

**GLADEWATER INDEPENDENT
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2023**



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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

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CERTIFICATE OF BOARD

Gladewater Independent School District
Name of School District

Gregg
County

092-901
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 June 30, 2023 at a meeting of the Board of Trustees of such school district on the _____ of October 2023.

Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):
(attach list as necessary)



**UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER
SUPPLEMENTARY INFORMATION INCLUDING THE SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

Independent Auditors' Report

Board of Trustees
Gladewater Independent School District
200 East Broadway
Gladewater, Texas 75647

Members of the Board:

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gladewater Independent School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Gladewater Independent School District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 a substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11, budgetary comparison information on page 55, schedule of the District's proportionate share of the net pension liability (TRS) on pages 56-57, schedule of District contributions to TRS on pages 58-59, schedule of the District's proportionate share of the OPEB liability (TRS) on pages 60-61, and schedule of District contributions to TRS OPEB plan on pages 62-63 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 Gladewater Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and 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 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

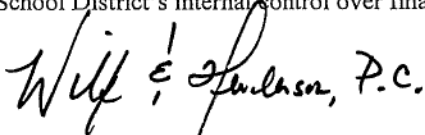
Other Information

Management is responsible for the other information included in the annual report. The other information comprises of reports required from Texas Education Agency identified in the Table of Contents as J-1 through J-4, and L-1. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023 on our consideration of the Gladewater Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gladewater 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 Gladewater Independent School District's internal control over financial reporting and compliance.



WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

October 12, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Gladewater Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2023. Please read it in conjunction with the independent auditors' report and the District's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

The District's net position increased by \$1,803,198 as a result of this year's operations. Program revenues accounted for \$6,610,333 or 24.89% of total revenue, and general revenues accounted for \$19,952,859 or 75.11%.

During the year, the District had expenses that totaled \$24,759,994 (before special items).

On Exhibit C-1, the general fund reported a positive fund balance of \$9,322,038.

USING THIS ANNUAL REPORT

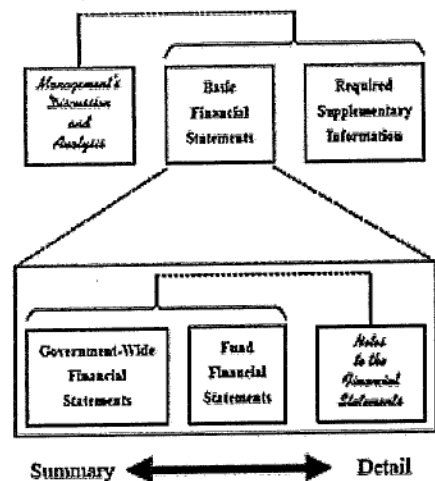
This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property 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 remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

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

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Figure A-1: Required Components of The District's Annual Financial Information



Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

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

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

Type of Statements	Fund Statements			
	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's Governmental (except Fiduciary Funds) and the Agency's Component Units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses; such as self-insurance	Instances in which the District is the trustee or agent for someone else's resources
Required Financial Statements	*Statement of Net Position	*Balance Sheet	*Statement of Net Position	*Statement of Fiduciary Net Position
	*Statement of Activities	*Statement of revenues, expenditures and changes in fund balances	*Statement of revenues, expenditures and changes in fund balances *Statement of cash flows	*Statement of Changes in Fiduciary Net Position
Accounting Basis And Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	All assets and liabilities, both financial and capital, short-term and long-term	Accrual accounting and economic resources focus.
Type of Asset/Liability Information	All asset and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term, the Agency's funds do not currently contain capital assets, but they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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

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

In the Statement of Net Position and the Statement of Activities, the District's activities are presented as:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

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

Proprietary funds—the internal service funds report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

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

The net position of the District's governmental activities increased from \$8,824,193 to \$10,627,391. 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 – totaled (\$337,866) at June 30, 2023 as a result of the TRS pension and OPEB liabilities.

Table I
Gladewater Independent School District
NET POSITION

	Governmental Activities 2023	Governmental Activities 2022	Total % Change
Current and other assets	\$ 16,843,111	\$ 15,523,939	8.50%
Capital assets	35,335,350	36,130,937	-2.20%
Total Assets	<u>52,178,461</u>	<u>51,654,876</u>	<u>1.01%</u>
Deferred outflows of resources	<u>4,999,352</u>	<u>4,516,754</u>	<u>10.68%</u>
Other liabilities	2,398,251	1,916,934	25.11%
Long term liabilities	30,798,412	32,161,878	-4.24%
TRS net pension liability	4,682,797	2,008,244	133.18%
TRS net OPEB liability	<u>3,107,989</u>	<u>5,117,655</u>	<u>-39.27%</u>
Total Liabilities	<u>40,987,449</u>	<u>41,204,711</u>	<u>-0.53%</u>
Deferred inflow of resources	<u>5,562,973</u>	<u>6,142,726</u>	<u>-9.44%</u>
Net investment in capital assets	6,857,693	6,396,253	7.21%
Restricted	4,107,564	3,509,926	17.03%
Unrestricted	<u>(337,866)</u>	<u>(1,081,986)</u>	<u>68.77%</u>
Total Net Position	<u>\$ 10,627,391</u>	<u>\$ 8,824,193</u>	<u>20.43%</u>

Table II
Gladewater Independent School District
CHANGES IN NET POSITION

	Governmental Activities 2023	Governmental Activities 2022	Total % Change
Revenues:			
Program Revenues:			
Charges for services	\$ 410,735	\$ 261,758	56.91%
Operating grants and contributions	5,756,929	4,187,090	37.49%
Capital Grants and Contributions	442,669	-	100.00%
General Revenues:			
Maintenance and operations taxes	5,857,978	5,496,915	6.57%
Debt service taxes	1,848,695	1,883,682	-1.86%
Grants and contributions	11,310,656	12,642,690	-10.54%
Investment earnings	453,360	25,847	1654.01%
Miscellaneous and other	482,170	487,058	-1.00%
Total Revenues	26,563,192	24,985,040	6.32%
Expenses:			
Instruction, curriculum and media services	13,290,083	12,079,987	10.02%
Instructional and school leadership	1,595,221	1,323,127	20.56%
Student support services	1,752,353	1,697,802	3.21%
Food Services	1,206,201	1,026,867	17.46%
Extracurricular activities	1,012,237	1,004,147	0.81%
General administration	877,781	782,085	12.24%
Facilities maintenance and operations	2,977,966	2,972,388	0.19%
Security and monitoring and data processing	608,107	566,263	7.39%
Debt service	483,896	459,398	5.33%
Payments to fiscal agent	828,701	856,016	-3.19%
Other intergovernmental charges	127,448	117,782	8.21%
Total Expenses	24,759,994	22,885,862	8.19%
Increase (Decrease) in Net Position	1,803,198	2,099,178	-14.10%
Net Position - Beginning of Year	8,824,193	6,725,015	31.21%
Net Position - End of Year	\$ 10,627,391	\$ 8,824,193	20.43%

During the year ended June 30, 2023, the District's total revenues increased by 6.32% due to ESSER grants and other grants. The total cost of all programs and services increased by 8.19%.

The cost of all governmental activities this year was \$24,759,994. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$7,706,673 because some of the costs were paid by those who directly benefited from the programs \$410,735 or by other governments and organizations that subsidized certain programs with grants and contributions \$6,199,598 or by unrestricted grants, state funding, other revenue or usage of fund balance \$12,246,186.

THE DISTRICT'S FUNDS

Our analysis focuses on the net changes in fund balances (Table III) of the District's governmental funds.

Table III
Gladewater Independent School District
NET CHANGES IN FUND BALANCES

	Governmental Funds 2023	Governmental Funds 2022	Total \$ Change	Total % Change
Revenues:				
Local and Intermediate Sources	\$ 9,079,158	\$ 8,159,722	\$ 919,436	11.3%
State Program Revenues	13,743,463	13,229,340	514,123	3.9%
Federal Program Revenues	4,309,250	4,797,562	(488,312)	-10.2%
Total Revenues	<u>27,131,871</u>	<u>26,186,624</u>	<u>945,247</u>	<u>3.6%</u>
Expenditures:				
Instruction	11,579,911	11,564,626	15,285	0.1%
Instructional resources & media services	306,490	296,310	10,180	3.4%
Curriculum and Instructional Staff Development	1,029,213	178,585	850,628	476.3%
School and Instructional Leadership	1,535,051	1,326,855	208,196	15.7%
Guidance, counseling & evaluation services	397,765	371,195	26,570	7.2%
Health services	308,781	283,818	24,963	8.8%
Student (pupil) transportation	953,904	1,562,084	(608,180)	-38.9%
Food service	1,199,596	1,045,836	153,760	14.7%
Extracurricular activities	950,380	916,065	34,315	3.7%
General administration	837,875	772,359	65,516	8.5%
Facilities maintenance & operations	2,836,130	2,760,525	75,605	2.7%
Security & monitoring services	160,560	152,883	7,677	5.0%
Data processing services	434,828	391,145	43,683	11.2%
Debt service	1,755,358	2,021,663	(266,305)	-13.17%
Capital outlay	1,116,417	1,295,384	(178,967)	-13.82%
Payments to Fiscal Agent/Member Districts of SSA	828,701	856,016	(27,315)	-3.19%
Other intergovernmental charges	127,448	117,782	9,666	8.2%
Total Expenditures	<u>26,358,408</u>	<u>25,913,131</u>	<u>445,277</u>	<u>1.7%</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	773,463	273,493	499,970	182.8%
Other Financing Sources (Uses)	-	57,000	(57,000)	-100.0%
Net Change in Fund Balances				
Net Change in Fund Balances	773,463	330,493	442,970	134.0%
Fund Balance - Beginning of Year	<u>12,741,418</u>	<u>12,410,925</u>	<u>330,493</u>	<u>2.7%</u>
Fund Balance - End of Year	<u>\$ 13,514,881</u>	<u>\$ 12,741,418</u>	<u>\$ 773,463</u>	<u>6.1%</u>

As the District completed the year, its governmental funds reported a combined fund balance of \$13,514,881 (of which \$9,322,038 was in the General Fund), which is more than last year's total of \$12,741,418. Included in this year's total change in fund balance is an increase of \$160,156 in the District's General Fund, increase of \$389,950 in the Debt Service Fund, increase of \$7,233 in the Capital Projects Fund, and an increase of \$216,124 in the District's Special Revenue Funds.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two 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. The second category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of \$9,322,038 differs from the General Fund's budgetary fund balance of \$7,788,056 reported in the budgetary comparison schedule.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023 the District had \$35,335,350 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance net of related debt. There was a net decrease in capital assets of (\$795,587) over last year due to depreciation.

Debt

At year-end, the District had outstanding bonds and loans (or accrued leave benefits) in the amount of \$30,798,412, which was a decrease of (\$1,363,466).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2024 budget and tax rates. The factors included student enrollment, student daily attendance rates, property values and debt service obligations. The officials also reviewed the budget to ensure expenditures were aligned with the District Improvement Plan and five-year strategic plan.

The amount available for appropriation in the General Fund budget for fiscal year 2024 is \$21,078,340, an increase of 6.9% over the 2023 approved budget of \$19,710,839. The majority of the increase is due to increase property values resulting in an increase in tax revenues.

After the budget adoption in June 2023, the Texas State Legislature passed Senate Bill 2. This bill ultimately resulted in the reduction of tax revenue. The overall impact to the budget is expected to be minimal, as additional state aid will be allocated to cover the reduced tax revenue. If these estimates are realized, the District's budgetary General Fund balance is expected to remain unchanged as of the close of 2024.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Gladewater Independent School District, 200 East Broadway, Gladewater, Texas 75647.

BASIC FINANCIAL STATEMENTS

GLADEWATER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 11,893,505
1220 Property Taxes - Delinquent	1,359,868
1230 Allowance for Uncollectible Taxes	(187,511)
1240 Due from Other Governments	3,753,849
1300 Inventories	23,401
Capital Assets:	
1510 Land	477,339
1520 Buildings and Improvements, Net	32,847,271
1530 Furniture and Equipment, Net	2,010,740
1000 Total Assets	52,178,462
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	2,302,555
1705 Deferred Outflow Related to TRS Pension	1,788,748
1706 Deferred Outflow Related to TRS OPEB	908,049
1700 Total Deferred Outflows of Resources	4,999,352
LIABILITIES	
2110 Accounts Payable	14,840
2140 Accrued Interest Payable	191,016
2150 Payroll Deductions and Withholdings	50,060
2160 Accrued Wages Payable	1,521,791
2180 Due to Other Governments	526,861
2200 Accrued Expenses	92,799
2300 Unearned Revenue	885
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	1,240,000
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	29,558,412
2540 Net Pension Liability (District's Share)	4,682,797
2545 Net OPEB Liability (District's Share)	3,107,989
2000 Total Liabilities	40,987,450
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	537,140
2606 Deferred Inflow Related to TRS OPEB	5,025,833
2600 Total Deferred Inflows of Resources	5,562,973
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets Restricted:	6,857,693
3820 Restricted for Federal and State Programs	686,593
3850 Restricted for Debt Service	3,397,570
3890 Restricted for Other Purposes	23,401
3900 Unrestricted	(337,866)
3000 Total Net Position	\$ 10,627,391

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	1	Program Revenues		
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11	Instruction	\$ 11,890,244	\$ 218,109	\$ 3,049,441
12	Instructional Resources and Media Services	321,941	-	16,843
13	Curriculum and Instructional Staff Development	1,077,898	-	1,005,285
21	Instructional Leadership	215,643	-	10,184
23	School Leadership	1,379,578	-	140,967
31	Guidance, Counseling, and Evaluation Services	412,718	-	26,521
33	Health Services	321,363	-	27,410
34	Student (Pupil) Transportation	1,018,272	-	52,460
35	Food Services	1,206,201	157,475	1,227,568
36	Extracurricular Activities	1,012,237	35,151	47,407
41	General Administration	877,781	-	38,154
51	Facilities Maintenance and Operations	2,977,966	-	96,453
52	Security and Monitoring Services	147,586	-	38
53	Data Processing Services	460,521	-	18,198
72	Debt Service - Interest on Long-Term Debt	482,896	-	-
73	Debt Service - Bond Issuance Cost and Fees	1,000	-	-
81	Capital Outlay	-	-	-
93	Payments Related to Shared Services Arrangements	828,701	-	-
99	Other Intergovernmental Charges	127,448	-	-
	[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 24,759,994</u>	<u>\$ 410,735</u>	<u>\$ 5,756,929</u>

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Position
NB	Net Position - Beginning
NE	Net Position - Ending

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

		Net (Expense) Revenue and Changes in Net Position	
5		6	
Capital Grants and Contributions		Governmental Activities	
\$	-	\$	(8,622,694)
	-		(305,098)
	-		(72,613)
	-		(205,459)
	-		(1,238,611)
	-		(386,197)
	-		(293,953)
	-		(965,812)
	-		178,842
	-		(929,679)
	-		(839,627)
	-		(2,881,513)
	-		(147,548)
	-		(442,323)
	-		(482,896)
	-		(1,000)
	442,669		442,669
	-		(828,701)
	-		(127,448)
\$	<u>442,669</u>		<u>(18,149,661)</u>

5,857,978

1,848,695

11,310,656

453,360

482,170

19,952,859

1,803,198

8,824,193

\$ 10,627,391

GLADEWATER INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 7,816,921	\$ 3,511,681	\$ 113,662
1220 Property Taxes - Delinquent	1,084,139	275,729	-
1230 Allowance for Uncollectible Taxes	(153,450)	(34,061)	-
1240 Due from Other Governments	3,116,217	-	-
1260 Due from Other Funds	56,883	-	-
1300 Inventories	8,854	-	-
1000 Total Assets	<u>\$ 11,929,564</u>	<u>\$ 3,753,349</u>	<u>\$ 113,662</u>
LIABILITIES			
2110 Accounts Payable	\$ 14,839	\$ -	\$ -
2150 Payroll Deductions and Withholdings Payable	46,921	-	-
2160 Accrued Wages Payable	1,285,813	-	-
2170 Due to Other Funds	-	35,410	83,622
2180 Due to Other Governments	397,508	129,353	-
2200 Accrued Expenditures	1,484	-	-
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>1,746,565</u>	<u>164,763</u>	<u>83,622</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	860,961	219,408	-
2600 Total Deferred Inflows of Resources	<u>860,961</u>	<u>219,408</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	8,854	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	3,369,178	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3550 Construction	-	-	30,040
3590 Other Assigned Fund Balance	4,088,000	-	-
3600 Unassigned Fund Balance	5,225,184	-	-
3000 Total Fund Balances	<u>9,322,038</u>	<u>3,369,178</u>	<u>30,040</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 11,929,564</u>	<u>\$ 3,753,349</u>	<u>\$ 113,662</u>

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

Other Funds	Total Governmental Funds
\$ 435,624	\$ 11,877,888
-	1,359,868
-	(187,511)
637,632	3,753,849
13	56,896
14,547	23,401
<u>\$ 1,087,816</u>	<u>\$ 16,884,391</u>
\$ -	\$ 14,839
3,139	50,060
235,978	1,521,791
46,305	165,337
-	526,861
7,884	9,368
885	885
<u>294,191</u>	<u>2,289,141</u>
-	1,080,369
<u>-</u>	<u>1,080,369</u>
14,547	23,401
686,593	686,593
-	3,369,178
92,485	92,485
-	30,040
-	4,088,000
-	5,225,184
<u>793,625</u>	<u>13,514,881</u>
<u>\$ 1,087,816</u>	<u>\$ 16,884,391</u>

GLADEWATER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	13,514,881
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		40,626
2 Capital assets and Right-to-Use Lease Assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$62,362,637 and the accumulated depreciation was (\$26,231,700). In addition, long-term liabilities of (\$28,769,525), including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		7,361,412
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to increase net position. Similarly, the principal payments on Right-to-Use Lease Assets and SBITA Assets are not expenses, rather they are decreases in the Right-to-Use Lease Liabilities and the SBITA Liabilities. These payments must be reclassified and shown as reductions to these liabilities increasing Net Position.		1,601,284
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of (\$1,788,748), a deferred resource inflow in the amount of \$537,140, and a net pension liability in the amount of \$4,682,797. This resulted in an increase(decrease) in net position.		(3,431,189)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of (\$908,049), a deferred resource inflow in the amount of \$5,025,833, and a net OPEB liability in the amount of \$3,107,989. This resulted in an increase(decrease) in net position.		(7,225,773)
6 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(2,123,203)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase(decrease) net position.		889,353
	\$	10,627,391

GLADEWATER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 6,847,371	\$ 1,949,441	\$ 7,233
5800 State Program Revenues	12,560,243	195,867	-
5900 Federal Program Revenues	408,863	-	-
5020 Total Revenues	<u>19,816,477</u>	<u>2,145,308</u>	<u>7,233</u>
EXPENDITURES:			
Current:			
0011 Instruction	9,660,656	-	-
0012 Instructional Resources and Media Services	296,188	-	-
0013 Curriculum and Instructional Staff Development	63,421	-	-
0021 Instructional Leadership	202,207	-	-
0023 School Leadership	1,213,100	-	-
0031 Guidance, Counseling, and Evaluation Services	381,620	-	-
0033 Health Services	288,741	-	-
0034 Student (Pupil) Transportation	914,466	-	-
0035 Food Services	11,015	-	-
0036 Extracurricular Activities	823,870	-	-
0041 General Administration	814,200	-	-
0051 Facilities Maintenance and Operations	2,746,965	-	-
0052 Security and Monitoring Services	160,560	-	-
0053 Data Processing Services	424,578	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	1,215,000	-
0072 Interest on Long-Term Liabilities	-	539,358	-
0073 Bond Issuance Cost and Fees	-	1,000	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	698,585	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	828,701	-	-
0099 Other Intergovernmental Charges	127,448	-	-
6030 Total Expenditures	<u>19,656,321</u>	<u>1,755,358</u>	<u>-</u>
1200 Net Change in Fund Balances	160,156	389,950	7,233
0100 Fund Balance - July 1 (Beginning)	<u>9,161,882</u>	<u>2,979,228</u>	<u>22,807</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 9,322,038</u>	<u>\$ 3,369,178</u>	<u>\$ 30,040</u>

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

	Other Funds	Total Governmental Funds
\$	275,113	\$ 9,079,158
	987,353	13,743,463
	3,900,387	4,309,250
	5,162,853	27,131,871
	1,919,255	11,579,911
	10,302	306,490
	965,792	1,029,213
	5,638	207,845
	114,106	1,327,206
	16,145	397,765
	20,040	308,781
	39,438	953,904
	1,188,581	1,199,596
	126,510	950,380
	23,675	837,875
	89,165	2,836,130
	-	160,560
	10,250	434,828
	-	1,215,000
	-	539,358
	-	1,000
	417,832	1,116,417
	-	828,701
	-	127,448
	4,946,729	26,358,408
	216,124	773,463
	577,501	12,741,418
\$	793,625	\$ 13,514,881

GLADEWATER INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 773,463
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.	26,766
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to decrease the change net position. Similarly, current year principal payments on Right-to-Use Leases and SIBTAs are also reclassified as reductions to the Right-To-Use Lease Liability and the SBITA liability which will results in an increase in the change in Net Position.	2,586,254
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.	(2,123,203)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.	37,626
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by (\$371,241). Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$312,585. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense (increased)decreased the change in net position by (\$92,079). The net result is an increase(decrease) in the change in net position.	(33,423)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by (\$103,719). Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$90,005. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense (increased)decreased the change in net position by (\$522,001). The net result is an increase(decrease) in the change in net position.	535,715
Change in Net Position of Governmental Activities	\$ 1,803,198

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

EXHIBIT D-1

		Governmental Activities -
		Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$	15,617
Due from Other Funds		108,441
Total Assets		124,058
LIABILITIES		
Current Liabilities:		
Accrued Expenses		83,432
Total Liabilities		83,432
NET POSITION		
Unrestricted Net Position		40,626
Total Net Position	\$	40,626

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT D-2

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 29,167
Total Operating Revenues	29,167
OPERATING EXPENSES:	
Professional and Contracted Services	2,401
Total Operating Expenses	2,401
Operating Income	26,766
Total Net Position July 1 (Beginning)	13,860
 Total Net Position June 30 (Ending)	 \$ 40,626

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 29,167
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Increase (decrease) in Due from Other Fund	(19,758)
Net Increase in Cash and Cash Equivalents	9,409
Cash and Cash Equivalents at Beginning of Year	6,208
Cash and Cash Equivalents at End of Year	\$ 15,617
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 26,766
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accrued Expenses	2,401
Net Cash Provided by Operating Activities	\$ 29,167

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

EXHIBIT E-1

	836-849 Investment Trust Fund	Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ 82	\$ 83,864
Investments - Current	-	10,000
Total Assets	82	\$ 93,864
NET POSITION		
Restricted for Scholarships	82	-
Restricted for Other Purposes	-	93,864
Total Net Position	\$ 82	\$ 93,864

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

GLADEWATER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	836-849 Investment Trust Fund	Custodial Fund
ADDITIONS:		
Contributions to Student Groups	\$ -	\$ 73,832
Total Additions	<u>-</u>	<u>73,832</u>
DEDUCTIONS:		
Professional and Contracted Services	-	81,624
Total Deductions	<u>-</u>	<u>81,624</u>
Change in Fiduciary Net Position	-	(7,792)
Total Net Position July 1 (Beginning)	<u>82</u>	<u>101,656</u>
Total Net Position June 30 (Ending)	<u><u>\$ 82</u></u>	<u><u>\$ 93,864</u></u>

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

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The District implemented Governmental Accounting Standards Board (GASB) Number 96 "Subscription-Based Information Technology Arrangements (SBITAs)". GASB Statement No. 96 requires recognition of certain right-to-use subscription assets and liabilities for SBITAs in the financial statements. The District did not have any material SBITAs individually or in the aggregate for the fiscal year.

A. REPORTING ENTITY

The Board of Trustees (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 Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting unit.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Gladewater Independent School District's non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

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 includes 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 a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are clearly identifiable within a function. Depreciation expense is specifically identified by function and is included in the direct expense to each function.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and 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 internal service 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.

Fund Financial Statements - The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do 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. All assets, liabilities, and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position.

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.

All governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis accounting. With this measurement focus, only current assets, current liabilities, deferred inflows of resources generally, and fund balances are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance report the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanations to better identify the relationship between government-wide statements and the governmental fund statements.

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal period. It recognizes 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. 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.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year and are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the District, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues – Non-exchange Transactions – Non-exchange transactions in which the District receives value without directly giving equal value in return, includes property taxes, grants, and donations. On the government-wide financial statements revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the District on a reimbursement basis. On modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized in the governmental funds.

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

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

The Proprietary 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 recognizes 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. 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 net position is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

Expenditures/Expenses – On the accrual basis of accounting (government-wide financial statements), expenses are recognized at the time they are incurred. On the modified accrual basis (fund based financial statements), expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

General Fund – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Capital Projects Fund - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Additionally, the District reports the following fund type(s):

Governmental Funds:

Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

Internal Service Fund – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Fund includes the Worker's Compensation Self-funded Insurance Fund. (Note: This fund is aggregated as a Governmental fund on the Statement of Net Position and Statement of Changes in Net Position).

Fiduciary Funds:

1. **Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is the Alumni Scholarship Fund.
2. **Custodial Funds** – The District accounts for resources held for others in a custodial capacity in custodial funds. The District's Custodial Fund is the Student Activity Fund.

E. OTHER ACCOUNTING POLICIES

1. Cash Equivalents

For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

2. Inventories

Inventories of supplies on the balance sheet are stated at FIFO cost and they include consumable maintenance, instructional, and office items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and initially recorded as an expense. Inventory and expenditures are adjusted periodically subsequent to inventory counts.

3. Receivables and Payables

All trade and property tax receivables are shown at face value. The property tax receivable allowance is shown at various rates based on historical trends of outstanding property taxes receivable as of June 30, 2023.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Amounts recorded as long-term debt represent obligations that will be met by future revenue resources that are not available as of the current balance sheet date.

5. Personal Days (Vacation and Sick Leave)

Personal time off ("PTO") is to be taken within the same year it is earned, and any unused days at the end of the year are forfeited. Therefore, no liability for current PTO has been accrued in the accompanying general-purpose financial statements. In prior years, some PTO was vested and an accrual for these amounts is accounted for in the long-term liability section of the Entity Wide statements. Employees of the District are entitled to PTO based on category/class of employment. PTO - sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused PTO - sick leave has not been recorded in the accompanying general-purpose financial statements.

6. General Fixed Assets

Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 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.

Buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	15 - 50 years
Vehicles	5 - 10 years
Other Equipment	3 - 15 years

The District has no restriction on any fixed assets.

7. Self-Insured Workers Compensation

All employees of the District were covered by a self-funded workers' compensation insurance program. The District pays certain administrative fees to an independent insurance intermediary who administers the program and processes all claims. Any valid claims are paid by the District and charged as current operating expenditures.

The following is a reconciliation of workers' compensation claims for the current year:

Unpaid claims 7/1		81,032
Provisions for insured events (current)	53,921	
Increase in provisions for insured events (prior)	<u>(964)</u>	
Total incurred claims	52,957	52,957
Claims attributable to current insured events	19,951	
Claims attributable to prior insured events	<u>30,278</u>	
Total payments	<u>50,229</u>	<u>(50,229)</u>
Total unpaid claims as of 6/30		83,760
Claims incurred but not reported (IBNR)		56,248

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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8. Due From (To) Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations.

9. Fund Equity

Nonspendable fund balance—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund). *Restricted fund balance*—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. *Committed fund balance*—amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. *Assigned fund balance*—amounts a government *intends* to use for a specific purpose; intent can be expressed by the governing body. When an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

	<u>General</u>	<u>Other</u>	<u>Total</u>
<u>Non-spendable:</u>			
Inventory	8,854	14,547	23,401
<u>Restricted:</u>			
Child Nutrition	-	686,593	686,593
Debt Service Fund	-	3,369,178	3,369,178
<u>Committed:</u>			
Campus Activity	-	92,485	92,485
<u>Assigned:</u>			
Facilities & Maintenance - General	1,200,000	-	1,200,000
Facilities & Maintenance - Co-Curricular	1,000,000	-	1,000,000
Equipment & Uniforms - Co-Curricular	269,000	-	269,000
Teacher Incentive Allotment	150,000	-	150,000
Technology	269,000	-	269,000
Transportation	1,200,000	-	1,200,000
Capital Projects Fund	-	30,040	30,040
<u>Unassigned:</u>	<u>5,225,184</u>	<u>-</u>	<u>5,225,184</u>
	<u>9,322,038</u>	<u>4,192,843</u>	<u>13,514,881</u>

Net Position - Net position represents the difference between assets plus deferred outflow of resources, and liabilities and deferred inflow of resources. Net investments in capital consists of cost of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvements if those assets. This net investments in capital assets amount also is adjusted by any bond issuance deferred amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislature adopted by the district or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported unrestricted.

10. Risk Management

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there are no settlements exceeding insurance coverage for each of the past three fiscal years.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

11. Control Totals

The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school District's to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide data base for policy development and funding plans.

12. Total Columns on Combined Financial Statements

These total columns do not purport to present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles.

13. District's Policy as to Defining Operating and Non-operating Revenues of Proprietary Funds

Operating revenues are generally defined as those which originate through the ongoing activities of the fund. In contrast, non-operating revenues include, but are not limited to: capital expenditures (purchase of fixed assets), transfers, investing and financing activities (bonds and notes payable).

14. Application of Restricted or Unrestricted Resources

During the budgeting process, allocation of expenses are determined as to whether it originated following specific guidelines related to restricted assets retained in the fund or whether for other purposes (non-restricted). Restricted assets will be used before unrestricted assets when payments are budgeted for an expenditure which meets the specific guidelines set forth by the granting agency.

15. Grant Fund Accounting

The Special Revenue Fund includes programs that are financed on a project grant basis. These projects have grant periods that can range from less than twelve months to in excess of two years. Grants are recorded as revenues when earned, which the District considers to be earned to the extent expenditures have been incurred, the District has met all eligibility requirements and funds are available.

16. Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

17. Pensions

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

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

Other Post-Employment Benefits. The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

18. Interfund Transfers

During the year ending June 30, 2023, there were no interfund transfers.

19. Internal Service Funds

Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

20. Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows or a sections for deferred inflows of resources. These separate financial statement elements, deferred inflows/outflows of resources, represents an acquisition or consumption of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) or outflow of resources (expenditure) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) 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 taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. They are not reported in this category on the government wide statement of net position.

The District has inflows and outflows of resources arising only under the accrual basis of accounting. Each of these types is a result of an accrual of pension and other post-employment benefit activities relating to the District's allocation of TRS information. Accordingly, these items are reported only in the government-wide statement of net position and the MD&A.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" 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 and final amended budgeted revenues and expenditures compared to actual revenues and expenditures for each of these funds. The District compares the final amended budgeted to actual revenues and expenditures. The General Fund Budget report appears on Exhibit G-1 (in the RSI section), the Food Service Fund Budget report and Debt Service Fund Budget report appear on Exhibits J-2 and J-3 (in the Required TEA section).

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

1. Prior to June 20 the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to July 1, 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 fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.

General Fund:

(Increase) in expenditures Function 11 - Instruction	(140,063)
(Increase) in expenditures Function 12 - Instructional Resources and Media Services	(3,000)
(Increase) in expenditures Function 21 - Instructional Leadership	(2,978)
Decrease in expenditures Function 23 - School Leadership	41
(Increase) in expenditures Function 34 - Student (Pupil) Transportation	(100,000)
(Increase) in expenditures Function 35 - Food Services	(10,000)
(Increase) in expenditures Function 51 - Facilities Maintenance and Operations	(24,049)
(Increase) in expenditures Function 52 - Security and Monitoring Services	(59,000)
(Increase) in expenditures Function 81 - Facilities Acquisition and Construction	(1,146,777)
Decrease in expenditures Function 93 - Payments to Fiscal Agent/Member Districts of SSA	112,000
	<u>(1,373,826)</u>

Food Service Fund:

Increase in Total Local and Intermediate Sources	57,987
(Increase) in expenditures Function 35 - Food Services	(363,137)
	<u>(305,150)</u>

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

	June 30, 2023 Fund Balance
Restricted Budget Funds - Food Service Special Revenue Fund	\$ 701,140
Nonappropriated Budget Funds	92,484
All Special Revenue Funds	\$ 793,624

The District's Food Service Fund is considered a special revenue fund since it meets the following criteria: (1) User fees are charged to supplement the National School Lunch Program (NSLP), (2) The General Fund subsidizes the Food Service Program for all expenditures in excess of NSLP, and (3) The District does not consider the Food Service Program completely self-supporting. Food Service fund balances are used exclusively for child nutrition program purposes.

NOTE III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing 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. Since the District complies with this law, it has no custodial credit risk for deposits.

The captions and amounts of cash and cash equivalents on the Balance Sheet and Statements of Net Position at June 30, 2023 consist of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total Governmental	Internal Service Fund	Investment Trust Fund	Custodial Fund
Cash in Bank	3,010,205	3,511,681	113,662	435,624	7,071,172	15,617	82	83,864
Investment Pools	4,806,716	-	-	-	4,806,716	-	-	-
Total	7,816,921	3,511,681	113,662	435,624	11,877,888	15,617	82	83,864

The District's cash deposits (cash and interest-bearing savings accounts) at June 30, 2023 and during the year ended June 30, 2023 were entirely covered by FDIC insurance, pledged collateral held by the District's agent bank in the District's name.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

As of June 30, 2023, Gladewater Independent School District had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>
Texas Local Government Investment Pool ("TexPool")	4,745,786
Texas Short Term Asset Reserve Program ("TexStar")	60,930
Total Investment Pools	4,806,716
Certificates of Deposit	10,000
Total Investments	4,816,716

The Texas Local Government Investment Pool "TexPool" and the Texas Short Term Asset Reserve Program ("TexStar") are organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company ("Trust Company"), which is authorized to operate TexPool.

Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Lehman Brothers Inc. and Federated Investor's Inc., under an agreement with the Comptroller, acting on behalf of the Trust Company. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, this Board is composed equally of participants in TexPool and other person who do not have a business relationship with TexPool who are qualified to advise TexPool.

TexStar is administered by First Southwest Asset Management, Inc. and JP Morgan Chase. The fund seeks to maintain a constant dollar objective and meet the requirements of the Texas PFIA for local government investment pools.

Additional policies and contractual provisions governing investments for Gladewater Independent School District are specified below:

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 United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; certificates of deposit; fully collateralized repurchase agreements that have a defined termination date and secured by obligations of the United States or its agencies and instrumentalities; securities lending program; banking acceptances; commercial paper; no-load money market mutual funds and no-load mutual funds; guaranteed investment contracts as an investment vehicle for bond proceeds and public investment pools. As of June 30, 2023, the District's investments in public funds investment pools in TexPool and TexStar were both rated AAAM by Standard's & Poor's.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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 monitors interest rate risk using weighted-average-maturity and specific identification.

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for real and 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 and subject to interest if not paid by February 1 of the year following the October 1 levy date. On June 30 of each year, a tax lien attaches to the property to secure payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

The tax rates assessed for the year ended June 30, 2023, to finance General Fund operations and Debt Service was \$0.97710 and \$0.30849 respectively, per \$100 valuation. The assessed value of the property tax roll on January 1, 2022, upon which the levy for the 2022-23 fiscal year was based, was \$617,617,432.

Current tax collections for the year ended June 30, 2023 were 97% of the year-end adjusted tax levy. As of June 30, 2023, property taxes receivable, net of estimated uncollectible taxes, totaled \$930,689 for the General Fund and \$241,668 for Debt Service.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates for the year of the levy. Allowance for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2023, consisted of the following individual fund receivables and payables:

	Due to Other Funds	Due from Other Funds
General Fund	\$ -	\$ 56,883
Debt Service Fund	35,410	-
Capital Projects Fund	83,622	-
Other Governmental Funds	46,305	13
Internal Service Fund	-	108,441
Total	\$ 165,337	\$ 165,337

Interfund transfers are defined as “flow of assets without equivalent flow of assets in return and without requirement of repayment.” There were no interfund transfers for the audit period.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2023, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Total Receivables</u>
Governmental Activities:				
General Fund	\$ 1,084,139	\$ 3,116,217	\$ 56,883	\$ 4,257,239
Debt Service Fund	275,729	-	-	275,729
Other Governmental Funds	-	637,632	13	637,645
Total - Governmental Activities	<u>\$ 1,359,868</u>	<u>\$ 3,753,849</u>	<u>\$ 56,896</u>	<u>\$ 5,170,613</u>
 Amounts not scheduled for collection during the subsequent year	<u>\$ (187,511)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (187,511)</u>
 Proprietary Funds:				
Internal Service Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,441</u>	<u>\$ 108,441</u>

Payables at June 30, 2023 were as follows:

	<u>Accounts Payable</u>	<u>Salaries / Benefits</u>	<u>Due To Other Funds</u>	<u>Due to Other Governments</u>	<u>Total Payables</u>
Governmental Activities:					
General Fund	\$ 14,839	\$ 1,334,218	\$ -	\$ 397,508	\$ 1,746,565
Debt Service Fund	-	-	35,410	129,353	164,763
Capital Project Fund	-	-	83,622	-	83,622
Other Governmental Funds	-	247,001	46,305	-	293,306
Total - Governmental Activities	<u>\$ 14,839</u>	<u>\$ 1,581,219</u>	<u>\$ 165,337</u>	<u>\$ 526,861</u>	<u>\$ 2,288,256</u>
 Proprietary Funds:					
Internal Service Fund	<u>\$ 83,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,432</u>

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reclassifications/ Deletions	Ending Balance
Governmental Activities				
Land	\$ 553,516	\$ -	\$ (76,177)	\$ 477,339
Building and improvements	55,177,416	335,422	937,809	56,450,647
Equipment	2,986,418	429,755	-	3,416,173
Vehicles	3,241,109	104,985	-	3,346,094
Construction in Progress	404,178	533,631	(937,809)	-
Total Cost	<u>\$ 62,362,637</u>	<u>\$ 1,403,793</u>	<u>\$ (76,177)</u>	<u>\$ 63,690,253</u>
Less Accumulated Depreciation for:				
Buildings	\$ (21,959,248)	\$ (1,644,128)	\$ -	\$ (23,603,376)
Equipment	(2,144,394)	(267,226)	-	(2,411,620)
Vehicles	(2,128,058)	(211,849)	-	(2,339,907)
Total Accumulated Depreciation	<u>\$ (26,231,700)</u>	<u>\$ (2,123,203)</u>	<u>\$ -</u>	<u>\$ (28,354,903)</u>
Governmental Activities:				
Land	\$ 553,516	\$ -	\$ (76,177)	\$ 477,339
Buildings and Improvements	33,218,168	(1,308,706)	937,809	32,847,271
Equipment	842,024	162,529	-	1,004,553
Vehicles	1,113,051	(106,864)	-	1,006,187
Construction in Progress	404,178	533,631	(937,809)	-
Capital Assets, Net	<u>\$ 36,130,937</u>	<u>\$ (719,410)</u>	<u>\$ (76,177)</u>	<u>\$ 35,335,350</u>

During fiscal year 2023, the District spent \$533,631 to complete construction in progress related to the installations of new flooring at the high school and modular classrooms. The total cost of \$937,809 was reclassified to building and improvements within the current year.

In fiscal year 2023, the District also completed improvements to the roof and walkways at the Primary campus totaling \$335,422.

Current year equipment purchases of \$429,755 included an agriculture trailer and corral; food service ovens, heating cabinets, walk-in cooler, and HVAC upgrades; furnishings, intercom system, and camera/fire/alarm systems to new portable buildings; a camera system to the Life Skills area, and a floor scrubber. The District purchased two used Ford F250 pickups and a 2023 GMC Sierra totaling \$104,985.

During fiscal year 2023, the District sold land for \$76,177.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
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Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,095,137
Instructional Resources and Media Services	28,985
Curriculum and Instructional Staff Development	97,577
Instructional Leadership	19,656
School Leadership	125,517
Guidance Counseling, and Evaluation Services	37,618
Health Services	29,202
Student (Pupil) Transportation	90,213
Food Services	113,448
Extracurricular Activities	89,880
General Administration	79,240
Facilities Maintenance and Operations	260,423
Security and Monitoring Services	15,184
Data Processing Services	41,123
Total Depreciation Expense	\$ 2,123,203

G. LOANS PAYABLE

The District does not have any outstanding loans as of June 30, 2023.

H. BONDS PAYABLE

Long-term debt includes general obligation serial bonds. Bond premiums and discounts are amortized using the effective interest method.

Unlimited Tax School Building Bonds, Series 2014

During the year ending June 30, 2015, the District issued Unlimited Tax School Building Bonds, Series 2014 in the amount of \$34,325,000. In the governmental fund financial statements, bond indebtedness of the District current requirement for principal and interest expenditure are accounted for in the Debt Service Fund. The District paid \$840,000 in principal and \$38,550 in interest in the current year.

Unlimited Tax Refunding Bonds, Series 2020

On November 1, 2020, the District issued Unlimited Tax Refunding Bonds, Series 2020 in the amount of \$27,699,525 to refund most of Series 2014. The escrow payment of \$30,857,280 was used to provide debt service payments on a portion of the Series 2014 when called in August 15, 2023. In the governmental fund financial statements, bond indebtedness of the District current requirement for principal and interest expenditure are accounted for in the Debt Service Fund. The District paid \$375,000 in principal and \$500,808 in interest in the current year.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The following is a summary of the changes in the District's general long-term debt for the year ended June 30, 2023:

	Stated Interest Rate	Amounts Original Issue	Amounts Outstanding 7/1/2022	Issuance / Accretion	Retirements	Amounts Outstanding 6/30/2023
Unlimited Tax School Building Bonds, Series 2014						
Current Interest Serial Bonds maturing 2022, 2023 & 2024	3.70%	34,325,000	1,705,000	-	(840,000)	865,000
Unlimited Tax Refunding Bonds, Series 2020						
Current Interest Serial Bonds maturing 2022-2024, 2028-2031	0.25-1.4%	16,335,000	15,700,000	-	(375,000)	15,325,000
Unlimited Tax Refunding Bonds, Series 2020						
Capital Appreciation Bonds maturing 2024-2027	-	109,525	109,525	-	-	109,525
Unlimited Tax Refunding Bonds, Series 2020						
Current Interest Term Bonds maturing 2041 and 2045	2.2-2.4%	11,255,000	11,255,000	-	-	11,255,000
		<u>62,024,525</u>	<u>28,769,525</u>	<u>-</u>	<u>(1,215,000)</u>	<u>27,554,525</u>

Required bond payments, including interest, are:

Year Ended June 30	Unlimited Tax School Bonds, Series 2014			Unlimited Tax Refunding Bonds, Series 2020		
	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2024	865,000	12,975	877,975	375,000	499,230	874,230
2025	-	-	-	66,716	1,696,627	1,763,343
2026	-	-	-	29,614	1,733,729	1,763,343
2027	-	-	-	13,195	1,755,147	1,768,342
2028	-	-	-	1,265,000	491,967	1,756,967
2029-2033	-	-	-	6,575,000	2,209,906	8,784,906
2034-2038	-	-	-	7,110,000	1,654,295	8,764,295
2039-2043	-	-	-	7,850,000	877,005	8,727,005
2044-2045	-	-	-	3,405,000	82,414	3,487,414
	<u>865,000</u>	<u>12,975</u>	<u>877,975</u>	<u>26,689,525</u>	<u>11,000,320</u>	<u>37,689,845</u>

In the government-wide financial statements, bonded indebtedness of the District is reflected in the Statement of Net Position. Premium on issuance of bonds, net of accumulated amortization, totaled \$3,225,687 at June 30, 2023. Bond premium/discount proceeds are deferred and amortized over the life of the bonds. The current year amortization for the premium/discount of \$146,855 is reflected in the Statement of Activities for the year ended June 30, 2023.

The deferred charge on refunding bonds, net of accumulated amortization, totaled \$2,302,556 at June 30, 2023. Amortization of \$104,828 is reflected in the Statement of Activities for the year ended June 30, 2023.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

I. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended June 30, 2023, was as follows:

	Amounts			Amounts	
	Outstanding			Outstanding	Due Within
	<u>06/30/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/23</u>	<u>One Year</u>
<u>Governmental:</u>					
Unlimited Tax Bonds	\$ 28,769,525	\$ -	\$ (1,215,000)	\$ 27,554,525	\$ 1,240,000
Unamortized Bond Premium	3,372,542	-	(146,855)	3,225,687	-
Other Liabilities:					
Accrued Leave Benefits	19,811	-	(1,611)	18,200	-
TRS Net Pension Liability	2,008,244	2,674,553	-	4,682,797	-
TRS Net OPEB Liability	5,117,655	-	(2,009,666)	3,107,989	-
Total	<u>\$ 39,287,777</u>	<u>2,674,553</u>	<u>(3,373,132)</u>	<u>\$ 38,589,198</u>	<u>\$ 1,240,000</u>

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

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions as June 30, 2023.

J. HEALTH CARE COVERAGE

During the year ended June 30, 2023 employees of the Gladewater Independent School District were covered by a health insurance plan (the "plan"). The District's contributions as of year-end, were \$225 per month. Employees, at their option, authorize payroll withholdings to pay contributions or premiums for dependents. All contributions were paid to a licensed insurer. The plan was authorized by Texas Education Code, Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the licensed insurer is renewable September 1, 2023 and terms of coverage and premium costs are included in the contractual provisions.

K. UNEARNED REVENUE AND INFLOWS OF RESOURCES

Unearned revenue and deferred inflows of resources at year-end consisted of the following:

	General	Debt	
	Fund	Service	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Property Taxes	<u>\$ 860,961</u>	<u>\$ 219,408</u>	<u>\$ 1,080,369</u>

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

L. DUE TO/FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2023, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

Due From Other Governments:			
	State	Federal	
	Entitlements	Grants	Total
General Fund	\$3,116,217	\$ -	\$3,116,217
Other Governmental Funds	151,859	485,773	637,632
Total	\$3,268,076	\$ 485,773	\$3,753,849

Due To Other Governments:			
	State	Federal	
	Entitlements	Grants	Total
General Fund	\$ 397,508	\$ -	\$ 397,508
Debt Service	129,353	-	129,353
Total	\$ 526,861	\$ -	\$ 526,861

M. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General	Debt	Capital	Other	Proprietary	Total
	Fund	Service	Projects	Nonmajor	Funds	
		Fund	Fund	Governmental		
				Funds		
Property Taxes	\$ 6,054,713	\$ 1,846,185	\$ -	\$ -	\$ -	\$7,900,898
Food Sales	-	-	-	157,475	-	157,475
Investment Income	342,871	103,256	7,233	-	92	453,452
Co-curricular student activities	35,151	-	-	97,338	-	132,489
Services to Other Governments	215,969	-	-	-	-	215,969
Rent	2,140	-	-	-	-	2,140
Other	196,527	-	-	20,300	29,075	245,902
Total	\$ 6,847,371	\$ 1,949,441	\$ 7,233	\$ 275,113	\$ 29,167	\$9,108,325

N. LITIGATION AND CONTINGENCIES

1. As of the report date, the District is currently involved in one suit. The District's legal counsel's review (the insurance carrier's legal counsel is providing services related to this suit) of this case indicated that the District's insurance will be adequate to cover any potential settlement.
2. The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

O. JOINT VENTURE – SHARED SERVICE ARRANGEMENTS

Special Education and Alternative Education SSA:

The District participates in a shared services arrangement (“SSA”) for special education and alternative education with the following school districts:

<u>Alternative Education</u>	<u>Special Education</u>
Big Sandy ISD	Big Sandy ISD
Gilmer ISD	Gilmer ISD
Gladewater ISD	Gladewater ISD
New Diana ISD	New Diana ISD
Ore City ISD	Union Grove ISD
Union Grove ISD	Union Hill ISD
Union Hill ISD	

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Big Sandy ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

P. MEDICARE ON-BEHALF PAYMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. For the year ended June 30, 2023, Gladewater ISD recognized amounts for Medicare Part D on-behalf payments totaling \$67,043. For the year ended June 30, 2022, Gladewater ISD recognized amounts for Medicare Part D on-behalf payments totaling \$53,667. For the year ended June 30, 2021, GISD recognized amounts for Medicare Part D on-behalf payments totaling \$59,699.

Q. DEFINED BENEFIT PENSION PLANS

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

Plan Description. Gladewater 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). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position. Detail 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/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512)542-6592.

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

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

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

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

The following table shows contribution rates by type of contributor for the fiscal years 2022 and 2023 and the contributions by type of contributions reported by TRS which were received by TRS during the measurement year (TRS FY 2022). These are included in the calculation of the district's proportionate share of the net pension liability.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

	Contribution Rates	
	2022	2023
Member (Employees)	8.00%	8.00%
Employer (District)	7.75%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
GISD Member Contributions	1,017,771	1,027,112
GISD Employer Contributions	367,835	429,129
GISD NECE On-Behalf Contributions	773,633	797,330

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

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

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

In addition to the employer contributions listed above, there is a surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, 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.

Net Pension Liability. Components of the net pension liability of the plan as of August 31, 2022 are disclosed below:

Components of Liability	Amount
Total Pension Liability	\$ 243,553,045,455
Less: Plan Fiduciary Net Position	(184,185,617,196)
Net Pension Liability	\$ 59,367,428,259
Net Position as Percentage of Total Pension Liability	75.62%

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Actuarial Assumptions. The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Rate	7.00%
	3.91% - The source for the rate is the Fixed Income Market Data/Yield Curve/
	Data Municipal bonds with 20 years to maturity that include only federally taxexempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Municipal Bond Rate as of August 2022	
Last year ending August 31 in	
Projection Period (100) years	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

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

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2022 are summarized below:

Asset Class ¹	Target Allocation % ²	Long-Term Expected Arithmetic Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources & Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity			
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	-6.0%	3.6%	-0.05%
Inflation Expectation			2.70%
Volatility Drag⁴			-0.91%
Total	100.00%		8.19%

¹ Absolute Return includes Credit Sensitive Investments

² Target Allocations are based on the FY2022 policy model

³ Capital Asset Market Assumptions come from Aon Hewitt (as of 8/31/2022).

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
GISD's proportionate share of the net pension liability	7,284,656	4,682,797	2,573,868

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023, Gladewater ISD reported a liability of \$4,682,797 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to Gladewater ISD. The amount recognized by Gladewater ISD 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 Gladewater ISD were as follows:

District's proportionate share of the collective net pension liability	\$ 4,682,797
State's proportionate share that is associated with the District	<u>10,144,114</u>
Total	<u>\$ 14,826,911</u>

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

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.0078878215%, which was an increase (decrease) of (0.0000019825%) from its proportion measured as of August 31, 2021.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation

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

For the year ended June 30, 2023, Gladewater School recognized pension expense of \$1,374,326 and revenue of \$969,662 for support provided by the State in the Government Wide Statement of Activities.

At June 30, 2023, Gladewater School reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual actuarial experience	\$ 67,900	\$ 102,094
Changes in actuarial assumptions	872,557	217,466
Difference between projected and actual investment earnings	462,646	-
Changes in proportion and difference between the employer contributions and the proportionate share of contributions	14,404	217,580
Total as of August 31, 2022 measurement date	\$ 1,417,507	\$ 537,140
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	371,241	-
Total as of June 30, 2023 fiscal year-end	\$ 1,788,748	\$ 537,140

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

Year ended June 30:	Pension Expense Amount
2024	225,582
2025	85,717
2026	(18,623)
2027	516,492
2028	71,200
Thereafter	(1)
	880,367

R. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Other Post-Employment Benefits. The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account

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

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

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

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public and 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.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

TRS-Care Monthly Premium Rates

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor which were reported for the district by TRS for the measurement year. These are included in the calculation of the district's proportionate share of the Net TRS-Care liability.

	2022	2023
Active Employee	0.65%	0.65%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Non-Employer Contributing Entity (State)	1.25%	1.25%
GISD's Member Contributions	83,208	83,452
GISD's Employer Contributions	107,370	120,479
Measurement Year NECE On-behalf Contributions	138,861	130,050

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

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

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience Third-party administrative expenses related to the delivery of health care benefits are included in the age- adjusted claims costs.
Expenses	
Salary Increases	3.05% to 9.05%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

The initial medical trend rates were 8.50 percent for Medicare retirees and 7.25 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 13 years.

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

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Sensitivity of the Net OPEB Liability

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was one percentage point lower than and one percentage point higher than the discount rate that was used (3.91 percent) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
GISD's proportionate share of the Net OPEB Liability	3,664,566	3,107,989	2,657,091

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2023 the District reported a liability of \$3,107,989 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	\$ 3,107,989
State's proportionate share that is associated with the District	<u>3,791,258</u>
Total	<u>\$ 6,899,247</u>

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

At August 31, 2022 the employer’s proportion of the collective Net OPEB Liability was 0.0129802387%, compared to (0.0002867099%) as of August 31, 2021.

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of Net OPEB Liability	2,560,997	3,107,989	3,817,094

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period:

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

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

On June 30, 2023, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual actuarial experience	\$ 172,793	\$ 2,589,234
Changes in actuarial assumptions	473,408	2,159,246
Net Difference between projected and actual investment earnings	9,257	-
Changes in proportion and difference between the employer contributions and the proportionate share of contributions	148,872	277,353
Total as of August 31, 2022 measurement date	804,330	5,025,833
Contributions paid to TRS subsequent to the measurement date of the Net OPEB Liability (to be calculated by employer)	103,719	-
Total as of June 30, 2023 fiscal year-end	\$ 908,049	\$ 5,025,833

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

Year ended June 30:	OPEB Expense Amount
2024	\$ (769,455)
2025	(769,423)
2026	(637,624)
2027	(459,190)
2028	(533,025)
Thereafter	(1,052,786)
	<u>\$ (4,221,503)</u>

For the year ended June 30, 2023, the District recognized OPEB expense of (\$970,006) and revenue of (\$538,010) for support provided by the State.

S. SUBSEQUENT EVENTS

Management evaluated subsequent events after the date of the balance sheet and prior to the release of these financial statements which was October 12, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

GLADEWATER INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023

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	\$ 6,022,730	\$ 6,022,730	\$ 6,847,371	\$ 824,641
5800	State Program Revenues	13,288,109	13,288,109	12,560,243	(727,866)
5900	Federal Program Revenues	400,000	400,000	408,863	8,863
5020	Total Revenues	19,710,839	19,710,839	19,816,477	105,638
EXPENDITURES:					
Current:					
0011	Instruction	9,979,378	10,119,441	9,660,656	458,785
0012	Instructional Resources and Media Services	298,240	301,240	296,188	5,052
0013	Curriculum and Instructional Staff Development	77,572	77,572	63,421	14,151
0021	Instructional Leadership	204,063	207,041	202,207	4,834
0023	School Leadership	1,239,890	1,239,849	1,213,100	26,749
0031	Guidance, Counseling, and Evaluation Services	386,379	386,379	381,620	4,759
0033	Health Services	295,429	295,429	288,741	6,688
0034	Student (Pupil) Transportation	1,065,892	1,165,892	914,466	251,426
0035	Food Services	12,170	22,170	11,015	11,155
0036	Extracurricular Activities	882,893	882,893	823,870	59,023
0041	General Administration	858,735	858,735	814,200	44,535
0051	Facilities Maintenance and Operations	2,719,824	2,743,873	2,746,965	(3,092)
0052	Security and Monitoring Services	143,371	202,371	160,560	41,811
0053	Data Processing Services	461,386	461,386	424,578	36,808
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	1,146,777	698,585	448,192
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	946,617	834,617	828,701	5,916
0099	Other Intergovernmental Charges	139,000	139,000	127,448	11,552
6030	Total Expenditures	19,710,839	21,084,665	19,656,321	1,428,344
1200	Net Change in Fund Balances	-	(1,373,826)	160,156	1,533,982
0100	Fund Balance - July 1 (Beginning)	9,161,882	9,161,882	9,161,882	-
3000	Fund Balance - June 30 (Ending)	\$ 9,161,882	\$ 7,788,056	\$ 9,322,038	\$ 1,533,982

GLADEWATER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2023

	FY 2023 <u>Plan Year 2022</u>	FY 2022 <u>Plan Year 2021</u>	FY 2021 <u>Plan Year 2020</u>
District's Proportion of the Net Pension Liability (Asset)	0.007887821%	0.007885839%	0.007892725%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 4,682,797	\$ 2,008,244	\$ 4,227,183
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	10,144,114	4,616,712	9,836,173
Total	<u>\$ 14,826,911</u>	<u>\$ 6,624,956</u>	<u>\$ 14,063,356</u>
District's Covered Payroll	\$ 12,748,179	\$ 12,409,323	\$ 12,252,321
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	36.73%	16.18%	34.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

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

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

<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year</u>
0.008655445%	0.008921329%	0.008765563%	0.00886895%	0.0097205%	0.0050909%
\$ 4,499,371	\$ 4,910,516	\$ 2,802,755	\$ 3,351,444	\$ 3,436,067	\$ 1,359,850
8,624,020	9,501,075	5,807,592	7,094,046	7,116,568	6,294,976
<u>\$ 13,123,391</u>	<u>\$ 14,411,591</u>	<u>\$ 8,610,347</u>	<u>\$ 10,445,490</u>	<u>\$ 10,552,635</u>	<u>\$ 7,654,826</u>
\$ 11,053,799	\$ 10,911,349	\$ 10,803,297	\$ 8,936,835	\$ 10,661,312	\$ 10,790,156
40.70%	45.00%	25.94%	37.50%	32.23%	12.60%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

	2023	2022	2021
Contractually Required Contribution	\$ 429,129	\$ 367,835	\$ 329,456
Contribution in Relation to the Contractually Required Contribution	(429,129)	(367,835)	(329,456)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 12,838,897	\$ 12,801,520	\$ 12,306,763
Contributions as a Percentage of Covered Payroll	3.34%	2.87%	2.68%

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

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

2020	2019	2018	2017	2016	2015
\$ 325,562	\$ 297,875	\$ 257,199	\$ 243,610	\$ 149,510	\$ 266,883
(325,562)	(297,875)	(257,199)	(243,610)	(149,510)	(266,883)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 12,092,315	\$ 11,018,955	\$ 10,856,727	\$ 10,803,297	\$ 8,936,835	\$ 10,661,312
2.69%	2.70%	2.37%	2.25%	1.67%	2.50%

GLADEWATER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.012980239%	0.013266949%	0.013391269%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 3,107,989	\$ 5,117,655	\$ 5,090,626
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	3,791,258	6,856,517	6,840,581
Total	<u>\$ 6,899,247</u>	<u>\$ 11,974,172</u>	<u>\$ 11,931,207</u>
District's Covered Payroll	\$ 12,748,179	\$ 12,409,323	\$ 12,252,321
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	24.38%	41.24%	41.55%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

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

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

<u>FY 2020</u> <u>Plan Year</u>	<u>FY 2019</u> <u>Plan Year</u>	<u>FY 2018</u> <u>Plan Year</u>
0.013221493%	0.013410459%	0.013129035%
\$ 6,252,608	\$ 6,695,965	\$ 5,709,325
8,308,315	9,117,441	8,251,642
<u>\$ 14,560,923</u>	<u>\$ 15,813,406</u>	<u>\$ 13,960,967</u>
\$ 11,053,799	\$ 10,911,349	\$ 10,803,297
56.57%	61.37%	52.85%
2.66%	1.57%	0.91%

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

	2023	2022	2021
Contractually Required Contribution	\$ 120,479	\$ 107,370	\$ 103,242
Contribution in Relation to the Contractually Required Contribution	(120,479)	(107,370)	(103,242)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 12,838,897	\$ 12,801,520	\$ 12,306,763
Contributions as a Percentage of Covered Payroll	0.94%	0.84%	0.84%

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

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

	2020	2019	2018
\$	100,911	\$ 92,508	\$ 88,446
	(100,911)	(92,508)	(88,446)
\$	-	\$ -	\$ -
\$	12,092,315	\$ 11,018,955	\$ 10,856,727
	0.83%	0.84%	0.81%

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

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

Changes of Assumptions.

There was a change in the actuarial assumptions. The primary change was lowering of the single discount rate from 7.25 percent to 7.00 percent.

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

There were no changes in benefits.

Changes in Assumptions.

The single discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the total OPEB liability.

Lower participation rates and updates to health care trend rate assumptions were also factors that decreased the Total OPEB liability.

COMBINING SCHEDULES

GLADEWATER INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	
ASSETS					
1110	Cash and Cash Equivalents	\$ (16,575)	\$ (184,345)	\$ 744,626	\$ (3,315)
1240	Due from Other Governments	97,276	225,367	7,237	3,315
1260	Due from Other Funds	-	-	-	-
1300	Inventories	-	-	14,547	-
1000	Total Assets	\$ 80,701	\$ 41,022	\$ 766,410	\$ -
LIABILITIES					
2150	Payroll Deductions and Withholdings Payable	\$ -	\$ 248	\$ 2,891	\$ -
2160	Accrued Wages Payable	66,109	33,380	51,451	-
2170	Due to Other Funds	12,535	5,748	10,928	-
2200	Accrued Expenditures	2,057	1,646	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	80,701	41,022	65,270	-
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	14,547	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	686,593	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	701,140	-
4000	Total Liabilities and Fund Balances	\$ 80,701	\$ 41,022	\$ 766,410	\$ -

EXHIBIT H-1 (Cont'd)

255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER I Emergency Sch Relief Fund	276 Title I - SIP Academy Grant	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials
\$ (47,245)	\$ (797)	\$ 884	\$ 143	\$ (71,177)	\$ (17,292)	\$ -	\$ 885
47,599	797	-	-	82,073	22,109	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 354</u>	<u>\$ -</u>	<u>\$ 884</u>	<u>\$ 143</u>	<u>\$ 10,896</u>	<u>\$ 4,817</u>	<u>\$ -</u>	<u>\$ 885</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
354	-	884	143	10,896	4,817	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	885
<u>354</u>	<u>-</u>	<u>884</u>	<u>143</u>	<u>10,896</u>	<u>4,817</u>	<u>-</u>	<u>885</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 354</u>	<u>\$ -</u>	<u>\$ 884</u>	<u>\$ 143</u>	<u>\$ 10,896</u>	<u>\$ 4,817</u>	<u>\$ -</u>	<u>\$ 885</u>

GLADEWATER INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

Data Control Codes	429 Other State Special Revenue Funds	461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 92,472	\$ (62,640)	\$ 435,624
1240	Due from Other Governments	-	-	151,859	637,632
1260	Due from Other Funds	-	13	-	13
1300	Inventories	-	-	-	14,547
1000	Total Assets	<u>\$ -</u>	<u>\$ 92,485</u>	<u>\$ 89,219</u>	<u>\$ 1,087,816</u>
LIABILITIES					
2150	Payroll Deductions and Withholdings Payable	\$ -	\$ -	\$ -	\$ 3,139
2160	Accrued Wages Payable	-	-	85,038	235,978
2170	Due to Other Funds	-	-	-	46,305
2200	Accrued Expenditures	-	-	4,181	7,884
2300	Unearned Revenue	-	-	-	885
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>89,219</u>	<u>294,191</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	14,547
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	686,593
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	92,485	-	92,485
3000	Total Fund Balances	<u>-</u>	<u>92,485</u>	<u>-</u>	<u>793,625</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 92,485</u>	<u>\$ 89,219</u>	<u>\$ 1,087,816</u>

GLADEWATER INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 177,775	\$ -
5800 State Program Revenues	-	-	24,635	-
5900 Federal Program Revenues	456,965	225,367	1,154,437	13,166
5020 Total Revenues	456,965	225,367	1,356,847	13,166
EXPENDITURES:				
Current:				
0011 Instruction	456,965	225,367	-	13,166
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	1,147,989	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0053 Data Processing Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	456,965	225,367	1,147,989	13,166
1200 Net Change in Fund Balance	-	-	208,858	-
0100 Fund Balance - July 1 (Beginning)	-	-	492,282	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ 701,140	\$ -

255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER I Emergency Sch Relief Fund	276 Title I - SIP Academy Grant	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	40,336
93,361	3,188	28	-	963,297	990,578	-	-
93,361	3,188	28	-	963,297	990,578	-	40,336
60,833	3,188	28	-	642,131	477,241	-	40,336
-	-	-	-	10,302	-	-	-
7,004	-	-	-	7,790	54,591	-	-
-	-	-	-	5,638	-	-	-
24,652	-	-	-	52,328	16,016	-	-
-	-	-	-	16,145	-	-	-
-	-	-	-	20,040	-	-	-
-	-	-	-	39,438	-	-	-
-	-	-	-	40,592	-	-	-
-	-	-	-	36,438	-	-	-
872	-	-	-	17,938	-	-	-
-	-	-	-	64,267	24,898	-	-
-	-	-	-	10,250	-	-	-
-	-	-	-	-	417,832	-	-
93,361	3,188	28	-	963,297	990,578	-	40,336
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

GLADEWATER INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	429 Other State Special Revenue Funds	461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 97,338	\$ -	\$ 275,113
5800 State Program Revenues	-	-	922,382	987,353
5900 Federal Program Revenues	-	-	-	3,900,387
5020 Total Revenues	-	97,338	922,382	5,162,853
EXPENDITURES:				
Current:				
0011 Instruction	-	-	-	1,919,255
0012 Instructional Resources and Media Services	-	-	-	10,302
0013 Curriculum and Instructional Staff Development	-	-	896,407	965,792
0021 Instructional Leadership	-	-	-	5,638
0023 School Leadership	-	-	21,110	114,106
0031 Guidance, Counseling, and Evaluation Services	-	-	-	16,145
0033 Health Services	-	-	-	20,040
0034 Student (Pupil) Transportation	-	-	-	39,438
0035 Food Services	-	-	-	1,188,581
0036 Extracurricular Activities	-	90,072	-	126,510
0041 General Administration	-	-	4,865	23,675
0051 Facilities Maintenance and Operations	-	-	-	89,165
0053 Data Processing Services	-	-	-	10,250
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	417,832
6030 Total Expenditures	-	90,072	922,382	4,946,729
1200 Net Change in Fund Balance	-	7,266	-	216,124
0100 Fund Balance - July 1 (Beginning)	-	85,219	-	577,501
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 92,485	\$ -	\$ 793,625

REQUIRED T.E.A. SCHEDULES

GLADEWATER INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED JUNE 30, 2023

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised
	Maintenance	Debt Service	Value for School Tax Purposes
2014 and prior years	Various	Various	\$ 500,010,355
2015	1.170000	0.32000	520,196,200
2016	1.170000	0.35000	497,943,725
2017	1.170000	0.39500	427,138,530
2018	1.170000	0.39500	465,881,299
2019	1.170000	0.39500	487,945,864
2020	1.068400	0.39500	519,180,039
2021	1.054700	0.39500	548,402,359
2022	1.083400	0.36630	531,149,617
2023 (School year under audit)	0.977100	0.30849	617,617,432
1000 TOTALS			

(10) Beginning Balance 7/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2023
\$ 222,208	\$ -	\$ 8,618	\$ -	\$ (7,097)	\$ 206,493
48,667	-	6,664	-	(1,484)	40,519
59,083	-	5,905	1,617	(1,547)	50,014
67,623	-	8,853	2,645	(1,337)	54,788
86,762	-	10,538	3,607	(323)	72,294
104,056	-	13,271	4,542	(1,170)	85,073
128,267	-	23,048	7,765	(255)	97,199
210,337	-	35,054	12,899	(1,670)	160,714
400,447	-	153,427	51,964	(21,653)	173,403
-	7,940,065	5,574,955	1,760,512	(185,227)	419,371
<u>\$ 1,327,450</u>	<u>\$ 7,940,065</u>	<u>\$ 5,840,333</u>	<u>\$ 1,845,551</u>	<u>\$ (221,763)</u>	<u>\$ 1,359,868</u>

GLADEWATER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023

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	\$ 178,618	\$ 236,605	\$ 177,775	\$ (58,830)
5800 State Program Revenues	40,599	40,599	24,635	(15,964)
5900 Federal Program Revenues	728,230	728,230	1,154,437	426,207
5020 Total Revenues	947,447	1,005,434	1,356,847	351,413
EXPENDITURES:				
Current:				
0035 Food Services	947,447	1,310,584	1,147,989	162,595
6030 Total Expenditures	947,447	1,310,584	1,147,989	162,595
1200 Net Change in Fund Balances	-	(305,150)	208,858	514,008
0100 Fund Balance - July 1 (Beginning)	492,282	492,282	492,282	-
3000 Fund Balance - June 30 (Ending)	\$ 492,282	\$ 187,132	\$ 701,140	\$ 514,008

GLADEWATER INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,947,197	\$ 1,947,197	\$ 1,949,441	\$ 2,244
5800 State Program Revenues	107,819	107,819	195,867	88,048
5020 Total Revenues	2,055,016	2,055,016	2,145,308	90,292
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	1,215,000	1,215,000	1,215,000	-
0072 Interest on Long-Term Liabilities	539,360	539,360	539,358	2
0073 Bond Issuance Cost and Fees	4,000	4,000	1,000	3,000
6030 Total Expenditures	1,758,360	1,758,360	1,755,358	3,002
1200 Net Change in Fund Balances	296,656	296,656	389,950	93,294
0100 Fund Balance - July 1 (Beginning)	2,979,228	2,979,228	2,979,228	-
3000 Fund Balance - June 30 (Ending)	\$ 3,275,884	\$ 3,275,884	\$ 3,369,178	\$ 93,294

GLADEWATER INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2023

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
<hr/>		
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
<hr/>		
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$2,176,813
<hr/>		
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$1,539,959
<hr/>		

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
<hr/>		
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
<hr/>		
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$68,163
<hr/>		
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	\$74,628
<hr/>		

**COMPLIANCE, INTERNAL CONTROL, AND
FEDERAL AWARDS SECTION**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

Independent Auditor's Report

Board of Trustees
Gladewater Independent School District
200 East Broadway
Gladewater, Texas 75647

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Gladewater Independent School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gladewater Independent School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

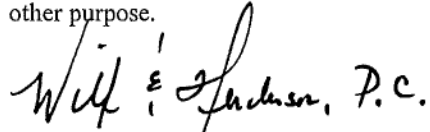
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Wilf & Henderson, P.C." The signature is written in a cursive style with a large, stylized 'W' and 'H'.

WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

October 12, 2023



**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Independent Auditor's Report

Board of Trustees
Gladewater Independent School District
200 East Broadway
Gladewater, Texas 75647

Members of the Board:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Gladewater Independent School District's (the District) 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 the District's major federal programs for the year ended June 30, 2023. The 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, Gladewater 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 June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the 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 the 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 the 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 the 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 the 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as considered necessary in the circumstances.
- Obtain an understanding of the 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

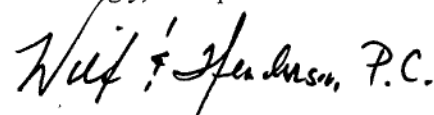
Report on Internal Control Over Compliance

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

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

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

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


WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

October 12, 2023

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

I. Summary of the Auditor's Results:

- a. The type of report issued on the financial statements of the Gladewater Independent School District was an unmodified opinion.
- b. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters required by the GAO's *Government Auditing Standards*.
- c. No instances of noncompliance material to the financial statements of the Gladewater Independent School District were disclosed during the audit.
- d. No significant deficiency or material weakness relating to the audit of the major federal award programs are reported in the report on internal control over compliance required by Uniform Guidance.
- e. The type of report the auditor issued on compliance for major programs was an unmodified opinion.
- f. No audit findings relative to the major federal awards programs were disclosed by the audit that were required to be reported under 2 CFR 200.516(a).
- g. The program tested as major programs was:

COVID-19 ESSER School Emergency Relief I	ALN 84.425D
COVID-19 ESSER School Emergency Relief II	ALN 84.425D
COVID-19 ESSER School Emergency Relief III	ALN 84.425U
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. Gladewater Independent School District was determined to be a low-risk auditee.

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

No findings were required to be reported.

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f above.

No findings were required to be reported.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

**Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with
*Generally Accepted Government Auditing Standards***

2022-01 Expenditures Exceeded Budgetary Guideline – Noncompliance

Expenditures for the Food Service Fund exceeded budgetary guidelines in Function 35 – Food Services by (\$76,873). The expenditures exceeded their budgetary constraints by function and for the overall Food Service Fund budget. Expenditures should not exceed budgetary guidelines set by the governing body. Although management budgeted and amended the budget during the year, the District failed to budget adequate expenditures for the Food Service Fund for the current year of operation.

The District implemented the auditor recommendation in the current year and no similar finding was noted in the 2023 audit.

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2023**

There were no current year audit findings or responses.

GLADEWATER INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2023

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23 - 610101092901	\$ 456,965
IDEA - Part B, Formula	84.027	23 - 660001230901	225,367
Career and Technical - Basic Grant	84.048	23 - 420006092901	13,166
Title III, Part A - English Language Acquisition	84.365A	23 - 671001092901	3,188
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23 - 694501092901	93,361
COVID-19 ESSER School Emergency Relief I	84.425D	23 - 521001092901	28
COVID-19 ESSER School Emergency Relief II	84.425D	23 - 521001092901	963,297
COVID-19 ESSER School Emergency Relief III	84.425U	23 - 528001092901	990,578
Total Assistance Listing Number 84.425			1,953,903
Total Passed Through Texas Education Agency			2,745,950
TOTAL U.S. DEPARTMENT OF EDUCATION			2,745,950
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	263,172
*National School Lunch Program - Cash Assistance	10.555	N/A	796,261
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	95,004
Total Assistance Listing Number 10.555			891,265
Total Child Nutrition Cluster			1,154,437
Total Passed Through the Texas Department of Agriculture			1,154,437
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,154,437
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,900,387

*Clustered Programs as required by Compliance Supplement 2023

**GLADEWATER INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

- 1 For all Federal programs, the District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
- 2 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 for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which 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 deferred revenues until earned.

- 3 The District has elected to not use the 10% de minimum indirect cost rate as allowed under the Uniform Guidance.
- 4 The District must submit to the pass-through entity, no later than 90 calendar days (or an earlier date as agreed upon by the pass-through entity and District) after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approved extensions when requested and justified by the non-Federal entity, as applicable. (2 CFR 200.34(a))

Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all financial obligations incurred under the Federal award no later than 120 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award. (2 CFR 200.344(b))

- 5 The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, Uniform Guidance.
- 6 Nonmonetary assistance received from the Commodity Supplemental Food Program is recorded in fair market value of the commodities received and disbursed. The revenue and expense are reported in the Food Service Special Revenue Fund.
- 7 Assistance Listing numbers for commodity assistance are the Assistance Listing numbers of the programs under which USDA donated the commodities.
- 8 A reconciliation of federal program revenues and expenditures is as follows:

Total Federal Revenues	\$4,309,250
Less: SHARS not reported on SEFA	<u>(\$408,863)</u>
Federal Expenditures (SEFA)	<u>\$3,900,387</u>

SCHOOLS FIRST QUESTIONNAIRE

Gladewater Independent School District

Fiscal Year 2023

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$0