Fund:		
General Fund	-	-
TOTAL	$ 150,712	$ 150,712

The purpose of a $150,712 transfer is to transfer funds from the child nutrition fund to the general fund to cover the cost of non-reimbursable snacks.

E. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation, Per Capita, and Existing Debt Allotment funding programs. Amounts due from federal and state governments as of August 31, 2025, are summarized below:

Fund	State Grant & Entitlements	Federal Grants	Local Governments	Total
General	$ 409,598	$ -	$ -	$ 409,598
Special Revenue	-	525,284	106,686	631,970
Debt Service	-	-	-	-
Total	$ 409,598	$ 525,284	$ 106,686	$ 1,041,568

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2025, was as follows:

	Balance September 1	Additions	Retirements / Transfers	Balance August 31
Land	$ 2,003,821	$ -	$ -	$ 2,003,821
Construction in progress	3,141,458	-	3,141,458	-
Capital assets not being depreciated	5,145,279	-	3,141,458	2,003,821
Buildings and improvements	92,705,500	8,024,440	-	100,729,940
Furniture and equipment	10,794,382	355,631	-	11,150,013
Right-to-use lease assets	557,979		-	557,979
Capital assets being depreciated/amortized	104,057,861	8,380,071	-	112,437,932
Less:				
Accumulated depreciation - buildings and improvements	(42,550,688)	(2,768,132)		(45,318,820)
Accumulated depreciation - furniture and equipment	(7,468,376)	(751,889)		(8,220,265)
Accumulated amortization - right to use lease assets	(342,931)	(100,784)		(443,715)
Accumulated depreciation/amortization	(50,361,995)	(3,620,805)	-	(53,982,800)
Total capital assets, net	$ 58,841,145	$ 4,759,266	$ 3,141,458	$ 60,458,953

Depreciation expense was charged to the following functions during the fiscal year:

Instruction	$ 1,777,363
Instructional resources and media services	18,465
Instructional leadership	18,742
Guidance, counseling, and evaluation services	13,035
Health services	12,630
Student (pupil) transportation	399,726
Food services	143,583
Cocurricular/extracurricular activities	881,887
General administration	6,022
Facilities maintenance and operations	300,393
Security and monitoring services	20,664
Data processing services	28,295
	$ 3,620,805

G. BONDS AND LONG-TERM DEBT

Bonded indebtedness of the District is reflected in the Statement of Net Position. Payments of bond principal and interest during the fiscal year are reported as expenditures in the Debt Service Fund. Right-to-use lease liabilities are also reported in the Statement of Net Position. Lease payments during the fiscal year are reported in the General Fund.

A summary of changes in general long-term debt for the year ended August 31, 2025, is as follows:

	Interest Rate	Beginning Balance	Addition	Retired	Ending Balance	Due Within One Year
General obligation bonds:						
Series 2013, Refunding Bonds	3% to 3.5%	$ 6,780,000		$ 140,000	$ 6,640,000	$ 145,000
Series 2014, Refunding Bonds	3% to 4%	8,115,000		150,000	7,965,000	155,000
Series 2014A, Refunding Bonds	3%	1,600,000		515,000	1,085,000	535,000
Series 2015, Refunding Bonds	2.25% to 3.0%	2,305,000		505,000	1,800,000	515,000
Series 2025, Building Bonds	2.64% to 4.94%	-	37,620,000	-	37,620,000	1,015,000
Total general obligation bonds		18,800,000	37,620,000	1,310,000	55,110,000	2,365,000
Accretion on 2013 Capital Appreciation Bonds		-	-	-	-	
Notes payable:						
2013 Maintenance Tax Notes	2% to 3.2%	397,979		99,000	298,979	99,000
Energy Conservation Project Payment Plan	1.07%	358,723		68,328	290,395	68,328
Total notes payable		756,702	-	167,328	589,374	167,328
Premium on bonds		1,084,119	1,657,186	142,563	2,598,742	-
Right-to-use lease liability - fleet management		328,821	-	328,821	-	-
Compensated Absences		303,943		1,537	302,406	13,119
Total long-term debt		$ 21,273,585	$ 39,277,186	$ 1,950,249	$ 58,600,522	$ 2,545,447

H. DEBT SERVICE REQUIREMENTS

Debt service requirements on bonds as of August 31, 2025, are as follows:

Year Ended August 31	Principal	Interest	Total
2026	$ 2,365,000	$ 2,405,206	$ 4,770,206
2027	1,385,000	2,405,538	3,790,538
2028	1,425,000	2,365,850	3,790,850
2029	1,845,000	2,312,526	4,157,526
2030	1,915,000	2,242,588	4,157,588
2031-2035	10,765,000	10,024,546	20,789,546
2036-2040	9,530,000	7,929,138	17,459,138
2041-2045	11,250,000	5,378,626	16,628,626
2046-2050	14,630,000	2,000,776	16,630,776
	$ 55,110,000	$ 37,064,794	$ 92,174,794

Debt service requirements on maintenance tax notes as of August 31, 2025, are as follows:

Year Ended August 31	Principal	Interest	Total
2026	$ 99,000	$ 7,805	$ 106,805
2027	$ 99,000	$ 4,771	103,771
2028	$ 100,979	$ 1,616	102,595
	$ 298,979	$ 14,192	$ 313,171

Debt service requirements on the Energy Conservation Project as of August 31, 2025, are as follows:

Year Ended August 31	Principal	Interest	Total
2026	$ 68,328	$ 4,937	$ 73,265
2027	68,328	3,775	72,103
2028	68,328	2,614	70,942
2029	68,328	1,452	69,780
2030	17,083	290	17,373
	$ 290,395	$ 13,068	$ 303,463

There are several limitations and restrictions contained in the general obligation bond indentures and the tax notes indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions as of August 31, 2025.

I. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Property taxes and related	$ 14,343,052	$ -	$ 1,950,137	$ 16,293,189
Investment income	1,014,660	-	5,610	1,020,270
Food sales	-	130,586	-	130,586
Co-curricular student activities	57,324	68,368	-	125,692
Other	23,172	-	(1,236)	21,936
Total	$ 15,438,208	$ 198,954	$ 1,954,511	$ 17,591,673

K. 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.

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/learning-resources/publications; by writing to TRS at attention Finance Division, PO BOX 149676, Austin, TX, 78714-0185, or by calling 1-800-223-8778.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered 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.

Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

One-Time Stipends. Stipends, regardless of annuity amount, were paid in September 2023 to annuitants who met the qualifying age requirement on or before August 31, 2023:

- A one-time $7,500 stipend to eligible annuitants who are 75 years of age and older.
- A one-time $2,400 stipend to eligible annuitants age 70 to 74.

Cost-of-Living Adjustment. A cost-of-living adjustment (COLA) was dependent on Texas voters approving a constitutional amendment (Proposition 9) to authorize the COLA. Voters approved the amendment in the November 2023 election and the following COLA was applied to eligible annuitants' payments beginning with their January 2024 payment:

- 2% COLA for eligible retirees who retired between September 1, 2013 through August 31, 2020.
- 4% COLA for eligible retirees who retired between September 1, 2001 through August 31, 2013.
- 6% COLA for eligible retirees who retired on or before August 31, 2001.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025.

Contribution Rates

	2024	2025
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
Employers	8.25%	8.25%

Gainesville ISD FY2025 Employer Contributions	$ 1,051,525
Gainesville ISD FY2025 Member Contributions	$ 1,920,693
Gainesville ISD FY2025 NECE On-Behalf Contributions	$ 1,319,452

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

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

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

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

- All public schools must contribute 1.9 percent of the member’s salary beginning in fiscal year 2023, gradually increasing to 2 percent 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, 2024, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2024	3.87%
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2023. For a full description of these assumptions please see the actuarial valuation report dated November 21, 2023.

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.54 percent of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2024, are summarized below:

Asset Class	Target Allocation[1]	Long-Term Expected Arithmetic Real Rate of Return[2]	Expected Contribution To Long-Term Portfolio Returns
Global Equity			
U.S.	18.0%	4.4%	1.0%
Non-U.S. Developed	13.0%	4.2%	0.8%
Emerging Markets	9.0%	5.2%	0.7%
Private Equity	14.0%	6.7%	1.2%
Stable Value			
Government Bonds	16.0%	1.9%	0.4%
Absolute Return[4]	0.0%	4.0%	0.0%
Stable Value Hedge Funds	5.0%	3.0%	0.2%
Real Return			
Real Estate	15.0%	6.6%	1.2%
Energy, Natural Resources	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	0.0%
Risk Parity			
Risk Parity	8.0%	4.0%	0.4%
Leverage			
Cash	2.0%	1.0%	0.0%
Asset Allocation Leverage	-6.0%	1.3%	-0.1%
Inflation Expectation	-		2.4%
Volatility Drag[3]	-		-0.7%
Total	100%		8.0%

[1] Target allocations are based on the FY2024 policy model.
[2] Capital Market Assumptions come from 2024 SAA Study CMA Survey (as of 12/31/2023).
[3] The volatility drag results from the conversion between arithmetic and geometric mean returns.
[4] Absolute Return includes credit sensitive investments.

Discount Rate Sensitivity Analysis. The following table presents the Net Pension Liability of the plan using the discount rate of 7.0 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate.

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
Gainesville ISD's proportionate share of the net pension liability:	$18,157,308	$11,367,832	$5,742,268

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of August 31, 2025, Gainesville Independent School District reported a liability of $11,367,832 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	$11,367,832
State's proportionate share that is associated with the District	12,380,656
Total	$23,748,488

The net pension liability was measured as of August 31, 2023, and rolled forward to August 31, 2024, 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, 2023, thru August 31, 2024.

As of August 31, 2024, the employer's proportion of the collective net pension liability was 0.0186101097%, a decrease of 15.94% from its proportionate share of 0.0221389328% at August 31, 2023.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation.

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

The 2023 Texas Legislature passed Senate Bill 10 (SB 10), which provided a stipend payment to certain retirees and variable ad hoc cost-of-living adjustments (COLA) to certain retirees in early fiscal year 2024. Due to its timing, the legislation and payments were not reflected in the August 31, 2023, actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of $1.645 billion for one-time stipends and $3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

The amount of pension expense recognized by Gainesville Independent School District in the reporting period was $3,141,398.

For the year ended August 31, 2025, Gainesville Independent School District recognized pension expense of $1,479,695 and revenue of $1,479,695 for support by the State.

As of August 31, 2025, Gainesville Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following

sources (The amounts shown below will be the cumulative layers from the current and prior years combined.):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 626,579	$ 88,755
Changes in actuarial assumptions	586,946	78,689
Difference between projected and actual investment earnings	69,101	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,159,858	1,658,244
Contributions paid to TRS subsequent to the measurement date	1,051,525	-
Total	$3,494,009	$1,825,688

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

Year ended August 31:	Pension Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2026	$ 83,380	$ 533,415
2027	1,200,169	(666,754)
2028	61,365	(728,119)
2029	(556,025)	(172,094)
2030	(172,094)	-
Thereafter	-	-

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/learningresources/publications; by writing to TRS at P.O. Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778.

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

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

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

** or surviving spouse*

Contributions. Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon active employee compensation. 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 salary. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2024	**2025**
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%

Gainesville ISD FY2025 Employer Contributions	$233,571
Gainesville ISD FY2025 Member Contributions	$151,329
Gainesville ISD FY2025 NECE On-behalf Contributions	$432,110

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of $21.3 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2024.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic

assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2023, TRS pension actuarial valuation that was rolled forward to August 31, 2024:

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

The active mortality rates were based on PUB (2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from the mortality projection scale MP-2021.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.87%
Aging Factors	Based on specific plan experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Projected Salary Increases	2.95% to 8.95%, including inflation
Election Rates	Normal Retirement: 62% participation prior to age 65 and 25% participation after age 65
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 3.87% was used to measure the total OPEB liability. There was a decrease of 0.26 percent in the discount rate since the previous year. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the single discount rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2023, using the fixed-income market data/yield curve/data municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.87%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.87%)	Current Single Discount Rate (3.87%)	1% Increase in Discount Rate (4.87%)
District's proportionate share of the Net OPEB Liability:	$9,640,870	$8,114,891	$6,881,877

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability:	$6,608,374	$8,114,891	$10,078,033

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. As of August 31, 2025, the District reported a liability of $8,114,891 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District.

The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's Proportionate share of the collective Net OPEB Liability	$ 8,114,891
State's proportionate share that is associated with the District	$10,167,848
Total	$18,282,739

The Net OPEB Liability was measured as of August 31, 2023, and rolled forward to August 31, 2024, 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, 2023, through August 31, 2024.

As of August 31, 2024, the employer's proportion of the collective Net OPEB Liability was 0.0267363474%, a decrease of 10.29% compared to the August 31, 2023, proportionate share of 0.0298024810%.

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

- The discount rate changed from 4.13 percent as of August 31, 2023, to 3.87 percent as of August 31, 2024, accompanied by revised demographic and economic assumptions based on the TRS experience study.

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

The amount of OPEB expense recognized by the District in the reporting period was $731,633.

For the year ended August 31, 2025, the District recognized OPEB expense of $1,321,633 and revenue of $1,321,633 for support provided by the State.

As of August 31, 2025, 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 related to OPEB from the following sources (the amounts shown below will be the cumulative layers for the current and prior years combined.):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,555,352	$4,049,771
Changes in actuarial assumptions	1,038,610	2,647,795
Difference between projected and actual investment earnings	-	22,725
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,514,113	1,964,762
Contributions paid to TRS subsequent to the measurement date	233,571	-
Total	$6,341,646	$8,685,053

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

Year ended August 31:	OPEB Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2026	$ (801,223)	$ (1,775,753)
2027	(433,690)	(1,342,063)
2028	(648,989)	(693,074)
2029	(561,414)	(131,660)
2030	(240,617)	108,957
Thereafter	$ 108,957	-

N. MEDICARE PART D

The Medicare Prescription Drug, Improvement and Modernization ACT of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug, expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2025, 2024, and 2023, the subsidy payments received by TRS-Care on behalf of the District were $168,494, $126,901, and $109,807, respectively. The information for the year ended August 31, 2025, is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental fund's financial statements of the District.

O. HEALTH CARE COVERAGE-RETIREES AND ACTIVE EMPLOYEES

Retiree Health Care Coverage

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

During the year ended August 31, 2025, the District paid premiums of $291.66 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator, acting on behalf of the licensed insurer.

P. UNAVAILABLE REVENUE – GOVERNMENTAL FUNDS

Unavailable revenue at year-end in the District's governmental funds consisted of the following:

	General Fund	Debt Service Fund	Total
Property Taxes	$ 629,959	$ 77,296	$ 707,255

Q. RELATED ORGANIZATIONS

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

R. SUBSEQUENT EVENT

The District's management has evaluated subsequent events through December 15, 2025, the date which the financial statements were available for issue and has determined that the following subsequent event requires disclosure in the financial statements.

S. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

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

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

T. CHANGE IN ACCOUNTING PRINCIPLE – COMPENSATED ABSENCES

In June 2022, GASB issued new accounting pronouncement, GASB Statement No. 101, "Compensated Absences," which was effective for fiscal years beginning after December 15, 2023. In compliance with this new accounting pronouncement, a liability has been recognized in the District's statements of net position for carry-forward compensated absences more likely than not (a likelihood of more than 50%) to be used by or paid to employees in future periods. The measurement of the liability includes salary-related payments that are directly and incrementally associated with the leave. Texas state law provides a state minimum personal leave program consisting of five days per year personal leave with no limit on accumulation and transferability among Texas school districts; school districts can provide additional personal leave beyond this minimum. The liability for compensated absences in governmental fund financial statements is the amount, if material, that is to be liquidated with expendable available financial resources. This new accounting pronouncement does not apply to holiday leave or projected effects on defined benefit postemployment liabilities. Under previous accounting rules, a liability for compensated absences would have been recorded only if accumulated benefits were to be paid upon employee termination or retirement.

The implementation of this new accounting standard resulted in restating beginning net position in the District's governmental activities as follows:

Governmental Activities	
Net position as of 8/31/2024 as previously reported	$ 42,800,682
Restatement - change in accounting principle to record a liability for compensated absences	(303,943)
Net position as of 8/31/2024 as restated	$ 42,496,739

REQUIRED SUPPLEMENTARY INFORMATION

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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, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.01861011%	0.022138933%	0.02099396%
District's Proportionate Share of Net Pension Liability (Asset)	$ 11,367,832	$ 15,207,311	$ 12,463,574
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	12,380,656	11,010,680	10,884,634
Total	$ 23,748,488	$ 26,217,991	$ 23,348,208
District's Covered Payroll	$ 21,953,519	$ 20,457,438	$ 20,256,900
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	51.78%	74.34%	61.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%

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, 2024 for year 2025, August 31, 2023 for year 2024, August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, and August 31, 2015 for year 2016.

FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015
0.017342027%	0.018181799%	0.017628821%	0.016801707%	0.016810589%	0.014958613%	158,252,000.00
$ 4,416,400	$ 9,737,801	$ 9,164,013	$ 9,248,067	$ 5,375,121	$ 5,652,637	$ 5,593,998
6,084,380	13,503,119	12,458,564	13,265,551	8,104,995	9,342,952	8,887,949
$ 10,500,780	$ 23,240,920	$ 21,622,577	$ 22,513,618	$ 13,480,116	$ 14,995,589	$ 172,733,947
$ 20,197,974	$ 20,609,007	$ 18,888,284	$ 17,407,205	$ 17,091,699	$ 15,390,975	$ 14,922,328
21.87%	47.25%	48.52%	53.13%	31.45%	36.73%	37.49%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2025

	2025	2024	2023
Contractually Required Contribution	$ 1,051,525	$ 1,048,746	$ 1,148,631
Contribution in Relation to the Contractually Required Contribution	(1,051,525)	(1,048,746)	(1,148,631)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 23,281,124	$ 21,953,519	$ 20,457,438
Contributions as a Percentage of Covered Payroll	4.52%	4.78%	5.61%

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.

2022	2021	2020	2019	2018	2017	2016
$ 969,003	$ 741,165	$ 750,105	$ 618,386	$ 567,591	$ 548,132	$ 475,273
(969,003)	(741,165)	(750,105)	(618,386)	(567,591)	(548,132)	(475,273)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 20,256,900	$ 20,197,974	$ 20,609,007	$ 18,888,284	$ 17,407,205	$ 17,091,699	$ 15,390,975
4.78%	3.67%	3.64%	3.27%	3.26%	3.21%	3.09%

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, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.026736347%	0.029802481%	0.027021426%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 8,114,891	$ 6,597,764	$ 6,470,012
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	10,167,848	7,961,217	7,892,398
Total	$ 18,282,739	$ 14,558,981	$ 14,362,410
District's Covered Payroll	$ 21,953,519	$ 20,457,438	$ 20,256,900
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	36.96%	32.35%	32.03%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%	11.52%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. For example, the amounts for FY 2025 are for the measurement date of August 31, 2024, etc.

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 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.022376976%	0.024068314%	0.024064875%	0.022969686%	0.02142619%
$ 8,631,799	$ 9,149,453	$ 11,380,573	$ 11,468,974	$ 9,317,446
11,564,688	12,294,671	15,122,238	13,926,127	12,769,718
$ 20,196,487	$ 21,444,124	$ 26,502,811	$ 25,395,101	$ 22,087,164
$ 20,197,974	$ 20,609,007	$ 18,888,284	$ 17,407,205	$ 17,091,699
42.74%	44.40%	60.25%	65.89%	54.51%
6.18%	4.99%	2.66%	1.57%	0.91%

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2025

	2025	2024	2023
Contractually Required Contribution	$ 233,571	$ 240,719	$ 260,896
Contribution in Relation to the Contractually Required Contribution	(233,571)	(240,719)	(260,896)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 23,281,124	$ 21,953,519	$ 20,457,438
Contributions as a Percentage of Covered Payroll	1.00%	1.10%	1.28%

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.

2022	2021	2020	2019	2018
$ 219,301	$ 175,009	$ 182,916	$ 171,868	$ 159,745
(219,301)	(175,009)	(182,916)	(171,868)	(159,745)
$ -	$ -	$ -	$ -	$ -
$ 20,256,900	$ 20,197,974	$ 20,609,007	$ 18,888,284	$ 17,407,205
0.62%	0.09%	0.01%	0.01%	(0.01%)

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2025

PENSION LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

OPEB LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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

- The discount rate changed from 4.13% as of August 31, 2023, to 3.87% as of August 31, 2024, accompanied by revised demographic and economic assumptions based on the TRS experience study.

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COMBINING SCHEDULES

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GAINESVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2025

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	$ 10,634	$ -	$ 88,480	$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	99,304	113,253	-	-
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	$ 109,938	$ 113,253	$ 88,480	$ -
	LIABILITIES				
2110	Accounts Payable	$ 465	$ -	$ -	$ -
2160	Accrued Wages Payable	2,737	9,021	-	-
2170	Due to Other Funds	106,410	103,169	88,480	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	326	1,063	-	-
2000	Total Liabilities	109,938	113,253	88,480	-
	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:				
3580	Other Assigned Fund Balance	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 109,938	$ 113,253	$ 88,480	$ -

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	288 ESEA Title IV Part A	289 Other Federal Special Revenue Funds
$ 1,911,301	$ 195,685	$ 8,479	$ 1,826	$ 496	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
243,807	43,613	18,577	4,846	-	1,884	-	-
43,613	-	-	-	-	5,220	12,012	-
$ 2,198,721	$ 239,298	$ 27,056	$ 6,672	$ 496	$ 7,104	$ 12,012	$ -
$ 332,666	$ -	$ -	$ -	$ -	$ -	$ -	$ -
306	-	-	-	-	6,360	11,892	-
-	43,613	25,459	6,672	182	-	-	-
-	-	1,597	-	314	-	-	-
5	-	-	-	-	744	120	-
332,977	43,613	27,056	6,672	496	7,104	12,012	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,865,744	195,685	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,865,744	195,685	-	-	-	-	-	-
$ 2,198,721	$ 239,298	$ 27,056	$ 6,672	$ 496	$ 7,104	$ 12,012	$ -

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2025

Data Control Codes		410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	498 GISD Education Foundation
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ 137,827	$ 331
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	62,714	43,972	-	-
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	$ 62,714	$ 43,972	$ 137,827	$ 331
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ -	$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	62,714	43,972	-	31,679
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2000	Total Liabilities	62,714	43,972	-	31,679
	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:				
3580	Other Assigned Fund Balance	-	-	137,827	-
3600	Unassigned Fund Balance	-	-	-	(31,348)
3000	Total Fund Balances	-	-	137,827	(31,348)
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 62,714	$ 43,972	$ 137,827	$ 331

Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
$ 2,355,059	$ 837,117	$ 3,192,176
-	81,365	81,365
-	(4,068)	(4,068)
631,970	-	631,970
60,845	-	60,845
$ 3,047,874	$ 914,414	$ 3,962,288
$ 333,131	$ -	$ 333,131
30,316	-	30,316
512,350	-	512,350
1,911	7,542	9,453
2,258	-	2,258
879,966	7,542	887,508
-	77,296	77,296
-	77,296	77,296
2,061,429	-	2,061,429
-	829,576	829,576
137,827	-	137,827
(31,348)	-	(31,348)
2,167,908	829,576	2,997,484
$ 3,047,874	$ 914,414	$ 3,962,288

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

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	447,162	781,341	677,049	14,136
5020	Total Revenues	447,162	781,341	677,049	14,136
	EXPENDITURES:				
	Current:				
0011	Instruction	378,610	781,341	596,822	14,136
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	-	80,227	-
0033	Health Services	68,552	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
	Debt Service:				
0071	Principal on Long-Term Liabilities	-	-	-	-
0072	Interest on Long-Term Liabilities	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	447,162	781,341	677,049	14,136
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
	OTHER FINANCING SOURCES (USES):				
8911	Transfers Out (Use)	-	-	-	-
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	288 ESEA Title IV Part A	289 Other Federal Special Revenue Funds
$ 130,586	$ -	$ -	$ -	$ -	$ -	$ -	$ -
38,599	-	-	-	-	-	-	-
2,275,278	44,736	41,646	120,311	47,890	49,508	67,527	1,344
2,444,463	44,736	41,646	120,311	47,890	49,508	67,527	1,344
-	-	-	120,311	47,890	49,508	62,508	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	5,019	-
-	-	-	-	-	-	-	1,344
-	-	-	-	-	-	-	-
-	-	41,646	-	-	-	-	-
-	-	-	-	-	-	-	-
2,146,095	34,727	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,146,095	34,727	41,646	120,311	47,890	49,508	67,527	1,344
298,368	10,009	-	-	-	-	-	-
(150,712)	-	-	-	-	-	-	-
147,656	10,009	-	-	-	-	-	-
1,718,088	185,676	-	-	-	-	-	-
$ 1,865,744	$ 195,685	$ -	$ -	$ -	$ -	$ -	$ -

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes		410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	498 GISD Education Foundation
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ 68,368	$ -
5800	State Program Revenues	70,195	58,498	-	-
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	70,195	58,498	68,368	-
	EXPENDITURES:				
	Current:				
0011	Instruction	70,195	-	25,383	31,348
0012	Instructional Resources and Media Services	-	-	10,563	-
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	8,683	-
0031	Guidance, Counseling, and Evaluation Services	-	-	-	-
0033	Health Services	-	-	(750)	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	35,805	-
0041	General Administration	-	-	5,931	-
0052	Security and Monitoring Services	-	58,498	-	-
	Debt Service:				
0071	Principal on Long-Term Liabilities	-	-	-	-
0072	Interest on Long-Term Liabilities	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	70,195	58,498	85,615	31,348
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(17,247)	(31,348)
	OTHER FINANCING SOURCES (USES):				
8911	Transfers Out (Use)	-	-	-	-
1200	Net Change in Fund Balance	-	-	(17,247)	(31,348)
0100	Fund Balance - September 1 (Beginning)	-	-	155,074	-
3000	Fund Balance - August 31 (Ending)	$ -	$ -	$ 137,827	$ (31,348)

Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
$ 198,954	$ 1,954,511	$ 2,153,465
167,292	265,871	433,163
4,567,928	-	4,567,928
4,934,174	2,220,382	7,154,556
2,178,052	-	2,178,052
10,563	-	10,563
5,019	-	5,019
1,344	-	1,344
8,683	-	8,683
121,873	-	121,873
67,802	-	67,802
2,180,822	-	2,180,822
35,805	-	35,805
5,931	-	5,931
58,498	-	58,498
-	1,310,000	1,310,000
-	446,927	446,927
-	2,300	2,300
4,674,392	1,759,227	6,433,619
259,782	461,155	720,937
(150,712)	-	(150,712)
109,070	461,155	570,225
2,058,838	368,421	2,427,259
$ 2,167,908	$ 829,576	$ 2,997,484

REQUIRED T.E.A. SCHEDULES

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2025

Last 10 Years August 31		(1) Tax Rates Maintenance	(2) Tax Rates Debt Service	(3) Assessed/Appraised Value for School Tax Purposes
2016	and prior years	Various	Various	$ Various
2017		1.170000	0.110000	991,599,501
2018		1.170000	0.110000	1,022,240,526
2019		1.170000	0.100000	1,135,855,814
2020		1.068400	0.080000	1,267,191,850
2021		1.021600	0.080000	1,372,558,510
2022		0.982000	0.080000	1,476,370,608
2023		0.942900	0.080000	1,657,694,808
2024		0.755200	0.103000	1,751,943,253
2025	(School year under audit)	0.755200	0.242500	2,026,702,845
1000	TOTALS			
8000	Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 9/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2025	(99) Taxes Refunded Under Section 26.1115c
$ 62,791	$	$ 2,056	$ 475	$ (776)	$ 59,484	
11,545		95	22	(112)	11,316	
15,065		969	91	(111)	13,894	
19,085		1,982	186	(110)	16,807	
20,353		889	76	187	19,575	
25,045		2,173	163	186	22,895	
34,124		6,242	489	(329)	27,064	
99,700		31,229	2,544	(406)	65,521	
277,869		95,262	8,083	(41,864)	132,660	
	16,394,535	14,004,855	1,910,090	(104,327)	375,263	
$ 565,577	$ 16,394,535	$ 14,145,752	$ 1,922,219	$ (147,662)	$ 744,479	
						$ 9,857

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, 2025

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	$ 107,095	$ 107,095	$ 130,586	$ 23,491
5800	State Program Revenues	8,000	45,690	38,599	(7,091)
5900	Federal Program Revenues	2,256,829	2,256,829	2,275,278	18,449
5020	Total Revenues	2,371,924	2,409,614	2,444,463	34,849
	EXPENDITURES:				
	Current:				
0035	Food Services	2,371,924	3,260,337	2,146,095	1,114,242
6030	Total Expenditures	2,371,924	3,260,337	2,146,095	1,114,242
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(850,723)	298,368	1,149,091
	OTHER FINANCING SOURCES (USES):				
7961	Transfers Out (Use)	-	-	(150,712)	(150,712)
1200	Net Change in Fund Balances	-	(850,723)	147,656	998,379
0100	Fund Balance - September 1 (Beginning)	1,718,088	1,718,088	1,718,088	-
3000	Fund Balance - August 31 (Ending)	$ 1,718,088	$ 867,365	$ 1,865,744	$ 998,379

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, 2025

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	$ 2,182,113	$ 1,928,648	$ 1,954,511	$ 25,863
5800	State Program Revenues	-	-	265,871	265,871
5020	Total Revenues	2,182,113	1,928,648	2,220,382	291,734
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Liabilities	1,310,000	1,310,000	1,310,000	-
0072	Interest on Long-Term Liabilities	872,113	587,450	446,927	140,523
0073	Bond Issuance Cost and Fees	-	-	2,300	(2,300)
6030	Total Expenditures	2,182,113	1,897,450	1,759,227	138,223
1200	Net Change in Fund Balances	-	31,198	461,155	429,957
0100	Fund Balance - September 1 (Beginning)	368,421	368,421	368,421	-
3000	Fund Balance - August 31 (Ending)	$ 368,421	$ 399,619	$ 829,576	$ 429,957

GAINESVILLE INDEPENDENT SCHOOL DISTRICT

STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES

FOR THE YEAR ENDED AUGUST 31, 2025

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	$3,202,245
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	$9,143,226

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	$635,202
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	$439,257

FEDERAL AWARDS SECTION

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

HANKINS, EASTUP, DEATON, TONN, SEAY & SCARBOROUGH
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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Gainesville Independent School District
Gainesville, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gainesville Independent School District, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Gainesville Independent School District's basic financial statements, and have issued our report dated December 15, 2025.

Report on Internal Control Over Financial Reporting

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

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

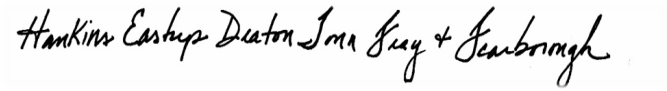
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
December 15, 2025

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

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

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, 2025. 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Gainesville Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Gainesville Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Gainesville Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency. A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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



Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
December 15, 2025

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

I. Summary of Auditor's Results

1.	Type of auditor's report issued on the financial statements:	Unmodified.
2.	Internal control over financial reporting:	
	Material weakness(es) identified:	None
	Significant deficiency(ies) identified:	None
3.	Noncompliance which is material to the financial statements:	None
4.	Internal controls over major federal programs:	
	Material weakness(es) identified:	None
	Significant deficiency(ies) identified:	None
5.	Type of auditor's report on compliance for major federal program:	Unmodified.
6.	Findings that are required to be reported in accordance with 2 CFR 200.516(a):	None
7.	Major programs include:	
	ALN 84.010A	ESEA, Title I, Part A – Improving Basic Programs
	ALN 93.600	Head Start
8.	Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
9.	Low risk auditee:	Yes

II. Findings Related to the Financial Statements

None

III. Other Findings

None

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

None

GAINESVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025

(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			
Direct Programs			
Rural Small Schools	84.358A		$ 1,344
Total Direct Programs			1,344
Passed Through Texas Education Agency			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	25610101049901	781,341
*IDEA - Part B, Formula	84.027	256600010499016000	677,049
*IDEA - Part B, Preschool	84.173	256600010499016000	14,136
Total Special Education Cluster (IDEA)			691,185
Career and Technical - Basic Grant	84.048	25420006049901	41,646
ESEA, Title V, Part B,2 - Rural & Low Income Prog.	84.358B	25696001049901	49,508
ESEA, Title IV, Part A	84.424A	25680101049901	67,527
Title III, Part A - English Language Acquisition	84.365A	25671001049901	47,890
ESEA, Title II, Part A, Teacher Principal Training	84.367A	25694501049901	120,311
Total Passed Through Texas Education Agency			1,799,408
TOTAL U.S. DEPARTMENT OF EDUCATION			1,800,752
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Education Agency			
*Head Start	93.600	06CH011086	447,162
			447,162
Total Passed Through Texas Education Agency			447,162
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			447,162
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Texas Department of Agriculture			
*School Breakfast Program	10.553	256TX332N1099	574,511
*National School Lunch Program - Cash Assistance	10.555	256TX332N1099	1,551,232
*National School Lunch Prog. - Non-Cash Assistance	10.555	256TX332N1099	143,377
Total Assistance Listing Number 10.555			1,694,609
*Summer Feeding Program - Cash Assistance	10.559	256TX332N1099	44,736
Total Child Nutrition Cluster			2,313,856
Child & Adult Care Food Program - Cash Assistance	10.558	NT4XL1YGLGC5	6,158
Total Passed Through the Texas Department of Agriculture			2,320,014
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,320,014
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 4,567,928

*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, 2025

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

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

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

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

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

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

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

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

- Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards	$4,567,928
SHARS Revenue reported in the General Fund	58,256
Total Federal Program Revenue	$4,626,184

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