

# GALVESTON INDEPENDENT SCHOOL DISTRICT

FISCAL YEAR 2022: FINANCIAL STATEMENT AUDIT AND FEDERAL SINGLE AUDIT

## ENGAGEMENT LEADERSHIP TEAM



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*Engagement Quality  
Control Reviewer*

# THE AUDIT PROCESS



## PURPOSE OF THE AUDIT – THE OPINION ON THE REPORT



## AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Clean Report



- Unmodified or “Clean” Opinion
- Financial statements are presented fairly, in all material respects, in accordance with GAAP
- Audit conducted in accordance with Generally Accepted Auditing Standards and *Government Auditing Standards*

## AUDITOR'S REPORT ON INTERNAL CONTROL AND COMPLIANCE

Clean Report



- Internal control over financial reporting
  - No material weakness identified
  - No significant deficiencies reported
- No instances of noncompliance material to the financial statements were noted

# FEDERAL SINGLE AUDIT REPORT

Clean Report



## Major Federal Programs:

1. Title I, Part A
2. ESSER II & ESSER III
3. Nita M. Lowey 21<sup>st</sup> Century Community Learning Centers
4. Magnet School Assistance
5. Texas Teacher and School Leader Incentive
6. Emergency Connectivity Fund

- Unmodified opinion on compliance over each major federal program
- No internal control findings related to each major program
- No instances of noncompliance or questioned costs were noted

## INTERNAL CONTROLS OVER CRITICAL AREAS

- Human Resources
- Payroll
- Procurement
- Accounts Payable
- Information Technology
- Child Nutrition
- Attendance Changes
- Financial Close and Reporting
- Each major federal program



## GOVERNMENT-WIDE STATEMENT OF NET POSITION

- **Total Assets and Deferred Outflows: \$410 million**
  - Cash and investments: \$292 million
  - Capital assets, net of depreciation/amortization: \$81 million
  - Deferred outflows of resources (pension/OPEB): \$16 million\*
- **Total Liabilities and Deferred Inflows: \$388 million**
  - Bonds payable and unamortized premiums: \$215.5 million
  - Net pension & OPEB liability: \$38 million\*
  - Deferred inflows of resources (pension/OPEB): \$36 million\*
- **Net Position: \$22 million**

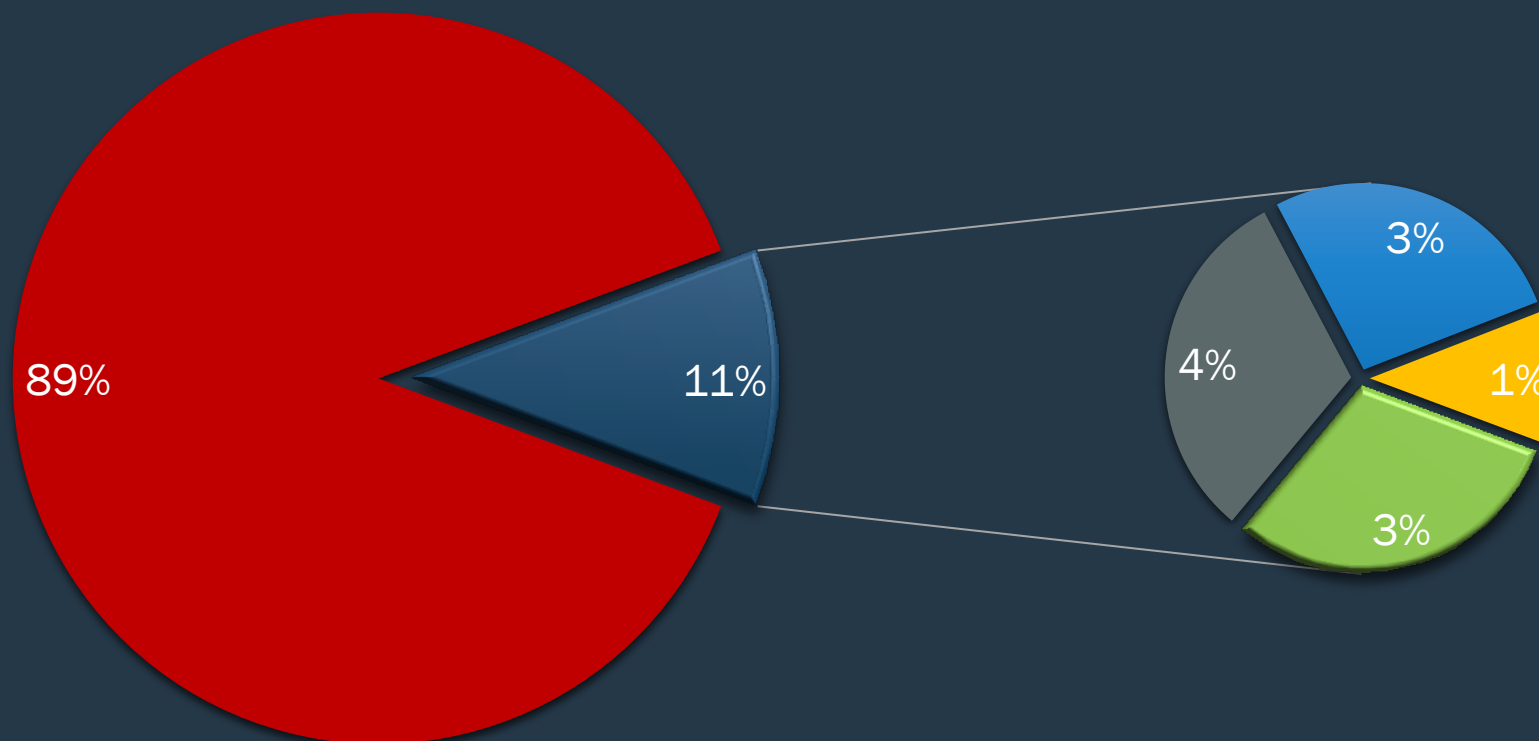
\* Represents the District's proportionate share of these liabilities as determined by Teacher Retirement System of Texas.  
Result is a negative \$58M impact to net position.

**FY 2022  
BUDGET AND ACTUAL  
– GENERAL FUND**

- Actual revenues of \$98.5M were less than budgeted revenues by \$680K
- Actual expenditures of \$96.2M were less than budgeted expenditures by \$6.1M
- Fund balance increased by \$2,428,497
- Fund balance as of August 31, 2022 totaled \$32.3M
  - Nonspendable fund balance totaled \$1.1M
  - Committed fund balance totaled \$11.0M
  - Unassigned fund balance totaled \$20.2M

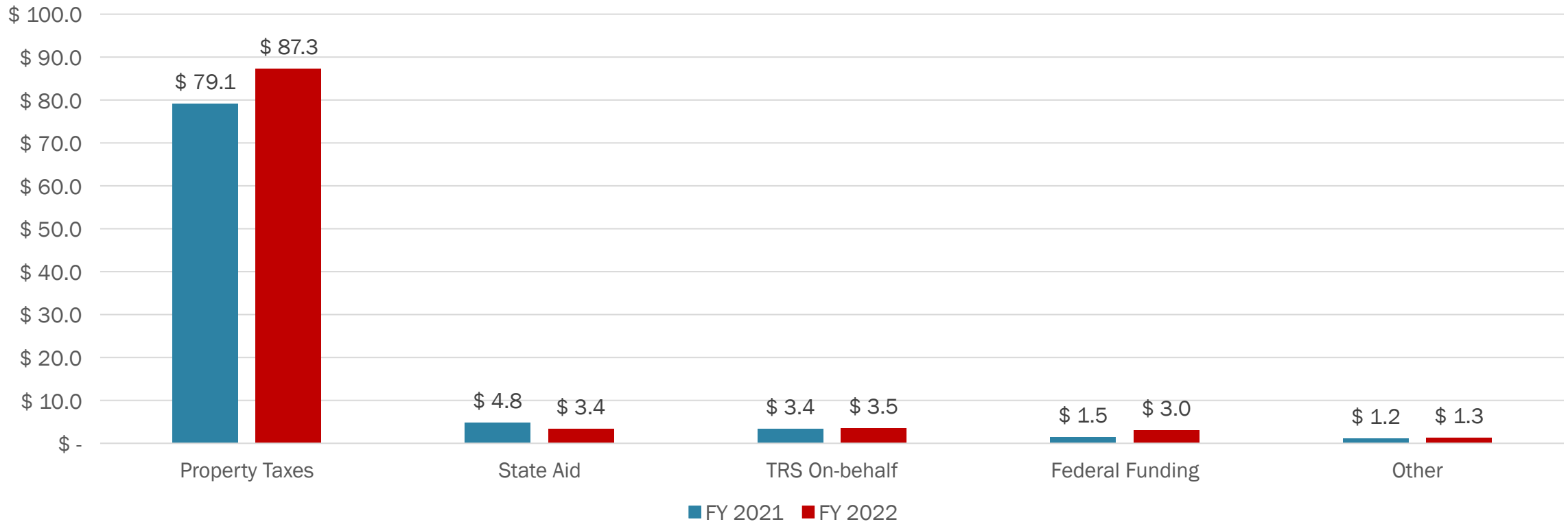
## GENERAL FUND REVENUE (IN MILLIONS)

■ Property Taxes (\$87.3) ■ State Aid (\$3.4) ■ TRS On-behalf (\$3.5) ■ Federal Funding (\$3.0) ■ Other (\$1.3)

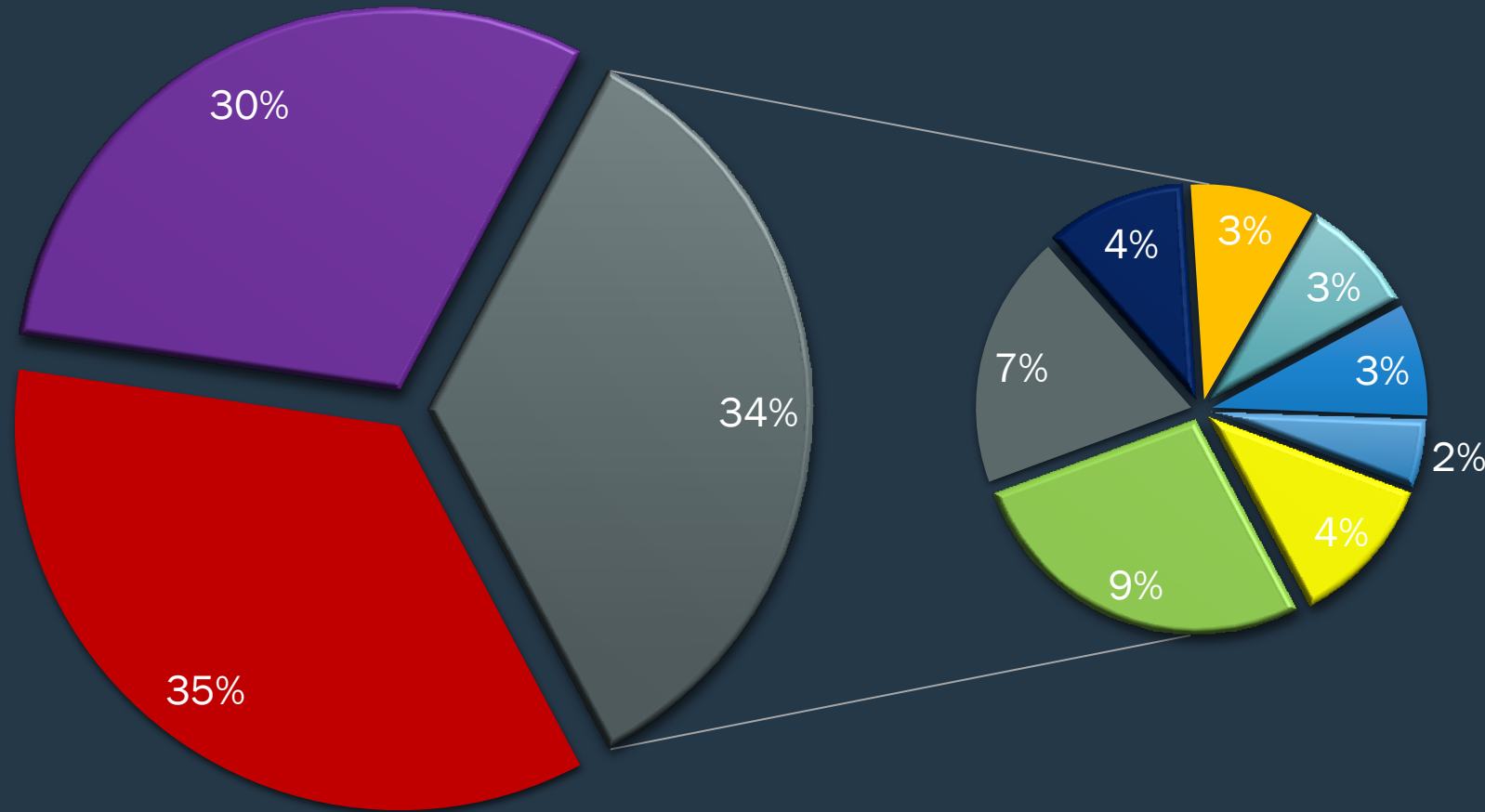


Total Revenues = \$98.5M

## FY 2021 VS 2022 GENERAL FUND REVENUES (IN MILLIONS)



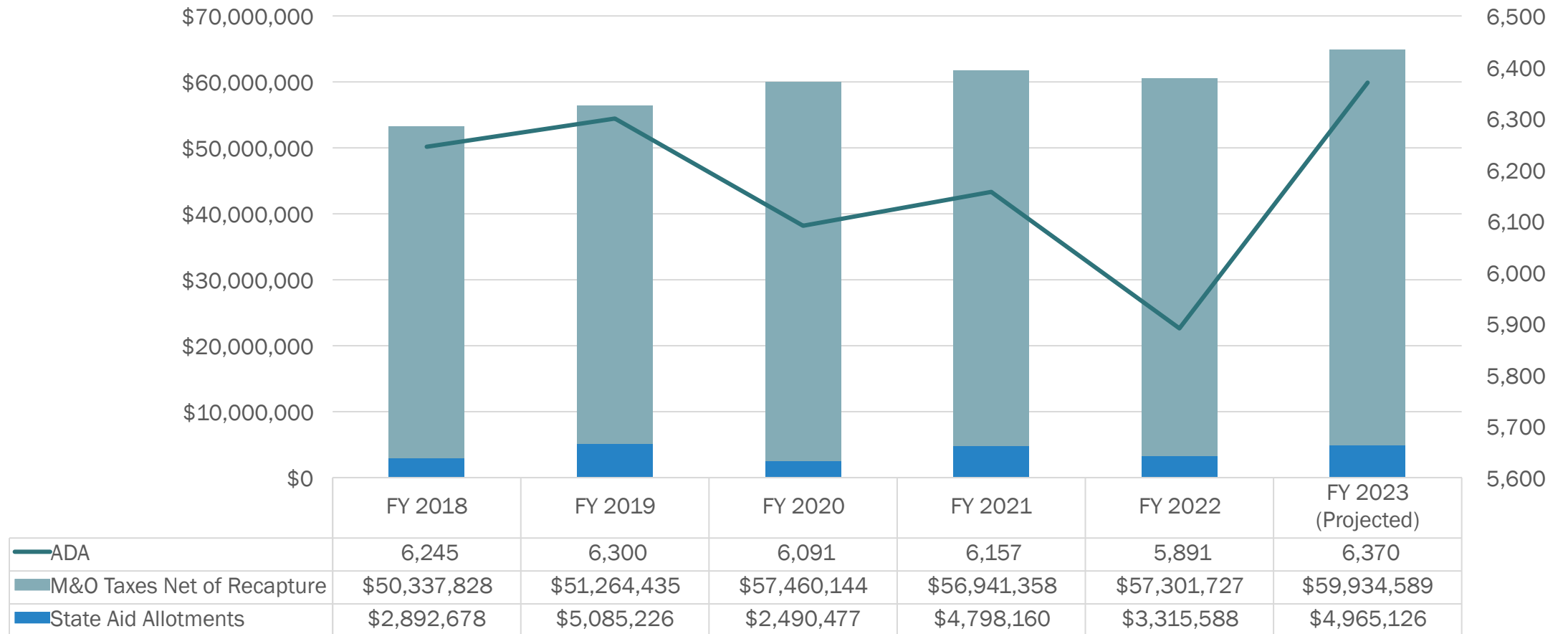
# GENERAL FUND EXPENDITURES (IN MILLIONS)



- Instruction and related services (\$33.8)
- Recapture (\$29.3)
- Facilities, maintenance and operations (\$9.0)
- Instruction and school leadership (\$6.3)
- Guidance, social work, and health services (\$3.5)
- Security, monitoring and data processing services (\$3.1)
- Student transportation (\$2.9)
- General administration (\$2.8)
- Capital outlay (\$1.7)
- Other (\$3.8)

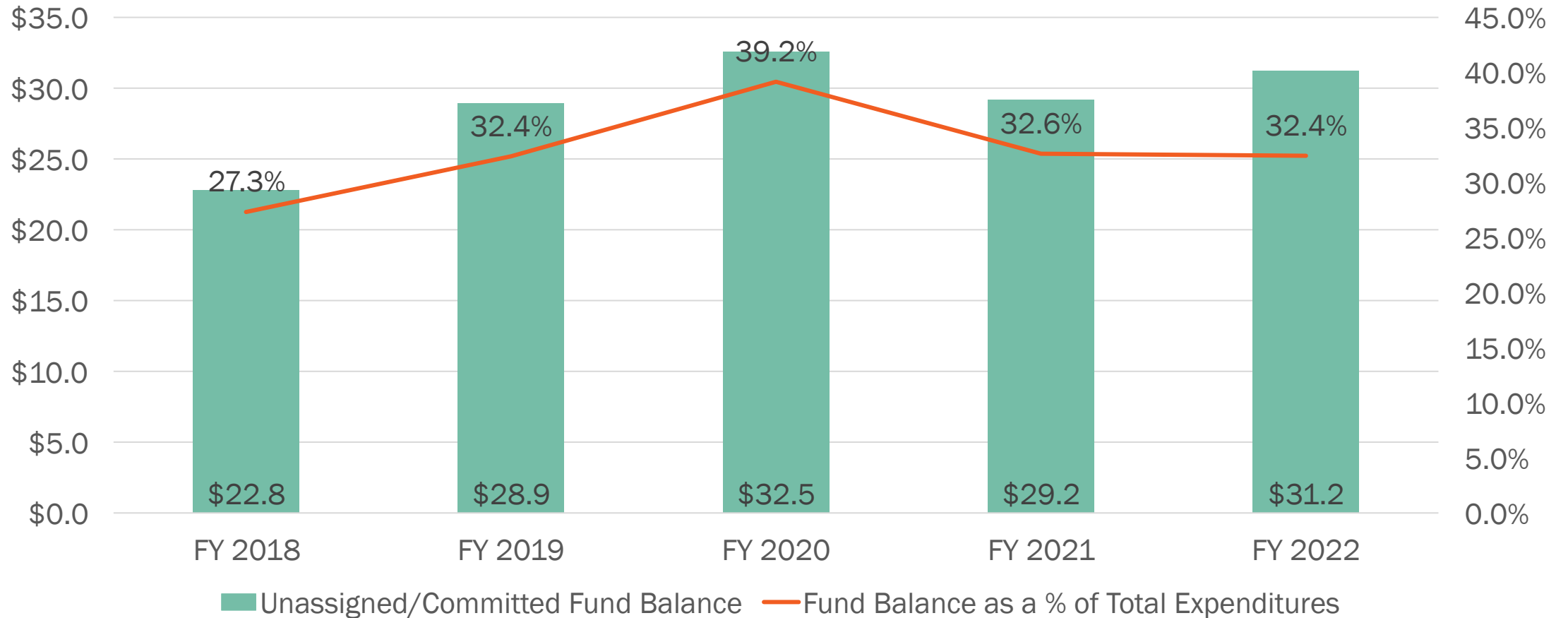
Total Expenditures = \$96.2M

# FUNDING & ADA



# FUND BALANCE (\$M) AS A PERCENTAGE OF EXPENDITURES

## GENERAL FUND



# REQUIRED COMMUNICATIONS

## Significant Accounting Policies

- The District's accounting policies and methods are appropriate and in accordance with industry standards.
- GASB No. 87, *Leases* was implemented in FY 2022.
- GASB No. 96, *Subscription Based IT Arrangements (SBITAs)* will be implemented in FY 2023.

## Accounting Estimates

- The preparation of the financial statements requires that certain estimates and judgments be made by management. These judgments and estimates include:
  - State Aid
  - Allowances for uncollectable taxes receivable
  - Net pension and OPEB liabilities, deferred inflows and outflows of resources, and pension and OPEB expense
- We concluded that management has a reasonable basis for significant judgments and estimates that impact the financial statements.



# REQUIRED COMMUNICATIONS

## Difficulties Encountered in Performing the Audit

- We encountered no difficulties in dealing with management in performing and completing our audit.

## Corrected or Uncorrected Misstatements

- There were no material misstatements that were identified by us that required management's correction.

## Disagreements with Management

- We had no disagreements with management over the application of accounting principles or management's judgments about accounting estimates.

# REQUIRED COMMUNICATIONS

## Management Representations

- We have requested certain representations from management.

## Consultation with Other Accountants

- We are not aware of any situations in which management consulted with other accountants on accounting or financial reporting matters.

## Major Issues Discussed with Management Prior to Retention

- We discussed the application of accounting principles and auditing standards, however, our responses were not a condition to our retention.

QUESTIONS?

